



FOCUS FORWARD

ZF Commercial Vehicle Control Systems India Limited
Integrated Annual Report 2023 - 24



Propelling Growth-Empowering Transformation

The speed at which progress is being made is in line with the ZF Group's commitment to climate protection and nature conservation, people care and lasting values. Umbrellaed under one common motto of 'Focus Forward' for the Company, it means, driving forward the transformation of ZF with increased speed and precision. Prioritizing expansion in global growth markets, investments in profitable products and technologies, and enhancing organizational

efficiency are the Company's top priorities. The Company have established a distinctive position in recent years through their 'Next Generation Mobility' strategy, which involves consistently aligning the Company with forward-looking, sustainable technologies and expanding markets. The Company's ongoing developments involve transferring innovations and technologies across segments.

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About this Report



Furthermore, this report aligns with the Global Reporting Initiative (GRI) Standards 2021, ensuring alignment to internationally recognised guidelines for corporate sustainability reporting. The report is also in line with the nine principles of the Ministry of Corporate Affairs' National Guidelines on Responsible Business Conduct (NGRBC) and UN Sustainable Development Goals ('SDGs').

Responsibility Statement

The Management of the Company has reviewed and approved the contents of this Report based on robust data management systems and interactions with key internal business functions. Therefore, the Management believes that this Report reasonably represents Company's ESG performance for the reporting period.

Assurance

The Report covers financial and non-financial information and the respective activities of the group. The financial information constituting the consolidated and standalone financial statements have been audited by B S R & Co. LLP

Forward-looking Statements

Certain sections in this Report may contain forward-looking statements. These forward-looking statements might use terminologies like, "may", "aim", "expects", "could", "intends", "objective" or similar expressions. These forward-looking statements could depend on certain assumptions, methodologies or inputs used that involve a judgement which may not be precise to guarantee future results. Actual results could vary depending upon the risks and uncertainties which are beyond its control to which the Company does not provide any assurance.

ZF Commercial Vehicle Control Systems India Ltd. (ZF CVCS) ("the Company") is pleased to publish its first Integrated Annual report for the FY 2023-24 (FY 2024). This report presents financial and non-financial performance from April 1, 2023, to March 31, 2024. The report provides the stakeholders with a comprehensive assessment of company's operations in line with its objectives and roadmap to be a sustainable organization in the automotive component sector. It not only showcases the Company's dedication to ethical and responsible practices but also demonstrates its long-term approach to value creation and adaptability to global challenges.

Reporting Scope and Boundary

This report covers financial and non-financial information of ZF Commercial Vehicle Control Systems India Ltd.'s India operations including the plants at Ambattur, Mahindra World City, Oragadam, Jharkhand, Uttarakhand and Lucknow, ZF IT Centre India at Porur, Chennai and ZF Technology Center India at Ramapuram, Chennai for the period of April 1, 2023, to March 31, 2024.

Framework and Standards

This Integrated Annual Report encapsulates our company's journey over the past year, providing both qualitative and quantitative disclosures on our financial performance. It also highlights our commitments to Environmental, Governance and Social responsibility across the six capitals: Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural in alignment with the <IR> framework published by International Financial Reporting Standards Foundation. This report serves as a testament to our commitment to transparency and accountability, offering stakeholders a comprehensive view of our achievement, challenges, and strategic direction. Our report also details our resource allocation strategies, demonstrating how we prioritize investments to drive sustainable growth and create enduring value for all stakeholders involved.



Get in touch with us

ZF Commercial Vehicle Control Systems India Limited believes to maximize stakeholder engagement and improve it for future communications.

Shareholders / Investors may send their correspondence to the Company Secretary either to:

Registered Office

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

Website: www.zf.com

Email: cvcs.info.india@zf.com

CIN: L34103TN2004PLC054667

Corporate Office

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

Shareholders may also send their communication electronically to cvcs.info.india@zf.com.

Investors may also communicate to Integrated Registry Management Services Private Limited, the Registrar & Share Transfer Agent for redressal of their grievance, if any.

Registrar & Share Transfer Agent (RTA)

Integrated Registry Management Services Private Limited
2nd Floor, Kences Towers,
No 1 Ramakrishna Street,
North Usman Road, T Nagar,
Chennai - 600017

Tel. : 044 - 28140801, 28140475, 28140476 Fax : 044 - 28142479

E-mail : srirams@integratedindia.in

Statutory Auditors

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

Secretarial Auditor

S Krishnamurthy & Co.,
Company Secretaries
"SHRESHTAM"

Old No 17, New No. 16,
Pattammal Street,
Mandaveli, Chennai - 600 028

Cost Auditor

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

Bankers

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

BNP Paribas

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

State Bank of India

Corporate Accounts Group Branch
3rd Floor, Sigappi Achi Building
18/3, Rukmani lakshmipathy Road
Egmore, Chennai 600 008

ICICI Bank Limited

Prakash Presidium
110, Nungambakkam High Road,
Chennai - 600 034

Stock Exchanges

NSE/BSE

Subsidiary Company

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

Message from leadership

Dear Stakeholders,

I am pleased to share with you the Company's first Integrated Annual Report for the FY 2023-24. Last year marked a period of action and groundwork, guided by the motto of "Acting Now". In the current fiscal year, we have continued this agenda to pave the way for a transformative period, embracing the motto of "Focus Forward". We are accelerating our transformation efforts with heightened focus and agility, evident not only in our business performance but also in our strides towards sustainability. This report underscores our organizations resilience and strategic foresight in a challenging global landscape. Despite market volatility and several global challenges and uncertainties, we have achieved solid revenue growth and improved profitability, reflecting our robust business fundamentals and effective risk management strategies.

Our revenue increased from INR 3,444.59 Cr. to INR 3783.71 Cr., with a YoY increase of 9.85%. Our EBIDTA grew 11.54% from last FY to 17.4%. Our PAT was INR 404.78 Cr., a YoY increase of 27.42%. Our CAPEX grew from INR 88.9 Cr. in the last FY to INR 185.31 Cr., a YoY growth of 108.45%.

These results affirm our commitment to delivering sustainable value to our shareholders while maintaining financial stability and growth.

Equally important are our Environmental, Social and Governance (ESG) initiatives, which are integral to our corporate ethos. We have set ambitious goals and targets in line with our group targets to drive positive impact across these areas. In the current year we have increased our renewable energy usage from 14% to 45% of the total energy used. This has resulted in total scope 1 and scope 2 reduction by ~50%. These efforts are also aligned with our group target of switching over to 100% renewable energy by 2030 and full climate neutrality by 2040. Moreover, with our continued efforts towards energy efficiency, we have been able to conserve our energy by 15.2% in the current reporting period. Our employees have been at the forefront of this drive towards sustainability with their active participation in many awareness programs such as Sustainability Walk, Environmental Month, Sustainability Digital Signature campaign, ZF Supply Chain Partners Sustainability Meet, notably amongst many other initiatives. Our gender diversity ratio for permanent employees and workers stands at 14%-woman workforce in our operations. Further, to enable a more inclusive work environment we aim to increase our gender ratio to 30% across all our manufacturing facilities by 2026.

The Company takes pride in delivering products that improve safety and fuel efficiency of the vehicles, and is determined to take focused steps toward building a sustainable, responsible, and profitable business. By acting on renewable energy utilisation, reducing waste, and fostering eco-friendly practices, we aim to minimise our environmental impact and maximise our social impact. As we look into the future, we are committed to advancing these ESG goals while maintaining financial strength. By embedding sustainability into our business strategy, we aim to create long-term value for our stakeholders, contribute positively to the community we serve, and ensure a resilient and prosperous future for our organization.

Thank you for the continued support and partnership.

P Kaniappan

Managing Director



About the Company

Our Company is the market leader for advanced braking systems, conventional braking products and related air assisted technologies and systems. Driven by the commitment to accident-free driving and sustainable transportation solutions, we envision a future that prioritizes safety and environmental responsibility. We provide industry-leading solutions in the Autonomous, Connected and Electric (ACE) domains to commercial vehicle industry in India.

Headquartered in Chennai, Tamil Nadu, ZF Commercial Vehicle Control Systems India Ltd. has six manufacturing facilities, a technology development support center, a vehicle testing facility, and a nation-wide aftermarket distribution and services network.



Our Ambattur plant located in Chennai

Factories:

- » Chennai: Plot No. 3, (SP) 3rd Main Road, Ambattur Industrial Estate, Chennai 600058
- » Jharkhand: Large Sector, Adityapur Industrial Area, Gamharia, Seraikella - Kharsawan District , Jharkhand 832108
- » Mahindra World City: Unit - 1 & Unit - 2 at: Plot No. AA8, Central Avenue, Auto Ancillary SEZ, Mahindra World City, Natham Sub-Post, Chengalpattu , 603002
- » Pantnagar : Plot No.11, Sector 4, SIDCUL, IIE Pantnagar, Udham Singh Nagar, Uttarakhand - 263 153
- » Lucknow: KH 159-162, 164 Village Dhakauli Nawabganj, Barkeni Dewa Road, Somaiya Nagar, Barabanki, Lucknow, Uttar Pradesh 225 123
- » Oragadam: Plot C10&C11, SIPCOT Industrial Park Phase 2, Vaipur B-Block, Oragadam, Kancheepuram District PIN-602 105

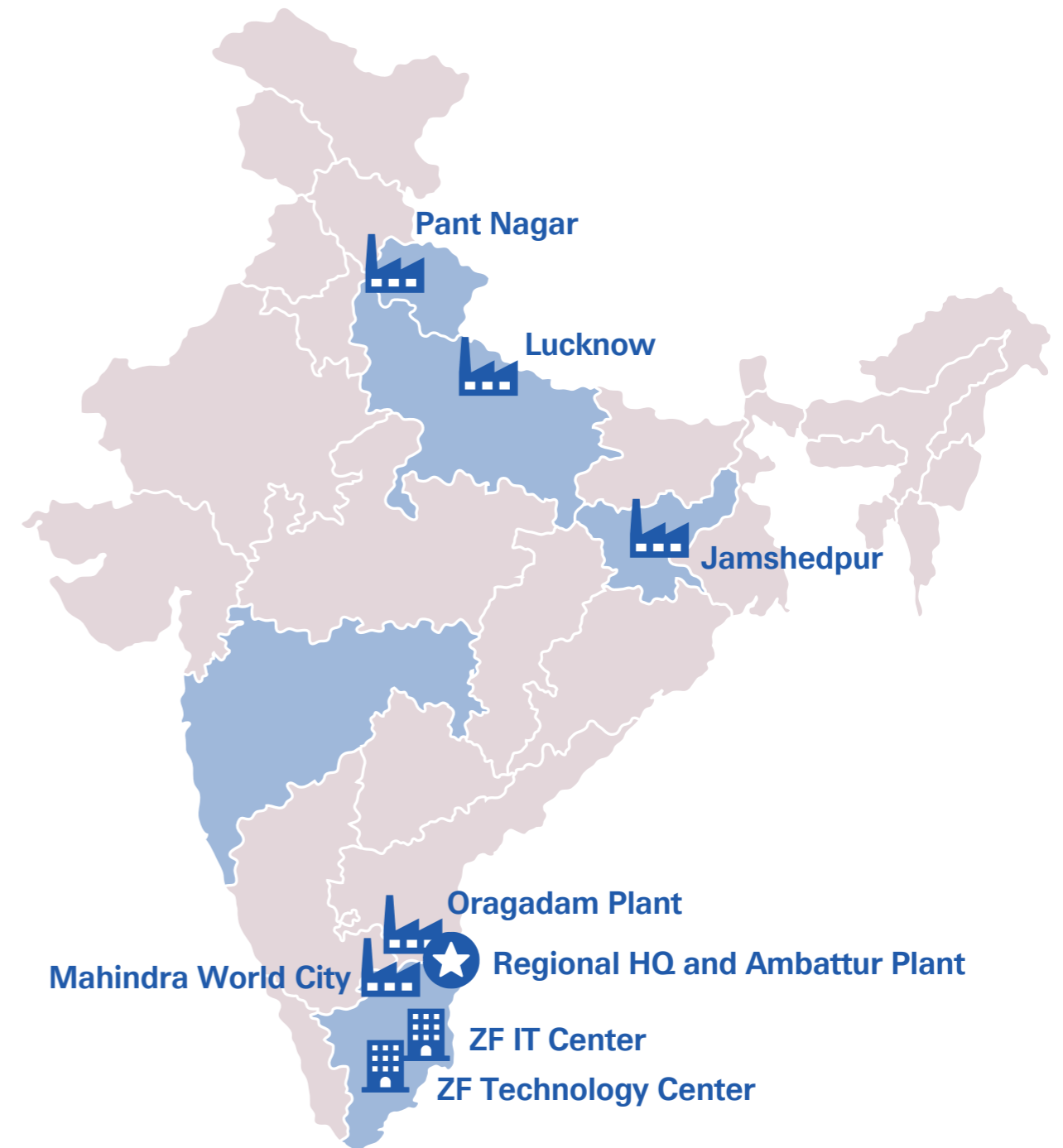
ZF IT Centre India

- » "One Paramount ", Second Floor, 110, Mount Ponnammallee Road, Porur, Chennai 600 116

ZF Technology Centre India:

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

Our Presence



Regional HQ

Manufacturing Plants

Technology Centre/GBS

Significant milestones in the Company's journey

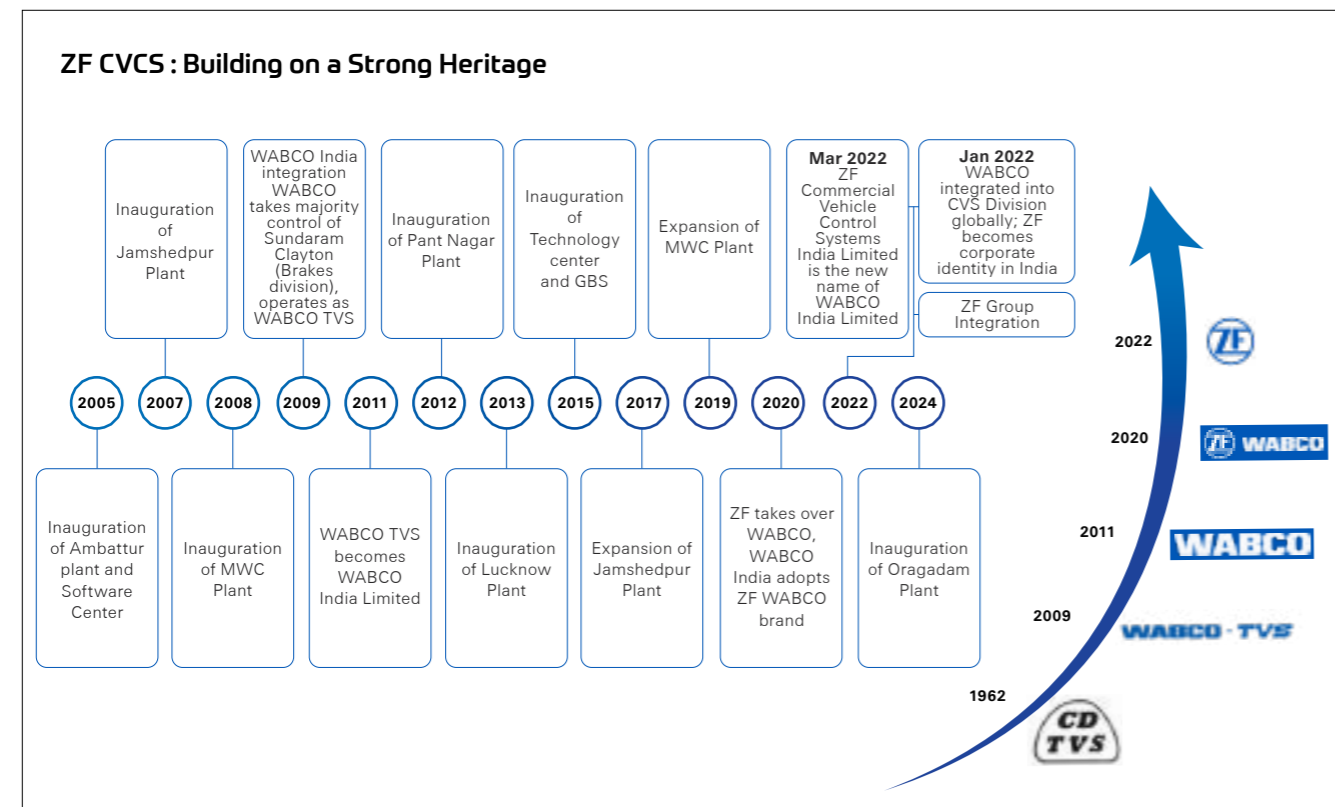
Our Company over the years:

From CD TVS to ZF Commercial Vehicle Control Systems India Ltd.

As this Company embarked on its journey close to six decades ago, it has always aimed at establishing dominance in the market and consistently providing value to

the customers. From its humble beginnings, the Company has evolved into a powerhouse, navigating industry shifts and embracing transformative opportunities. This preamble sets the stage for a compelling exploration of its strategic decisions, pivotal moments, and the continuous pursuit of excellence that shaped its trajectory and significant milestones in the Company's journey.

Growth Tapestry of the Company - Plant Inaugurations and Strategic Expansions



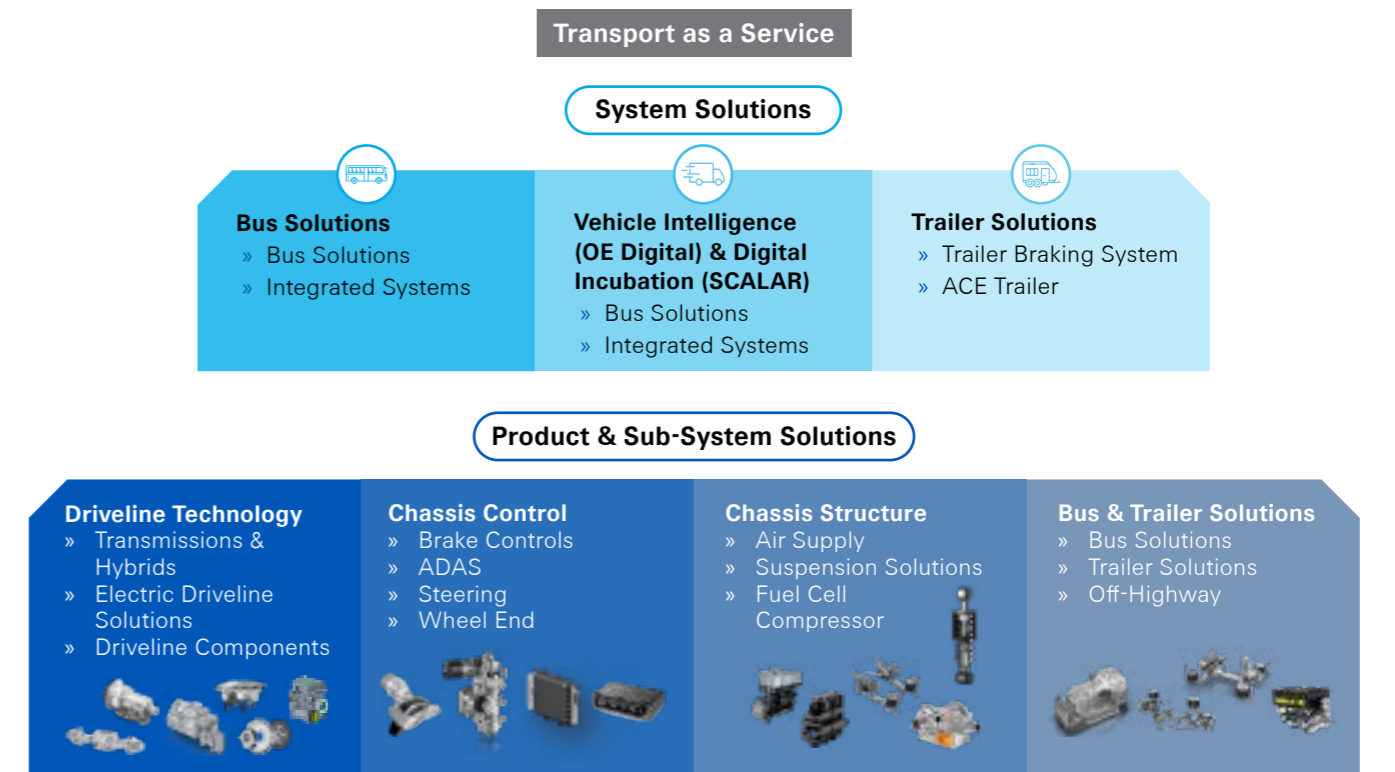
With over six decades of market leadership, our Company caters to the commercial vehicles industry across domains. The Company offer comprehensive solutions designed to enhance the safety, connectivity, efficiency, and performance of commercial vehicles OEM's and fleets.

Our Offerings

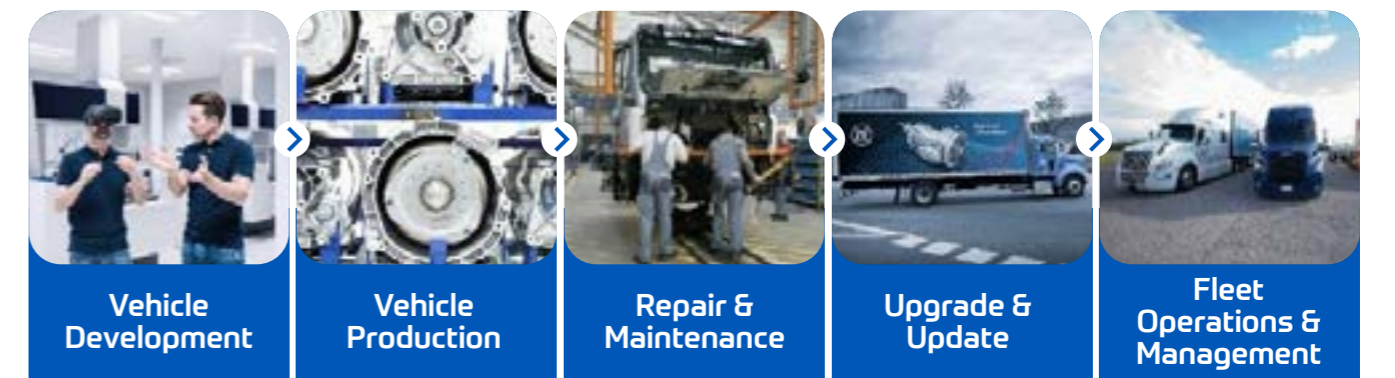
With over six decades of market leadership, our Company caters to the Commercial Vehicles Industry across domains. The Company offer comprehensive solutions designed to enhance the safety, connectivity, efficiency, and performance of commercial vehicles OEM's and fleets. The Company possesses a distinctive capability to assist OEM's, fleets, and the aftermarket at every phase of the vehicle's journey from 'Cradle to Grave.' As a 'one-stop-

shop' supplier, the Company can optimize transportation at every step of a vehicle's life cycle, which is supported by its extensive global footprint. The Company also provide System Solutions emphasizing their technology offerings on key customer segments like Truck & Bus Solutions, Digital Solutions & Services, and Trailer Solutions. Integrating these technologies will bolster our efforts to provide Transportation as a Solution (TaaS).

Uniting a Broad Customer-Centric Portfolio of Solutions



Innovation & Service Across the Vehicle Life Cycle



Addressing diverse commercial transportation applications, ZF is the CV industry one-stop-shop: A powerful advantage for customers world-wide

Catering to the CV industry across domains



The Company's sustainability activities are bundled under the motto "Acting Now" where in a holistic approach has been adopted to act for climate action & nature, people and lasting values. With Sustainability@ZF being a part of the "ZF Way" and our overall strategy of "Next Generation Mobility", it entails the following three dimensions:

1. Acting for climate and nature (environment)
2. Acting for all people (social)
3. Acting for lasting values (governance)

All of the Company's sustainability goals are in line with the Sustainable Development Goals (SDG) as defined by the United Nations (UN). Of the total of 17 UN goals, eight SDGs are of particular relevance to ZF's business activities. Thus, the ZF sustainability strategy "Acting now. Sustainability@ZF" is based on this broad foundation.

Sustainability Outlook -FY 2024

Acting for climate and nature

- 122.41 TJ** of energy utilized in FY 24
- 15.2 %** Energy conserved in the FY 24
- 80 %** Scope 1 and Scope 2 interim target reduction by 2030 from baseline year 2019
- 92255 KL** Of water withdrawn in FY 24
- 45 %** Energy is from renewable energy sources
- 40 %** Reduction in Scope 3 by 2030 from baseline year 2019

Climate Neutrality by **2040**
All sites certified for **ISO 14001: 2015**

Acting for all people

- 14 %** Women Workforce
- 79 %** Employment Engagement index
- 14 %** Current Attrition Rate
- 45.45 %** Directly sourced from MSMEs / small producers
- 155** Trainings and awareness program conducted for employees and workers
- Zero** Lost-time Injury Frequency Rate for employees
- 0.24** Lost Time Injury frequency rate for workers

Acting for lasting values

- 100 %** Signed declarations and commitment are received from Board of Directors and Senior Management personnel for not engaging in any activities or interests that may create conflict with a Company's interest and code of conduct on an annual basis.
- Zero** Cases filed regarding unfair trade practices and anti-competitive behavior
- Zero** Child labor, forced/involuntary labor, sexual harassment, discrimination at workplace and wages issues
- Zero** Monetary / non-monetary fines, penalty, and charges on ethical issues



Corporate Governance

The Company as a good corporate citizen believes in transparency, professionalism, ethical behaviour, responsible decision making and accountability, which are the basic principles of corporate governance. It believes that robust governance practices are critical for the seamless and efficient operations of the organization and constantly endeavours to improve on these aspects thereby paving the way for excellence.

It also considers the importance of establishing a balance between the interests of the shareholders and ensuring value creation for stakeholders and a positive impact on the community. The Company's corporate governance is strengthened and backed by the Code of Conduct and Ethics, corporate governance guidelines and committee charters.

There have been no instances of corruption or bribery during the reporting period.

The Company believes that embracing robust ethical practices nurtures enduring corporate objectives and amplifies stakeholder values over the long term. The Company's actions mirror the profound integration of its values into the entire organizations structure and culture. The Company ensures that it adheres to the highest standards of corporate governance across all levels of the Company. The Company's management is fully committed to ensuring transparency, accountability, and integrity.

There was no non-compliance, penalties, or restraints imposed on the Company by the stock exchanges or SEBI or any other statutory authority, on any matter related to capital markets during the reporting period

Governance Framework

The Company believes in adopting the highest standard of professionalism, honesty, integrity, and ethical behaviour while conducting business in a fair and transparent manner. In line with the ZF Code of Conduct ('CoC'), any real or potential breach, no matter how minor or perceived, would be a cause for serious concern within the organization. The employees play a crucial role, emphasizing that any such violations should not be underestimated or overlooked. Therefore, the Company has implemented a vigil

mechanism, allowing its employees, trainees, directors, and vendors to report legitimate concerns, unethical behaviour, actual or suspected fraud, violation of Company's Insider Trading Code, any unlawful act or violation of the Code of Conduct. This mechanism ensures sufficient safeguards against any victimization of the whistle-blower and allows direct access to the Chairman of the audit committee. The Whistle blower policy is accessible through the following link:

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

The Company has stringent processes in place to avoid / manage conflict of interest involving members of the Board. The Code of Conduct also has a specific mention about the actual and potential Conflict of Interest pertaining to the Board recommending the Directors or Senior Management personnel involved in any conflict to remove themselves from such discussions or decision relating hereto. Additionally signed declarations and commitments are received from the Directors and Senior Management Personnel advising to not engage in any activity or interests that may create conflict with the Company's interest.

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

The Company's Board and Management processes, audits and internal control systems adhere to the principles outlined in the corporate governance framework. The Company follows the policy and guidelines for corporate governance as established by its Board. These are framed in conjunction with the Company's Memorandum & Articles of Association, the charters of the committees of the Board and applicable laws / regulations / guidelines in force in India and these guidelines can be accessed on the Company's website, at

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

These guidelines ensure that the Board has the necessary authority and processes to review and evaluate the Company's operations as and when required.

Board of Directors



Mr. M Lakshminarayan
Chairman of the Board
(Independent Director)
ceased w.e.f. April 1, 2024



Mr. Akash Passey
(Chairman, Non-Executive,
Non-Independent Director)
appointed w.e.f. May 22, 2024



Mr. P Kaniappan
Managing Director



Mr. Mahesh Chhabria
(Non-Executive Independent Director)



Ms. Amrita Verma Chowdhury
(Non-Executive Independent Director)



Ms. Rashmi Urdhwarsh
(Non – Executive Independent
Director)



Dr. Christian Brenneke
(Non – Executive Non - Independent
Director)



Mr. Philippe Colpron
(Non – Executive Non - Independent
Director)



Mr. Neeraj Sagar
(Non-Executive Independent Director)
appointed w.e.f. May 22, 2024

The Company's Board of Directors are highly skilled individuals exhibiting high level of proficiency and expertise in their respective fields with each member contributing their unique and essential skills. Their combined expertise forms a powerful foundation, ensuring a well-rounded and capable team for effective decision-making and strategic leadership. For more details on key skills and competencies of each Director, please refer to Page 214 of this report.

Mr. P Kaniappan, the Company's Managing Director is responsible for the implementation and oversight of the Policies relating to various principles of BRSR and to take forward the ESG initiatives. The implementation of the Business Responsibility policies is monitored by the Company through a leadership team headed by the Managing Director along with the various functional heads. The leadership team which is the decision-making body for sustainability related initiatives is involved in periodic discussions to review and monitor the action plans for various Environment, Social and Governance aspects. The Company's Risk Management committee is responsible for the assessment of ESG risks and opportunities in a periodic manner.

List of Committees

The Board committees act as a platform for the Board to understand and address the risk and opportunities and make recommendations to the entire Board for approval. They perform specialized functions to enhance governance and oversight in specific area and are in place, for the key personnel of the committees to understand their responsibilities and perform necessary steps to ensure the tasks are carried out effectively and efficiently. These Committees ensure streamlining, monitoring and giving appropriate direction for the day-to-day working of the Company and play a crucial role in guiding and overseeing various aspects of business to ensure transparency, accountability, and sustainable practices. Currently the Board has the following committees.



Audit Committee: The Audit Committee oversees financial reporting and accounting processes. It acts as an independent body within the organization enhancing the reliability of financial reporting, strengthening internal controls, and maintaining the trust of shareholders and other stakeholders. Its composition typically includes independent directors with financial expertise.

Risk Management Committee: The Risk Management Committee is tasked with overseeing and managing the organization's risk-related processes. The primary responsibilities include risk identification, risk mitigation strategies, establishing the organization's risk appetite and tolerance, compliance oversight, crisis management planning, cybersecurity oversight, business continuity, etc.

Nomination and Remuneration Committee: The Nomination and Remuneration Committee is responsible for overseeing the processes related to board nominations and executive compensation. Its primary responsibilities include board composition planning, succession planning, director nomination, assessing board effectiveness, developing, and reviewing executive compensation policies, board diversity planning, etc. For more information regarding the Appointment, Evaluation and Remuneration of the Board please refer to Page 218 of this report.

Stakeholders Relationship Committee The Stakeholder Relationship committee is a specialised board committee focused on managing and enhancing relationships with various stakeholders of the organization. The primary responsibilities of this committee include stakeholder engagement, communication strategy, feedback and grievance redressal mechanism.

Corporate Social Responsibility Committee The CSR committee plays a crucial role in aligning the organization's activities with ethical and sustainable practices, contributing positively to the society and enhancing reputation. It focuses on guiding and overseeing the organization's CSR initiatives.

Policies

The below list of Board approved policies is like a compass that guides the Company, ensuring that we navigate the complexities of the business world with integrity, purpose, and a commitment to making a positive impact. The policy charter is not just a document but a commitment that every member is expected to understand, embrace, and embody in their daily activities.

- » Code of Conduct
- » Corporate Social Responsibility Policy
- » Related Party Transaction Policy
- » Nomination and Remuneration Policy
- » Whistle Blower Policy
- » Policy for Prohibition of Insider Trading
- » Policy on Criteria for Determining Materiality of Events
- » Dividend Distribution Policy
- » Corporate Governance Policy
- » Policy on Familiarization of Independent Directors and Other Programs
- » Policy for determining material subsidiaries
- » Risk Management Policy
- » Policy for Preservation and Archival of Documents
- » Board Diversity Policy

The Company recognizes that the business landscape evolves, and so must the Company. Regular reviews and updates to the charter ensure that the Company remains at the forefront of ethical, responsible, and sustainable business practices.

For more details on the above policies, please refer to https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html#policiesandcodeofconduct_acc_657742_0

Group Polices



Risk Governance and Management Framework

Proactive Risk Governance : Ensuring Sustainable Growth

The Company has implemented a robust risk management framework to ensure long-term success amidst uncertainties. This framework involves systematic identification, assessment, and mitigation of risk at all organizational levels, supported by clear protocols and procedures. Regular presentation of risk reports to the Risk Management Committee and Board of Directors ensures informed decision-making and proactive risk mitigation, safeguarding the company's objectives and resources.

Led by experienced professionals, the Risk Management committee oversees the entire process, collaborating cross departments to analyse and understand the company's risk landscape. They play a crucial role in formulating and updating the Risk Management Policy, which guides the organization in maintaining a proactive stance towards risk management. This approach fosters a culture of risk awareness and preparedness, positioning us for sustainable growth and effective management of evolving challenges.

Business Ethics and standards

The Company commits to high standards of business ethics and practices a culture built on core values and core ethical practices. The Company endeavours to conduct business in the most ethical way possible with the end goal of maximizing long term shareholder value.

The Company's Code of Conduct serves as a moral guide and a governing framework for responsible corporate citizenship. The Company's policies are established to comply with the legal requirement and industry standards in alignment with the National Guidelines on Responsible Business Conduct (NGRBC) Principles.

The organization-wide policies and procedures apply to all our external stakeholders like vendors, suppliers, contractors as well as its internal stakeholders like our employees, board of directors etc.

Anti-Corruption Process and Practices

Our suppliers, customers, consumers, and other business partners place a great deal of trust in our brands, and the Company strives to exceed their expectations. Our Code of Conduct clearly states to be fair and honest in all interactions with customers, suppliers, consumers, and business partners. In addition, it indicates to avoid anything that looks like a possible conflict of interest, and does not offer or provide anything to these business partners in exchange for an improper advantage for the Company.

Awards / Achievements

Over the years, our organization has garnered numerous awards and accolades, highlighting our consistent commitment to excellence and innovation. These accolades reflect our dedication to delivering exceptional value and quality to our clients and stakeholders.

In the past fiscal year specifically, we are proud to have received several prestigious awards that recognise our achievements and leadership in the industry. These accolades serve as a testament to the hard work, creativity, and dedication to our team members who continuously strive for excellence. They motivate us to push boundaries and set new standards in our field, reinforcing our resolve to maintain our position as a trusted leader and innovator. We take pride in these honours and remain committed to pursuing excellent and making a positive impact in all that we do.

The Ambattur unit has a rich legacy, right from its days when it was a part of Sundaram-Clayton Brakes division having won India's first "Deming Application Prize".



Recognition for excellence in execution

- » Strong relationship with domestic customers for over five decades
- » Recognized by leading customers for innovation, technology partnership, cost competitiveness, quality and excellence
- » Recipient of 30+ customer awards over the last decade+
 - ▶ 9 awards from Ashok Leyland supplier samrat; overall quality excellence
 - ▶ 8 awards from TATA Motors supplier of the year; innovation and technology award
 - ▶ 8 awards from VE Commercial Vehicles Ltd best quality supplier; outstanding contribution in technology innovation
 - ▶ 3 awards from Daimler – Q Prime, best supplier for innovation, partners for Asia
 - ▶ 1 award from Mahindra – Best technology partner

Blend of entrepreneurial passion & professional management



Forbes India's Super 50 companies 2017 and 2018



Integrated Manufacturing Excellence Award 2021



Responsible Manufacturer Gold Award for ESG 2023



P Kaniappan conferred Asoka Award by ISQ 2022



P Kaniappan ranked among top 100 CEOs by Business Today 2017



100 CEOs Business Today 2017



Customer Awards Received in FY 2023-24: Best Technology Partner Award from Mahindra Truck & Bus



Recognition from TATA Motors "Sustainability Excellence Award"



Recognition from VE Commercial Vehicles Special Award for Contribution in "Partnership & Collaboration"



Recognition from Ashok Leyland defense "Green Channel Supplier"

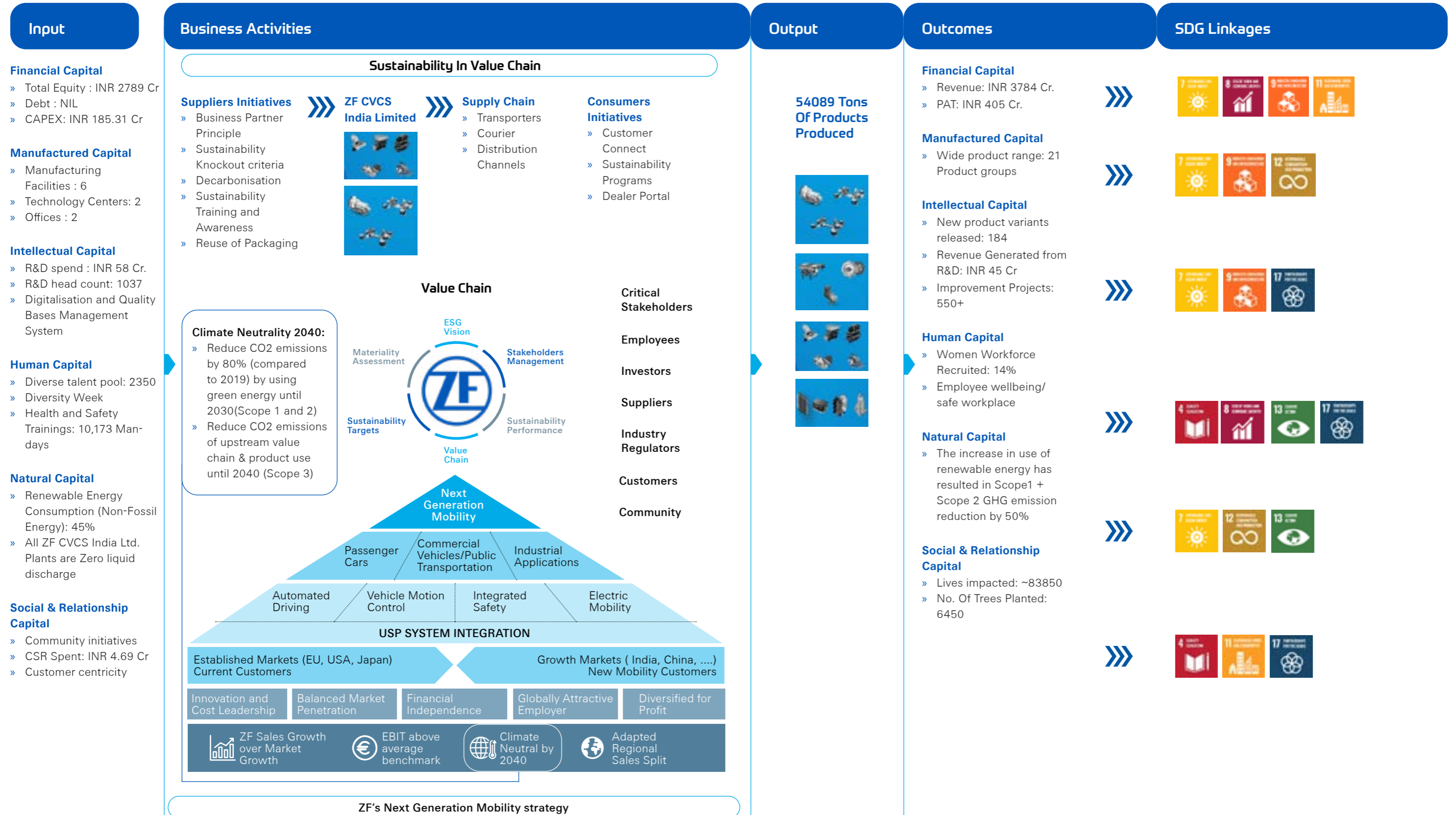


Other Awards: CII National EHS circle competition under Best Organization overall EHS practices stream



Value Creation Model

Communicating Value Creation to Stakeholders



Stakeholder Engagement and Identification Approach

We recognize stakeholder engagement as an integral part of the Company's operations. To generate long-term sustainable value for all its stakeholders including employees, customers, investors, suppliers, and communities, the Company regularly engages and collaborate with its stakeholders to develop an understanding of their needs and expectations. The Company believes that organizations who prioritize and actively involve stakeholders in decision-making processes, communicate transparently, and address concerns, fosters a positive relationship, leading to increased trust. It encourages the exchange of ideas which can drive innovation and help the Company adapt to changing market conditions, technological advancements, and evolving

consumer preferences. By delivering quality products and services, maintaining ethical practices, and fostering a positive work environment, the Company not only meets the expectations of its stakeholders but also enhances the Company's reputation, ensuring long-term viability and prosperity. A holistic approach to stakeholder value strengthens trust, loyalty, and the Company's standing in the corporate ecosystem. The Company follows a strategic and a comprehensive process to identify and categorize key stakeholder groups.

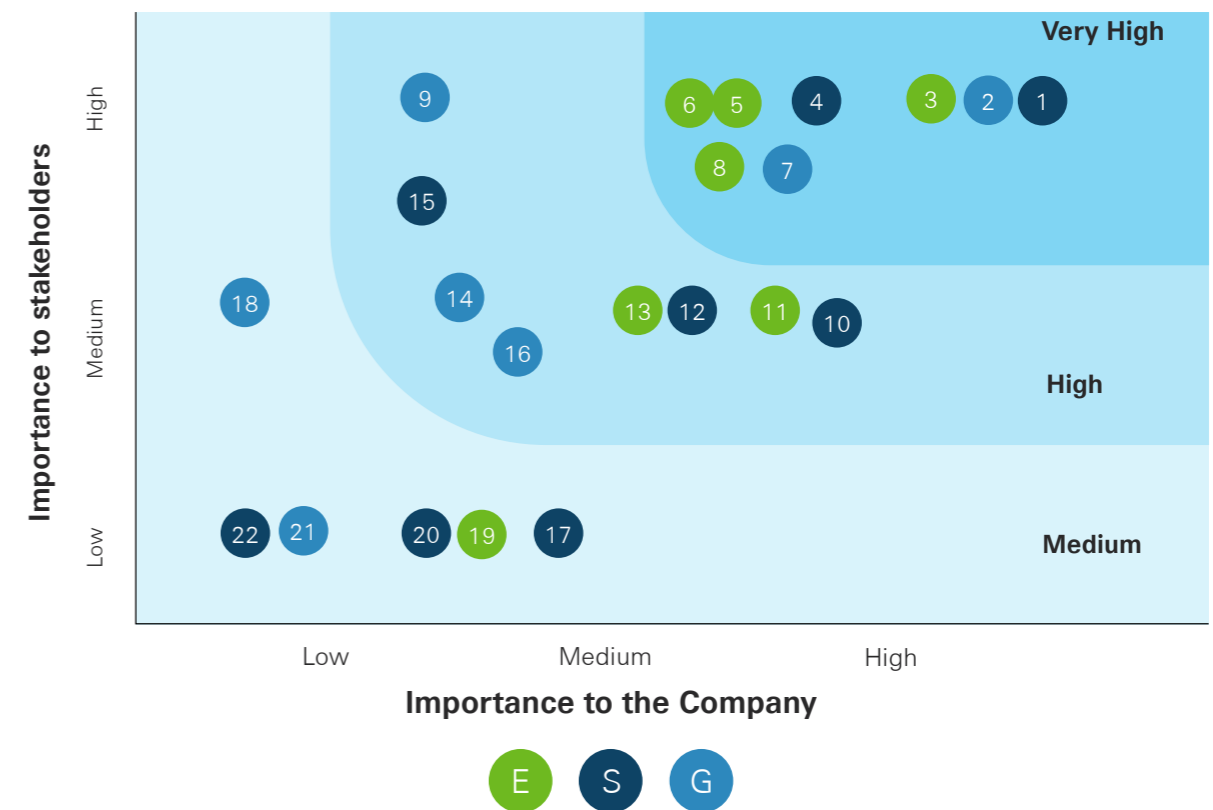
Stakeholder Group	Investors/ Shareholders	Customers	Channel Partners / Suppliers	Employees/ Workers	Communities & NGO's
Their Relevance	Access to financial resources that maintain long-term business growth is made possible by the Company's investors and shareholders.	The Company's clients give insightful feedback that aids in the Company's comprehension of their needs.	Suppliers are crucial in helping the Company to fulfill its customer commitments by supplying services and raw materials on schedule.	Employees are the Company's core resources that create culture in the organization.	Connecting with local communities helps the Company contribute meaningfully to sustainable community development.
Mode of Engagement	<ul style="list-style-type: none"> » Email » Newspaper, Advertisement » AGMs, Investor meets » Stock Exchange (SE) intimations, investor / analysts meet / conference calls » Annual report, quarterly results » Media releases » Company website 	<ul style="list-style-type: none"> » On a need basis through multiple channels like Customer meets, Virtual meets etc. 	<ul style="list-style-type: none"> » On a need basis through multiple channels like Supplier meets, Virtual meets etc. 	<ul style="list-style-type: none"> » Daily/Monthly/quarterly in-house publications » HR Communications » Intranet 	<ul style="list-style-type: none"> » Interactions through CSR initiatives » Meets (of community / local authority), community visits
Frequency of engagement	Annually/ Half yearly/ Quarterly/ Need-based	Need-based	Event based & need-based	Regular & need-based	Regular & need-based
Purpose and scope of engagement	Key topics of interest: <ul style="list-style-type: none"> » Economic performance » Sustainability Practices » Transparency and disclosure of performance 	Key topics of interest: <ul style="list-style-type: none"> » Product quality and availability » Customer service 	Key topics of interest: <ul style="list-style-type: none"> » Business transparency » Training and Awareness 	Key topics of interest: <ul style="list-style-type: none"> » Career planning and skill development » Market-based compensation, benefits, and amenities » Employee welfare programmes 	Key topics of interest: <ul style="list-style-type: none"> » Employee engagement Training & Awareness » Health & Safety Welfare Programmes » Environmental protection

Our Key Material Issues

Identifying and classifying the Environmental, Social, Economic and Governance topics material is vital to our business and our internal and external stakeholders. In FY 2022-23, we conducted an elaborate materiality assessment to identify, understand and prioritize our material topics that directly or indirectly impacted our organization and operations in the ESG space. This analysis, aided us in focusing on the most critical and relevant sustainability issues for our external and internal stakeholders and strategic partners, aligning with our goals and targets.

The approach, which weighed on the stakeholder inputs, both external and internal, is seen as a balanced and well-rounded methodology to arrive at the topic most critical to

the organization. Key stakeholder groups important to the organization were identified and surveys were conducted, incorporating ESG-related criteria. In addition, we also performed peer-benchmarking and analyzed various ESG Rating agencies and standards within our sector to identify the specific materiality topics of importance to us. External Stakeholders groups included our customers, suppliers, investors and community representatives, while the Internal Stakeholder groups were employees across various levels and departments. We designed comprehensive surveys that addressed a wide range of ESG-related topics such as environmental factors, social accountability, ethical and transparent governance and economic performance. These surveys were tailored to gather perceptions specific to



Material issues for the Company

Very High

- Employee Health & Safety
- Ethical Business practices
- Energy Management
- Risk Management
- Water Stewardship
- Emissions Management
- Labour practices and D&I
- Waste Management

High

- Employee Engagement & talent development
- Anti-competitive behaviour
- Opportunities in clean technology
- Policy Influence
- Climate change vulnerability
- Responsible Sourcing

Medium

- Supply Chain Management
- Customer Privacy
- Biodiversity & Land usage
- Community Relations
- Opportunities in green building
- Board structure & management
- Responsible investment
- Customer Management

each stakeholder groups understanding and expectations. Once the surveys ended, we analyzed the data to identify the material topics. These findings were then plotted in a materiality matrix, visually illustrating the importance and impact of each material topic. This matrix helped us order and classify each issue into high, medium, and low priority categories. This ESG materiality matrix was presented by the senior management to the Board of Directors, bringing to fore the key ESG issues based on the stakeholder participation and strategic priorities. Following a thorough review and discussion the board finalized the material topics, ensuring they accurately sum up the Company's impact and purpose.

The understanding and prioritizing of the significant issues helped us in establishing our ESG goals and targets and utilizing resources prudently and reinforcing our long-term value. This in-depth understanding of our material topics aided us to set specific and impactful targets that effectively addressed the most relevant concerns for our stakeholders and business operations. Overall, a comprehensive materiality assessment involving surveys and interviews of both external and internal stakeholders allowed us to take informed decisions related to our sustainability strategy and helped our target-setting process. This ensured that our ESG initiatives were in line with our stakeholder expectations and industry best practices leading to significant quantifiable progress and positive outcomes in our sustainability journey.

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

S. Material No. identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4 Risk Management	O	Risk Management aids in identification, evaluation and mapping the risk based on severity to prevent, control and mitigate through means of properly defined framework.	The Board has constituted a Risk Management Committee to review the aspects of risk management periodically, to ensure that executive management reviews and controls risk through means of a properly defined framework. There are 52 potential risks identified and mitigation measures are periodically checked by the internal audit team and are communicated to the Board of Directors.	Negative
5 Water Stewardship	O	Water is a critical element in the Company's operations and it is seen as an opportunity to judiciously use our water resources and minimize its water costs.	We are in the process of identifying, monitoring and logging our water consumption. We are looking to implement various measures and strategies to reduce our yearly consumption of water by 2% from our current consumption	Negative
6 Emissions Management	O	The organization is committed towards reducing its corporate carbon footprint and aims to achieve this by reduction and substitution. It is currently in the process of evaluating their emissions and works to adhere to the national and international goals of reducing carbon emissions	Energy efficiency and avoidance of energy consumption are the top priority. A secondary focus is the transformation of energy consumption from fossil fuels to renewable resources, or a corresponding technology shift is in pipeline	Negative
7 Labour Practices and Diversity and Inclusion (D&I)	R	Labour Practices and D&I are fundamental to the success of the organization. Unrest in workforce can lead to disruption in the operations creating financial impacts. Additionally, companies' infrastructure and other resources are prone to risk as a consequence of sabotage or criminal act.	There are periodic meetings held between the Union members and the site leaders. Weekly call is also arranged between the Site HR team and the Central team involving HR leader for operations. Monthly HR reviews are held which covers labour relations aspects, chaired by the India HR Leader. Further, to build a more inclusive business we have taken a target to improve our gender diversity to have 30% women across all our manufacturing sites by 2026. As a step closer to enabling this, the company has hired 70% women candidates of the total new hires from institutional hiring in the current financial year and have revised strategies focused on enabling diversity hiring.	Positive
8 Waste Management	R	Improper handling of the hazardous substance can result in deterioration of natural resources and environment. Ethical, reputational, and legal risks arise owing to the adverse impacts on the flora and fauna caused by the ecosystem damage.	All manufacturing sites are ISO 14001 certified (environmental certification) for compliance. Hazardous waste is packed, stored in dedicated area and disposed in safe manner through government authorized agencies	Negative

Manufactured Capital



Governance enablers

- » Innovation and Technology
- » Corporate Strategy
- » Risk Management

Material Topics

- » Opportunities in Green Building
- » Responsible investment
- » Climate Change Vulnerability

SDG Alignment



Interlinkages with other capitals



Social and Relationship



Human



Finance



Intellectual



Natural

Objective

ZF is the market leader for advanced braking systems, conventional braking products and related air assisted technologies and systems. Driven by the commitment to accident-free driving and sustainable transportation solutions, to envision a future that prioritizes safety and environmental responsibility. The Company provides industry-leading solutions in the Autonomous, Connected and Electric (ACE) domains to commercial vehicle industry

in India. The Company believes in agile planning of our manufacturing capital which enables us to be more adaptable, quick to supply and be sensitive to societal or market expectations. It is enabled by the material possessions and facilities that our business owns, rents, or manages and that help with production and delivery of our products.



Manufacturing Facilities:

The Company has six manufacturing facilities located in Ambattur, Chennai; Jamshedpur, Jharkhand; Kancheepuram, Tamil Nadu; Lucknow, Uttar Pradesh; Pantnagar, Uttarakhand and Oragadam, Tamil Nadu in India following the footprint of customers to be agile & responsive. These facilities are designed and maintained

to meet the highest standards of quality, safety, and efficiency, enabling the production of high-precision automotive components. The company continuously invests in upgrading and modernizing its facilities to incorporate the latest technologies and automation solutions.



Ambattur:

Established in 2005, our Ambattur plant in Chennai has been at the helm of our operations in India. With a sprawling 10-acre facility and a production area of 16,000m², we cater to domestic and global customers, contributing over 60% of ZF CVS India's total capacity.

Serving over 400 domestic customers and 10+ global customers, our plant operates with 80 assembly lines, 45 machining lines, and 2 special processes across 8 value streams. This allows us to manufacture approximately 2,800 assembly variants, showcasing our versatility and commitment to meeting diverse customer needs.

Committed to sustainable development, the plant in Ambattur is powered by a dedicated workforce of over 2,000 individuals, including 200+ skilled engineers. Their expertise and dedication are crucial to our success and enable us to deliver exceptional technologies, products, and solutions for customers in India and globally.

At ZF Group we are proud of our thriving Ambattur plant in Chennai, which serves as a testament to our commitment to manufacturing and customer excellence and contributing to India's growth story.



Jamshedpur:

Established in 2007 aligning our footprint strategy of being closer to customers. The Jamshedpur plant is equipped with manufacturing capabilities of assembly, machining, and surface treatment to support Just in Time (JIT) deliveries to TATA Motors and TATA Cummins. The facility spans a sprawling 11 acres, encompassing a production area measuring 10670m². It is a fast-growing site with strategic products, including air compressors, Lift axle control system & actuators, this has 30 assembly lines, and 10 machining lines with 3 special processes across 2 value streams. The plant has over 500+ dynamic workforce dedicated towards the growth & success of its customers. The Jamshedpur plant is the proud recipient of the TPM Excellence Award (2018) from JIPM Japan.



Mahindra World City:

Nestled within one of India's leading Special Economic Zones, our Mahindra World City (MWC) plant near Chennai has been serving global customers since its establishment in 2008. The expansive facility spans a sprawling 7.5 acres, encompassing a production area measuring 9500m². The plant caters to the unique needs of over 100 customers across the globe with an extensive portfolio of 600+ SKUs.



Recognized as a Center of Excellence for select products, including air compressors & actuators, this has 29 assembly lines, and 33 machining lines with 8 special processes across 5 value streams.

Our strength lies in our diverse workforce of 1000+ employees, which includes a 100+ strong women workforce and 100+ engineers.



The MWC plant is the proud recipient of the TPM Excellence Award (2016) and Consistency Award (2018) from JIPM Japan. Our commitment to excellence has been recognized with the Future Ready Factory Award (2017) by Frost and Sullivan, and the Export Excellence Award from the Government of India for two consecutive years (2017 & 2018). Quality is at the heart of what we do, and we have been recognized by our

customers and industry bodies for Quality Excellence, winning 13 National and 2 International awards for Quality.

In 2023, we were honored with ZF's coveted ZF DNA of Quality Award and the IMEXL Distinguished Prize. In our pursuit of a sustainable future, an impressive 30% of our energy requirements are sourced from solar energy.

Pantnagar:



Established in 2012 aligning our footprint strategy of being closer to customers. The Pantnagar plant is equipped with last mile customization assembly capabilities to support Just in Time (JIT) deliveries to Ashok Leyland. The facility



spans 1 acre, encompassing a production area measuring 2200m². The plant has over 100 employees to cater the dynamic needs of Ashok Leyland.

Lucknow:



Established in 2013 aligning our footprint strategy of being closer to customers. The Lucknow plant is equipped with manufacturing capabilities of assembly to support agile deliveries to TATA Motors, VOLVO Eicher and Ashok Leyland. The facility spans a sprawling 10 acres,

encompassing a production area measuring 3300m². It is a growing site with conventional products, and wiring harness facility, this has 14 assembly lines. The plant has over 450+ employees destined to cater the needs of customers in the Northern Region.

Oragadam:



Spanning over 7,000 square meters, this facility will be a cornerstone for producing chassis and electric components, including e-compressors for light and medium-duty commercial vehicles. Operating with 100% renewable energy, a solar plant generating up to 450 kwp, and plans for water neutrality by 2025, the Oragadam plant embodies ZF's commitment to eco-friendly practices and sustainable growth.

Our investment underscores India's strategic importance in the automotive sector, affirming our unwavering commitment to the country's growth story. We are excited to contribute to India's automotive evolution and cater to the dynamic needs of both domestic and global markets.



Overview of Manufacturing Processes:

The plants are equipped with adequate manufacturing facilities to be self-reliant ensuring high level of quality standards in the products manufactured. Our surface

treatment & heat treatment facilities ensure durability and performance enhancements of our products.

Facility	Assembly	Machining	Surface Treatment				Heat Treatment		
			TCP	Impregnation	Anodising	Powder Coating	Induction Hardening	Plasma Nitriding	Carburising
Ambattur	X	X	X	X	X		X	X	
Mahindra City	X	X	X	X	X	X		X	X
Jamshedpur	X	X	X	X			X		
Lucknow	X								
Pantnagar	X								
Oragadam	X	X							

Certifications:

All our manufacturing facilities comply with IATF 16949, ISO 14001, ISO 45001 and ISO 50001 certifications ensuring our commitment to quality and environment, health & safety management systems.

Maintenance (JIPM). Our Mahindra World City facility has been recognized as "Future Ready Factory" by Frost & Sullivan. These honors reflect our continuous improvement culture & our focus towards operational excellence.

Our Ambattur, Mahindra World City and Jamshedpur plants are also TPM certified by Japan Institute of Plant

Our Journey of Manufacturing Excellence:



Our culture of manufacturing excellence was built over the last six decades. Excellence journey started with implementation of TQM practices. Involvement of every employee was nurtured through active participation in suggestions and QC circles. The responsibility of retaining the best practices is vested with shop floor operators through strong daily routine management while improvements are managed by middle level management and breakthroughs are initiated through Hoshi Kanri ensuring goal congruence which cuts across all the functions.

Over the years, we have improved our assembly cells from conventional process layout to highly advanced mixed model assembly cells with built in mistake prevention systems. We have built expertise over the years and now we have our own LED (Lean Equipment development centre) which builds facilities and supports various manufacturing sites.

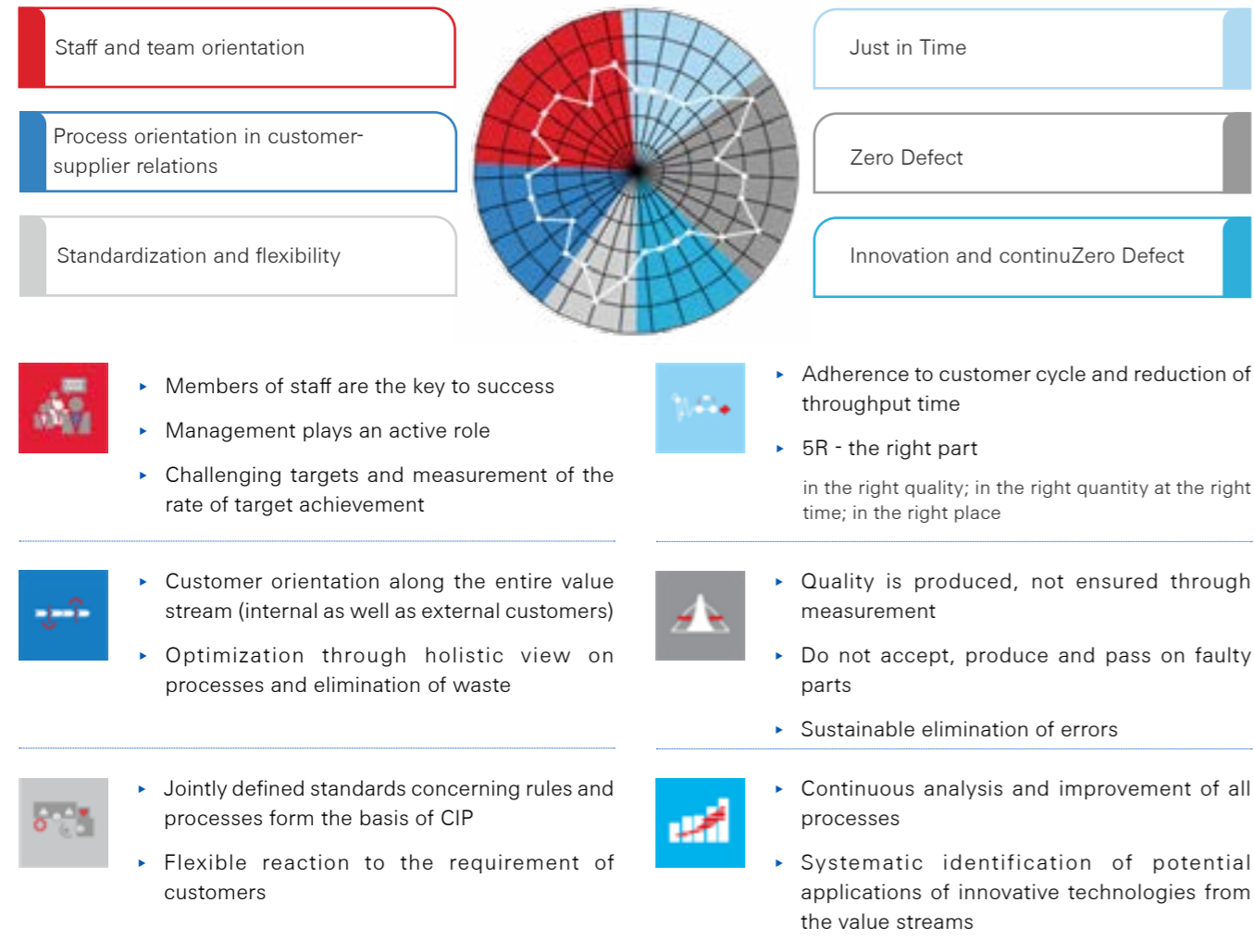
With strong fundamentals of TQM in place, TPM creates a shared responsibility for equipment that encourages greater involvement by plant floor workers. This supports us to keep addressing losses and improving productivity in the shopfloor.

We have inculcated lean thinking over the years across organization and this is an integral part of whatever we do. This is also extended across value chain. To prepare ourselves for the future, we started our digital journey way back in 2017 with a mission to optimize processes and generate more value. We approached it with a democratic framework using a digital compass encouraging plants to champion their digital journey. The digital compass made sure the efforts were aligned to priorities of the organization.

ZF Production System – Foster LEAN in Manufacturing:

The ZF Production System supports us in becoming the world’s best supplier of automotive and industrial technology. All ZF staff strive for a flexible organization free from waste. Our objective is to achieve 100% customer satisfaction.

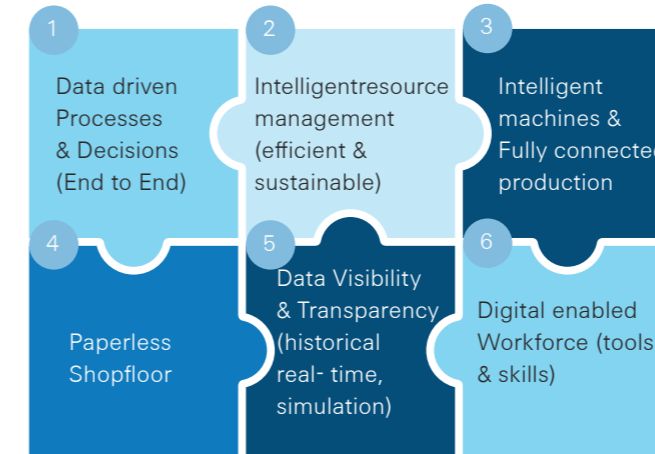
The 6 Lean Principles of the ZF Production System



Shaping Factories of the Future:

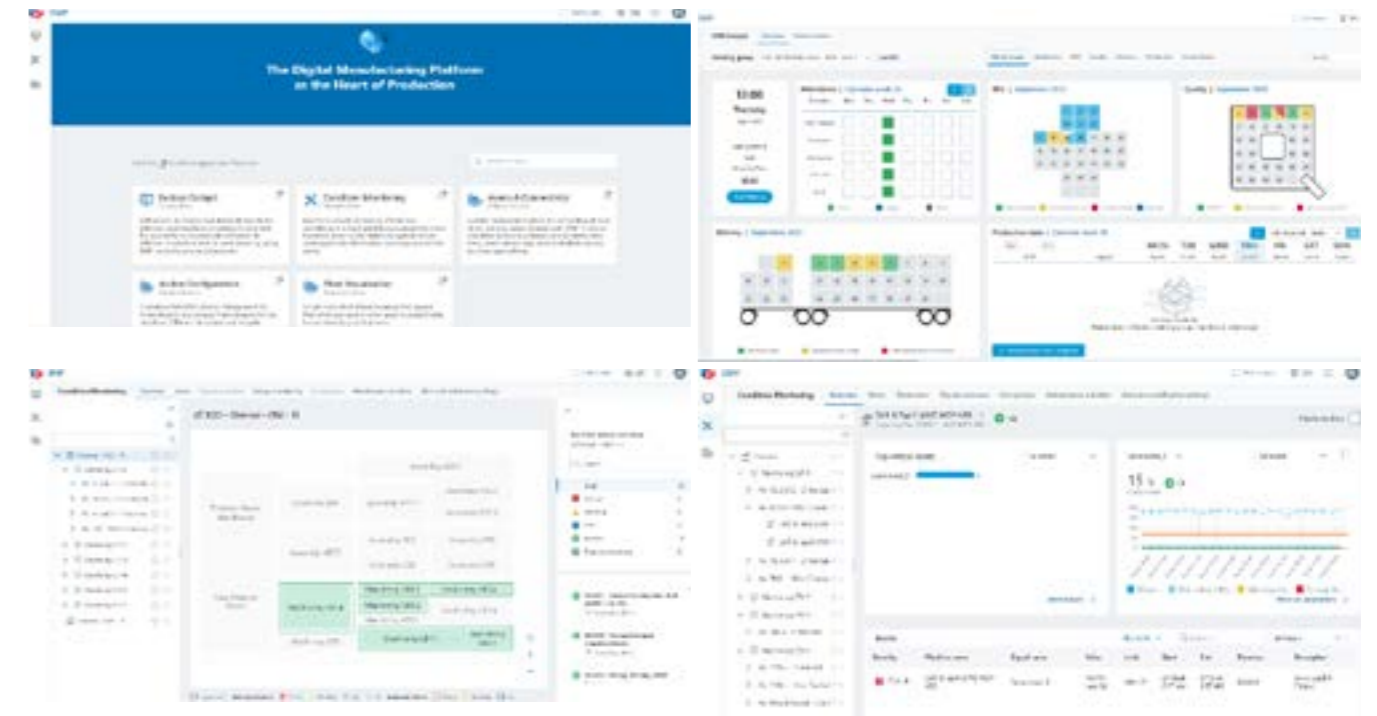
Digitalization is one of the core strategies in shaping our factory of the future. Our next generation factory

encompasses six core elements enabling operational excellence for maximum safety, efficiency and quality.



During the year, we have implemented ZF’s Digital Manufacturing Platform (a cloud based IIoT platform) in Ambattur enabling condition monitoring of CNC machines to optimize maintenance costs & eliminate breakdowns. The

platform supports automated data collection & processing with standardized reporting. It also offers real-time insights & supports data-driven analytics and decisions in the shop floor.



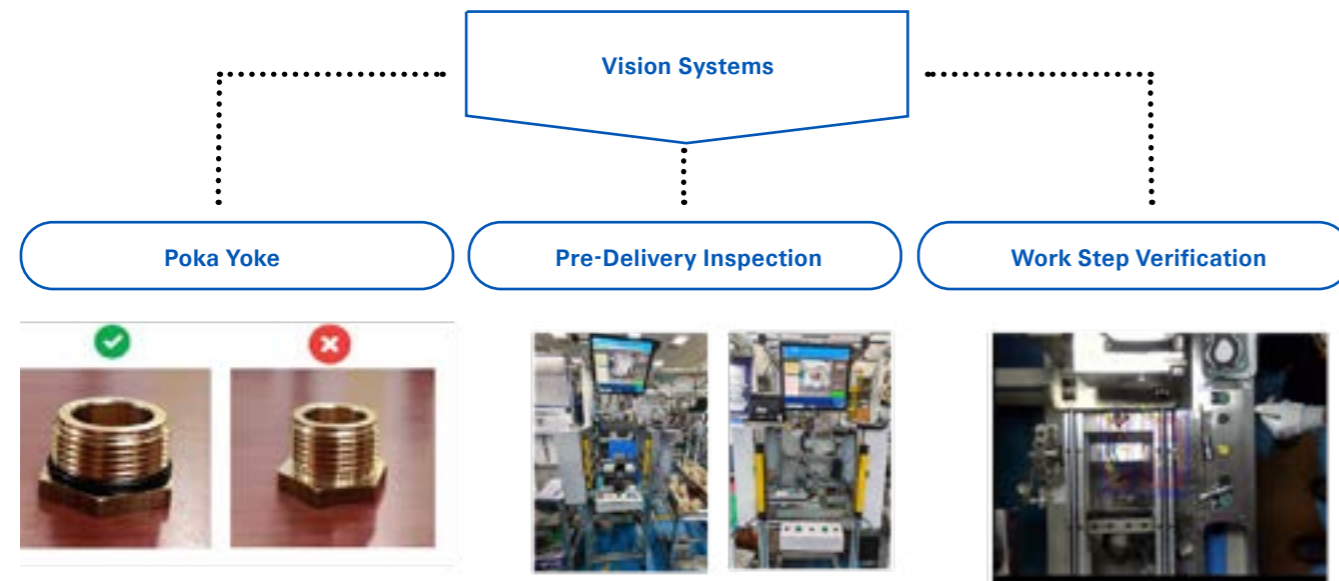
We also encourage citizen development using low/no code platform in manufacturing to promote data mobility and fast track digital penetration in the shopfloor. We actively

use these tools to drive paperless shopfloor and streamline business processes enabling faster decision making.

Smart Automation:

We strive to innovate and optimize our processes keeping pace with technologies driving smart automation in our factories. We have built low-cost vision system using AI/ML serving three major applications in operations – as a poka-yoke (mistake prevention) system, to perform

visual inspection of our finished products, and to perform work step verification while the operator is assembling the product in the workstation. During the year, we had implemented 20 solutions in our factories.



Using smart automation, we are working to deskill operations and optimize repetitive tasks in the shopfloor with implementation of gantry robots, floor-mount robots,

and cobots. We had implemented 4 projects during the year across Ambattur, Mahindra World City and Oragadam.



Sustainable Manufacturing:



Sustainability is an integral part of ZF Group's strategy "Next Generation Mobility". We actively assume responsibility for sustainable business in all three dimensions by which sustainable development is measured: ecology, social, and governance. Acting in all three dimensions is important not only for the sustainable development, but also for the success of CVS. To anchor this awareness in the corporate culture and activities, ZF Group has launched the "Acting now" initiative.

ZF India adopted the ZF group's climate goals into business strategy, and our manufacturing facilities play a bigger role in realising ZF ambition of climate neutrality by 2040. On Scope 1, we have been working constantly to reduce the fossil fuel usage in our operations as a first step where LPG reduction of 25% has been achieved in powder coating at Mahindra World City plant and we have plans to phase out the use of fossil fuel in the years to come.

On Scope 2, we focus on Energy efficiency improvement and scaling up use of renewable energy. Through energy efficiency program, we strive to achieve absolute energy reduction of 10% across the plants. We also collaborate with Indian Institute of Technology, Madras as a technology partner to support us drive energy efficiency program through energy audits and technical solutions.

We have scaled up renewable energy from 15% to 45% with focused approach through investment of roof solar at Mahindra World City and Oragadam plants yielding 7% of energy requirement at Mahindra World City and 30% at Oragadam plant. We have also signed up long term contracts on group captive power of solar energy of 5 MW to Ambattur and Mahindra World City to support 30% RE; thereby achieving 45% RE for this year.

Various projects rolled out across the manufacturing sites on water reduction with 3R principles and rolled out a theme of water purchase only for human consumption. Also, various initiatives have been kicked off across the sites with total employee involvement promoting recycle of excess gardening water supporting reduction of 15 KLD at Ambattur plant.

Waste reduction is one of the key initiatives under the circularity framework, working with supply chain partners to phase out of one-way packaging and increased the reusable pallets to our OEM customers with 95%. To achieve zero waste to landfill/incineration, Ambattur plant signed a contract with waste handler to reuse the hazardous waste into cement coprocessing industry and working the similar approach to other facilities also.

The detailed report on the Sustainability initiatives across the manufacturing facilities is briefed in the Nature capital.

Way Forward:

We look forward to strengthen our focus on digitalisation and implementation of smart automation across our factories to stay competitive and be efficient in our operations. We strive to leapfrog our sustainability initiatives to achieve reduction of our Scope 1 & Scope 2 emissions by 90% before 2027, as a compelling differentiation of our factory operations. We shall work to continuously optimise our footprint realigning our manufacturing lines closer to customers to remain agile and responsive, and be the supplier of choice to our customers.

Financial Capital

Financial Capital is vital for our Company as it underpins the Company's ability to innovate and expand in the competitive commercial vehicle market. It enables the Company to invest in research and development, supports the expansion of manufacturing capabilities and the optimization of

operational efficiencies, ensuring high quality and cost-effective production. This acts as a strong foundation for the Company's goal of improving vehicle safety, performance, and sustainability, and securing its leadership in the market.



Governance enablers

- » Related Party Transaction Policy
- » Policy for Prohibition of Insider Trading
- » Dividend Distribution Policy
- » Risk Management Policy

Material Issues Addressed

- » Risk Management
- » Opportunities in Clean Technologies
- » Climate Change Vulnerabilities

Key Performance Indicators	FY 2023-24	FY 2022-23	YoY Growth (%)
Revenue (INR in Cr.)	3783.71	3,444.59	9.85%
EBITDA as % of sales	17.4%	15.6%	11.54%
Profit after taxation (PAT) (INR in Cr.)	404.78	317.67	27.42%
CAPEX (INR in Cr.)	185.31	88.9	108.45%
Equity (INR in Cr.)	9.48	9.48	-
Shareholder Funds (INR in Cr.)	2,788.6	2,409.1	15.75%
Debt	Nil	Nil	-

SDG Alignment



Interlinkages with other capitals



Financial Performance Highlights

Revenue and Profitability:

- » Our revenue from operations showed steady growth over the years increasing from INR 2,854.14 Cr. in FY 2018-19 to INR 3,783.71 Cr. in FY 2023-24.
- » Gross profit before interest, depreciation, and tax improved significantly from INR 482.35 Cr. to INR 658.91 Cr. during the same period, reflecting enhanced operational efficiency and increased margins.

Dividend and Shareholder Returns:

- » Dividend per share (DPS) increased from INR 9 in FY 2018-19 to INR 17 in FY 2023-24, reflecting higher returns to our shareholders.
- » Book value per share (BVPS) increased steadily from INR 938.4 to INR 1,470.2 during the same period, indicating growth in the Company's intrinsic value per share.

Operational Efficiency and Liquidity:

- » Inventory and Debtors Turnover: The Company showed improvements in inventory turnover, indicating efficient management of inventory levels from 12.9 times in FY 2018-19 to 14.7 times in FY 2023-24. Debtors' turnover remained stable around 4.5 times, suggesting effective management of receivables.
- » Current Ratio: During the same period, the current ratio improved from 3.4 to 4.9, indicating a healthy liquidity position and the ability to meet short-term obligations comfortably.

Profitability Measures:

- » The Company's Earnings Per Share (EPS) rose from INR 148.8 in FY 2018-19 to INR 213.4 in FY 2023-24, indicating an upward trend in profitability per share.
- » Return on capital employed and return on net worth also showed positive trends, increasing from 11.9% to 19.4% and from 8.6% to 15.6% in FY 2019-20 to FY 2023-24, respectively, indicating efficient utilization of capital and improved profitability relative to investments and net worth.

Digitisation:

- » Deployment of Powers Apps for tracking and monitoring CAPEX projects in an agile manner.
- » SAP implemented in our wholly owned subsidiary

Financial Position:

- » The Company's total assets increased steadily from INR 3,019.81 Cr. as at March 31, 2023 to INR 3,369.34 Cr. as at March 31, 2024, indicating healthy asset growth during the year.
- » Net worth (shareholders' equity) grew from INR 1,779.97 Cr. in FY 2018-19 to INR 2,788.65 Cr. in FY 2023-24, reflecting a strong financial base and retained earnings.

Our Economic Performance

The economic landscape is ever evolving, and the Company's ability to innovate and adapt has been a driving force behind our success. From embracing new technologies to fostering a culture of continuous improvement, we have demonstrated agility in responding to market dynamics. This agile adaptability positions us as a leader in our industry and a pioneer in embracing change

aligned to our agenda of "Focus Forward." Our economic success is intrinsically tied to our customers' satisfaction and making a positive impact on the lives of those around us by being socially responsible and contributing to a more sustainable and inclusive future. For the Company, as a leading auto component manufacturer and supplier, financial capital plays a vital role in its ability to create value and achieve its strategic objectives on improving efficiencies, safety, and digitisation.

Economic Value Creation

Particulars	FY 2023-24 (INR. in Cr.)	FY 2022-23 (INR. in Cr.)	Y-o-Y Growth (%)
Economic Value Generated			
Total Income	3,879	3,511	10%
Economic Value Distributed and Retained			
Total expenses (excluding finance costs and depreciation)	3,220	2,974	8%
EBITDA*	658	537	22%
Payments to providers of Capital	32	24	30%
Payment to Government	225	167	34%
Community investments including CSR spent	5	3	35%
Economic Value retained (PAT)	405	317	27%

Note

*EBITDA has been arrived after considering employee benefit expenditure of INR. 463.97 Cr. (March 31, 2023 - INR. 376.71 Cr.)



Outcomes

Operational Stability and Continuity:

- » A robust financial capital base ensures the Company has the necessary funds to sustain its operations, meet its financial obligations, and weather economic downturns or industry cyclicality.
- » This operational stability fosters confidence among stakeholders, including customers, suppliers, and employees, enabling the company to maintain its competitive position.

Investment in Growth and Expansion:

- » Adequate financial capital allows the Company to invest in strategic growth initiatives, such as capacity expansions, facility upgrades, and new product development.
- » These investments enhance the company's manufacturing capabilities, product portfolio, and market reach, driving long-term revenue growth and profitability.

Technological Leadership and Innovation:

- » Strong financial capital enables the Company to allocate resources towards research and development (R&D) activities, fostering technological innovation and product advancements.
- » This ensures the company stays ahead of the curve, meeting evolving customer needs and industry trends, and maintaining its competitive edge.

Risk Mitigation and Resilience

- » Robust financial capital provides a buffer against potential risks and uncertainties, such as market volatility, supply chain disruptions, or regulatory changes.
- » This resilience allows the Company to navigate challenges more effectively and mitigate the impact on its operations and financial performance.

Attractive Returns for Investors:

- » Prudent management of financial capital, coupled with operational excellence and strategic growth initiatives, can translate into attractive returns for investors in the form of dividends, share price appreciation, or reinvestment opportunities.
- » This fosters investor confidence and supports the company's ability to raise additional capital when required.

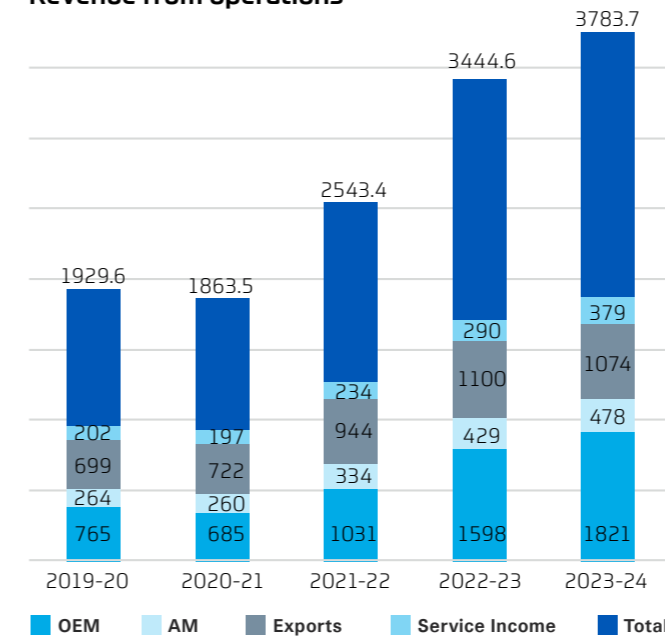
Sustainable Business Practices:

- » Financial capital can be leveraged to fund initiatives that promote environmental sustainability, social responsibility, and good corporate governance practices.
- » This alignment with sustainable business practices enhances the Company's reputation, attracts talent, and creates long-term value for all stakeholders.

By effectively managing and optimizing its financial capital, the Company can achieve operational excellence, drive growth and innovation, mitigate risks, and create lasting value for its stakeholders, solidifying its position as a leader in the automotive components industry.

Annual Performance (INR in Cr.)

Revenue from operations

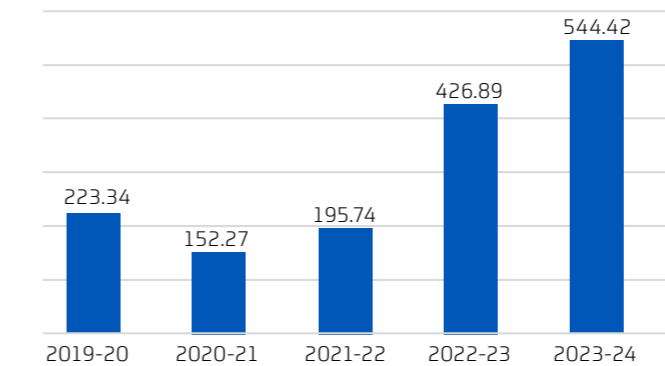


The Company generates revenue through the sale of its automotive components to Original Equipment Manufacturers (OEMs) and aftermarket customers. The Company has a diversified product portfolio and customer base, reducing its reliance on any single market segment or customer, making it a one stop shop for commercial vehicle manufacturers, fleets, and aftermarket. With continued innovation and cost-effective products, the Company has been the partner of choice for Indian OEM and fleets for over the past decade. With continued demand the Company expects to cater Autonomous Connected and Electrified (ACE) solutions to enable the "Next Generation Mobility" in Indian CV market.

Further, the market out performance stands at 9.5% despite slump in the commercial vehicle sales considered to previous year.

Decarbonisation is a sectoral activity and the Company, being a leader in the automotive sector and its value chain, has taken key initiatives in accelerating the Indian Electric mobility story. With the electric vehicles market poised for exponential growth, the Company in the current financial year has sold two key products (e-compressor and Electronic Braking System) to support electric vehicles adoption. As a result of e-compressor and Electronic Braking System, INR 49 Cr. of revenue was achieved. Further, additional products such as Electronic Controlled Air Processing units and Electronic Control Air Suspension have been added in our portfolio to aid EV manufacturing in India.

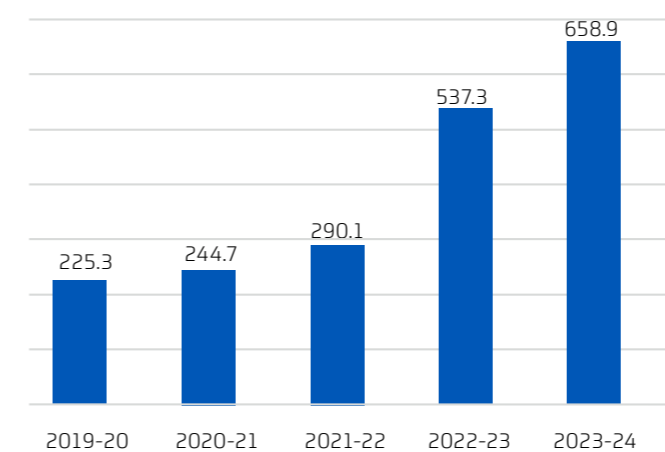
Profit before Taxation



Profit improvement actions have resulted in the upward trend in our PBT and EBITDA. The following are some of key initiatives in this regard:

- » Securing compensation from the customer
- » Material productivity
- » Continuous improvement system in factory cost
- » Effective management of selling general and administrative (SG&A)

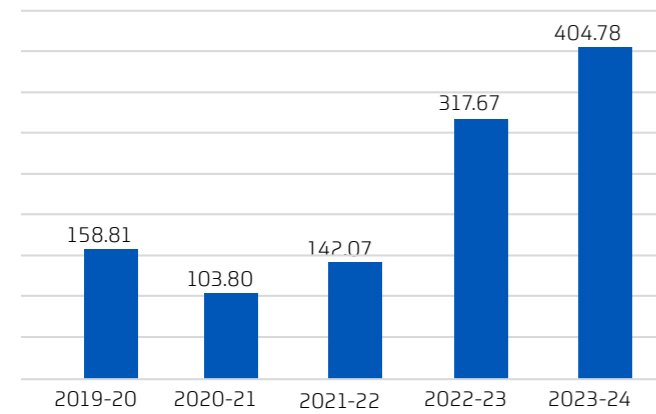
EBITDA



Service Income

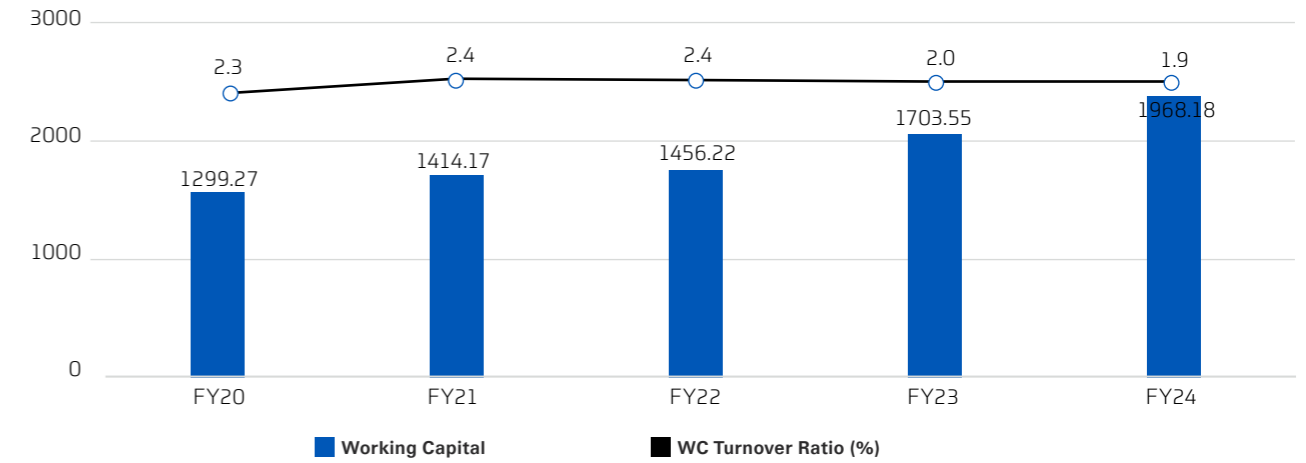
» Increase in global supporting head count by 139. It has contributed into the improvement in global billing.

Profit after taxation

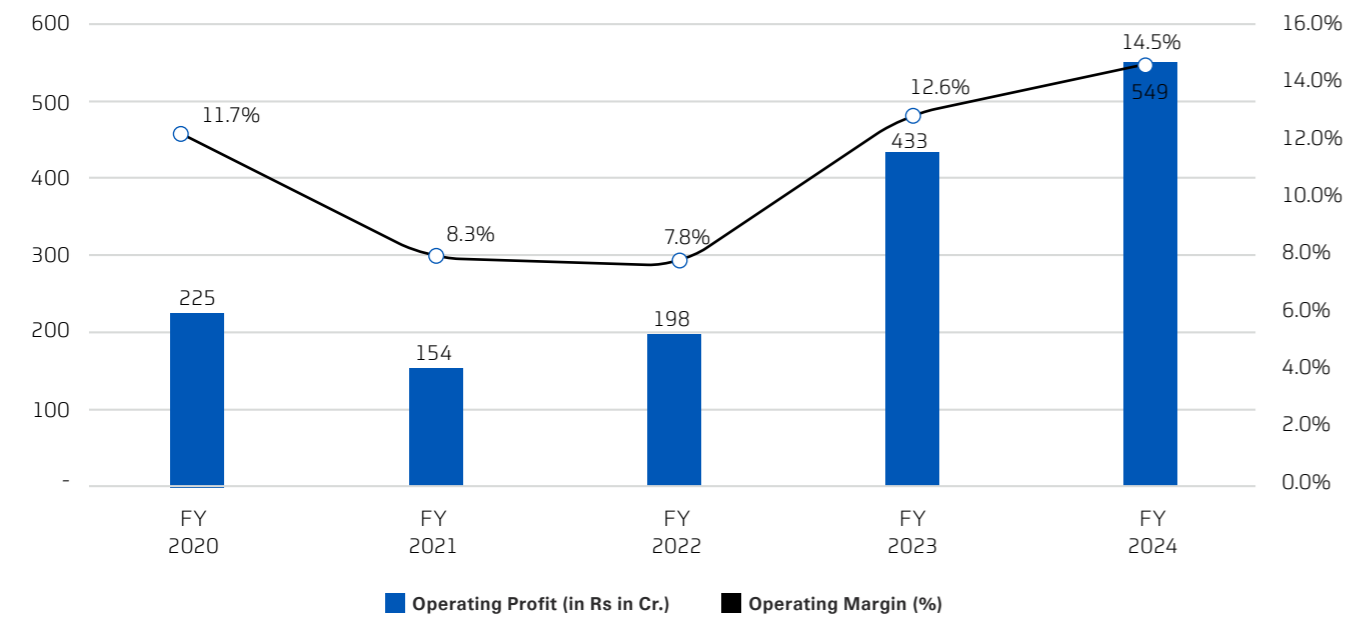


Our effective tax rate is **25.6%**

Working Capital (In INR Cr.)

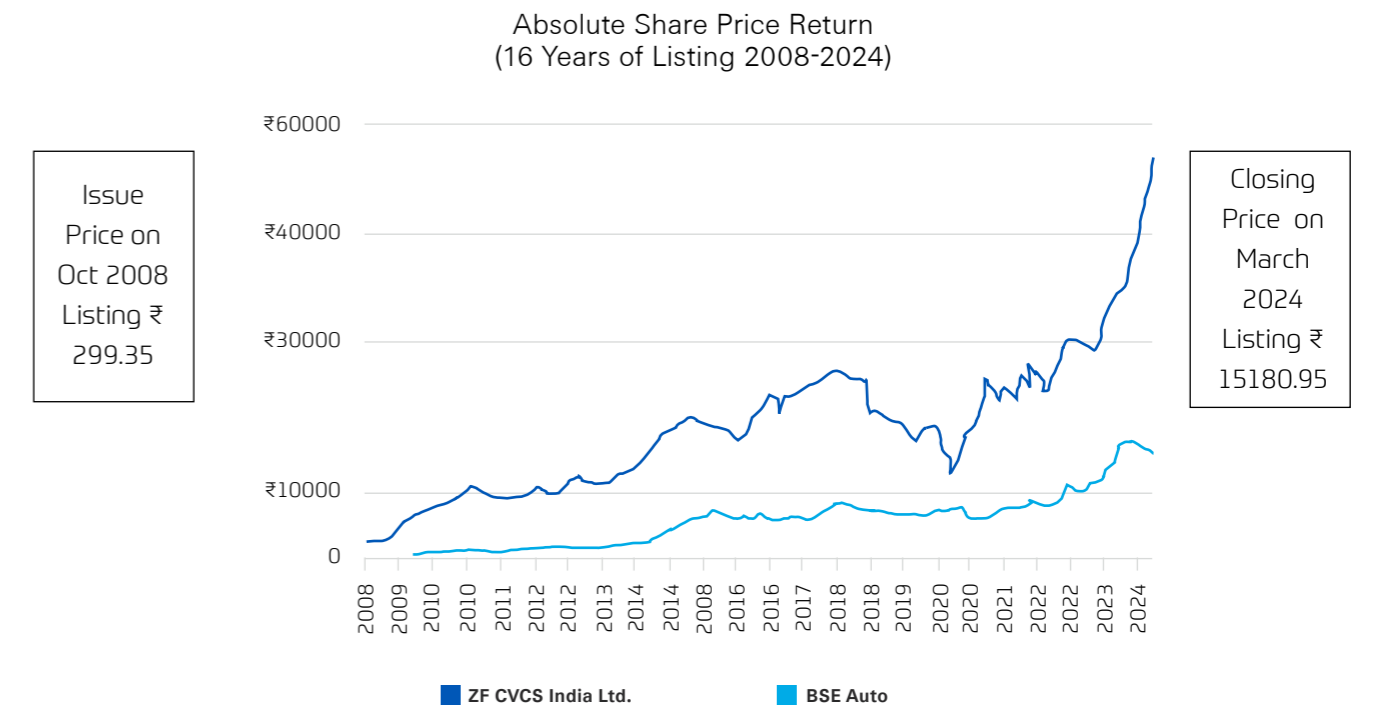


Operating Profit Trend

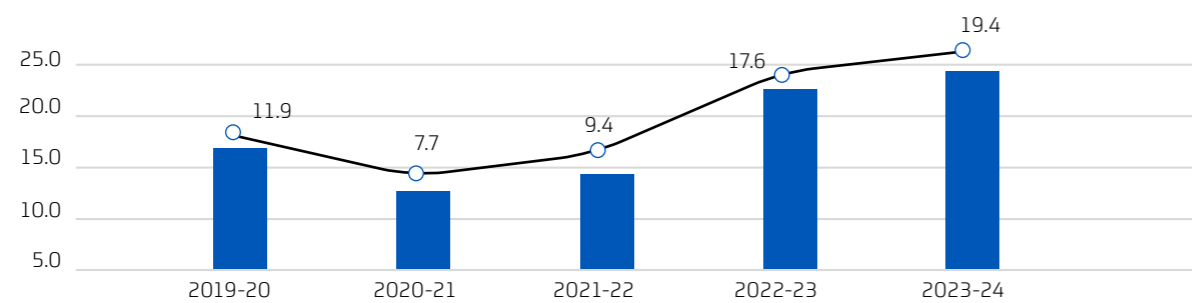


Shareholder Value Creation

Historical Trend Data

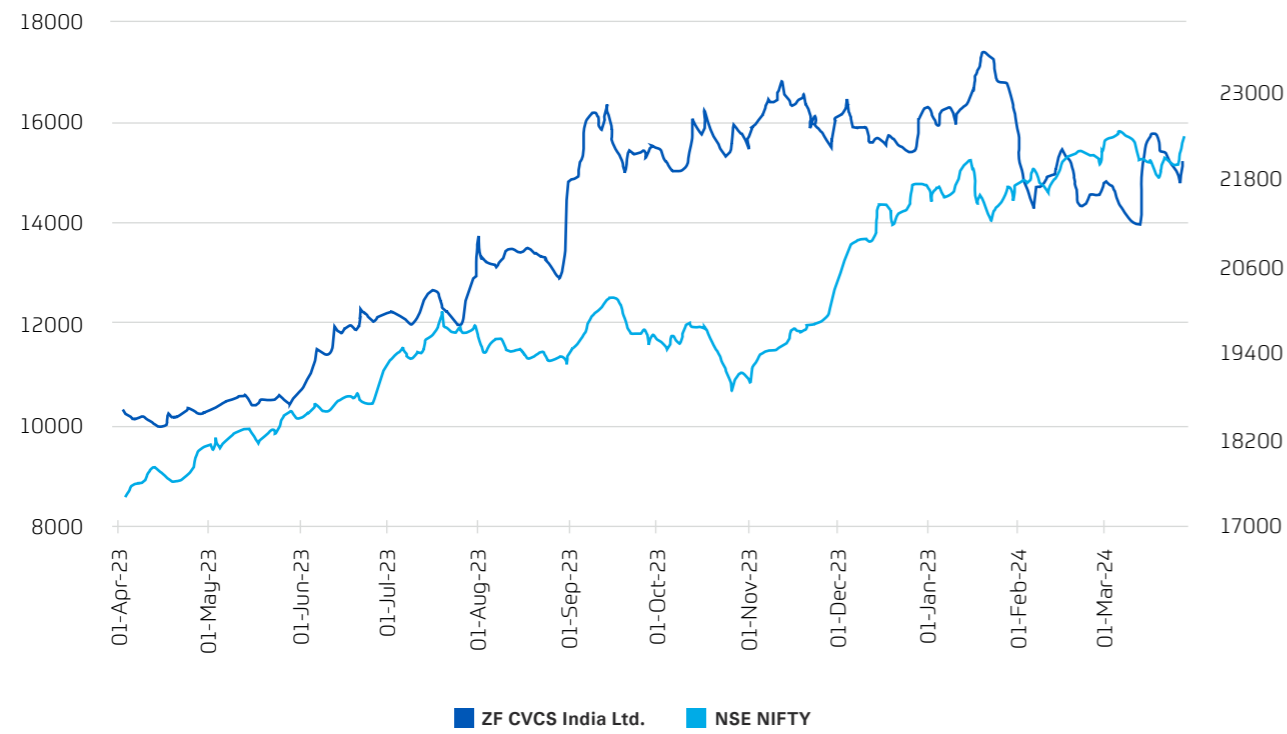


Return on capital employed (ROCE)%

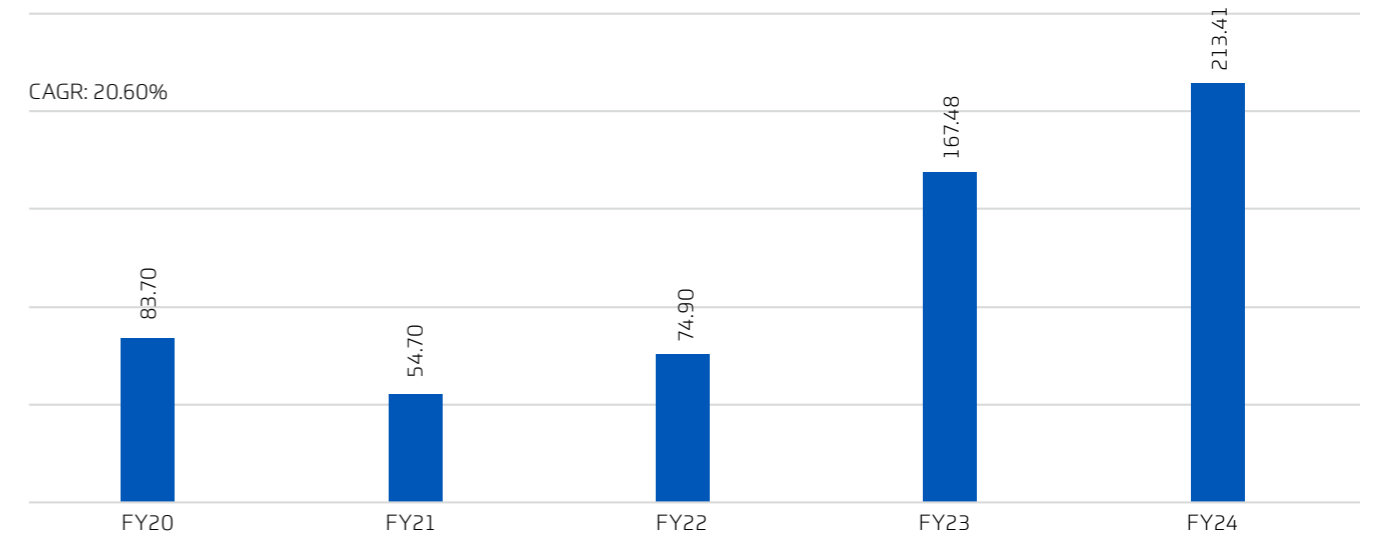


50x Growth of Share Value Since Listing

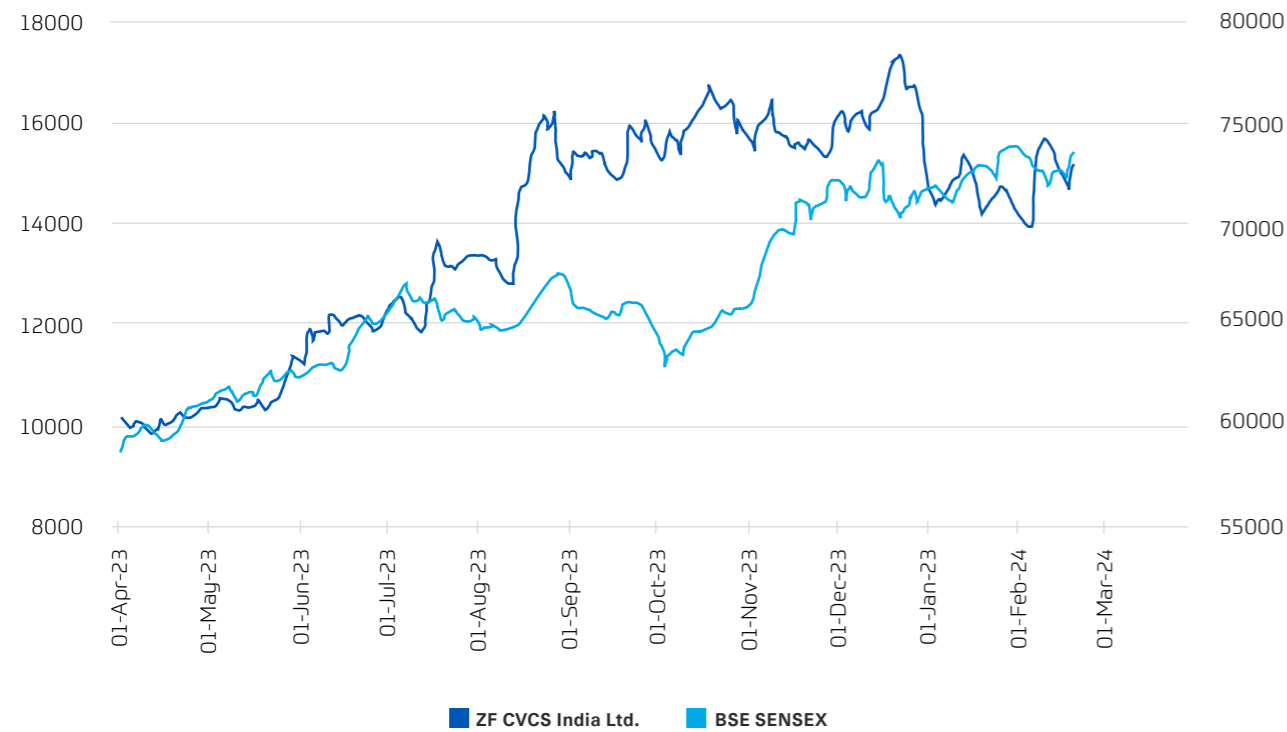
ZF CVCS India Ltd Vs NSE NIFTY-FY24



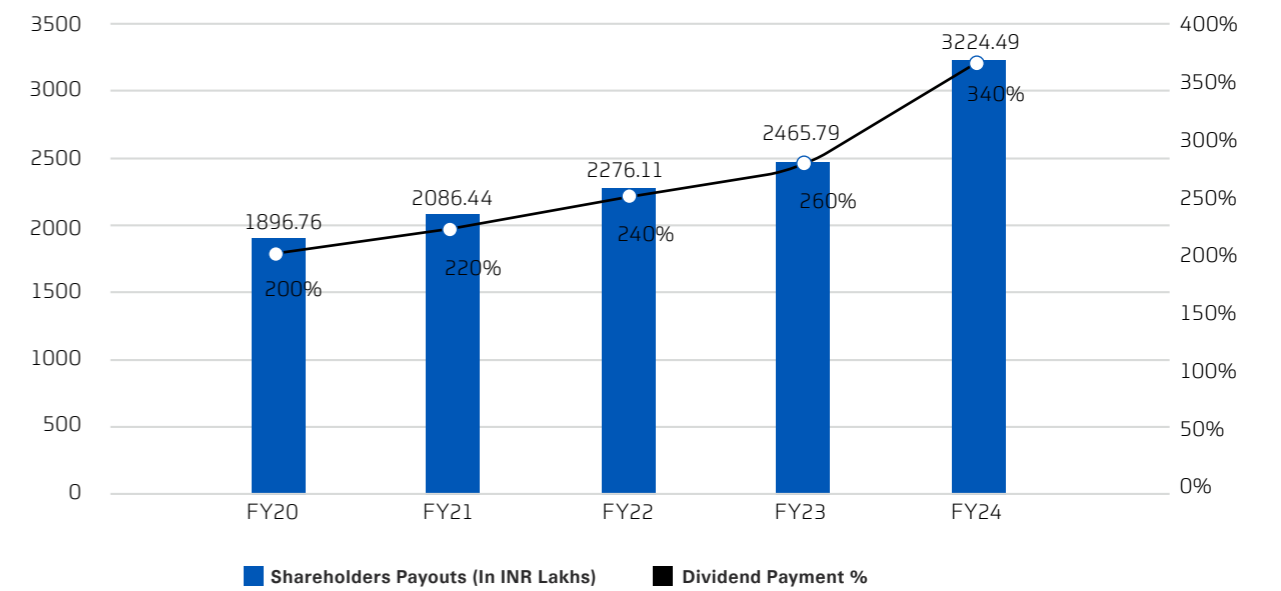
Earnings Per Share



ZF CVCS India Ltd. Vs BSE SENSEX

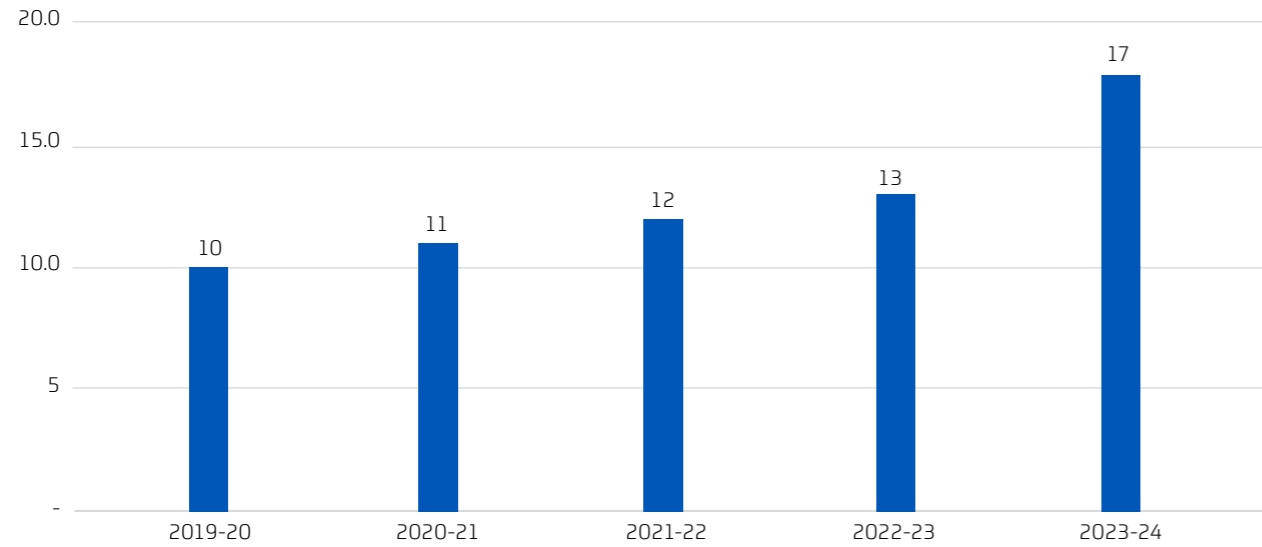


Shareholders Payouts



Dividend Distribution:

Dividend Per Share (INR)

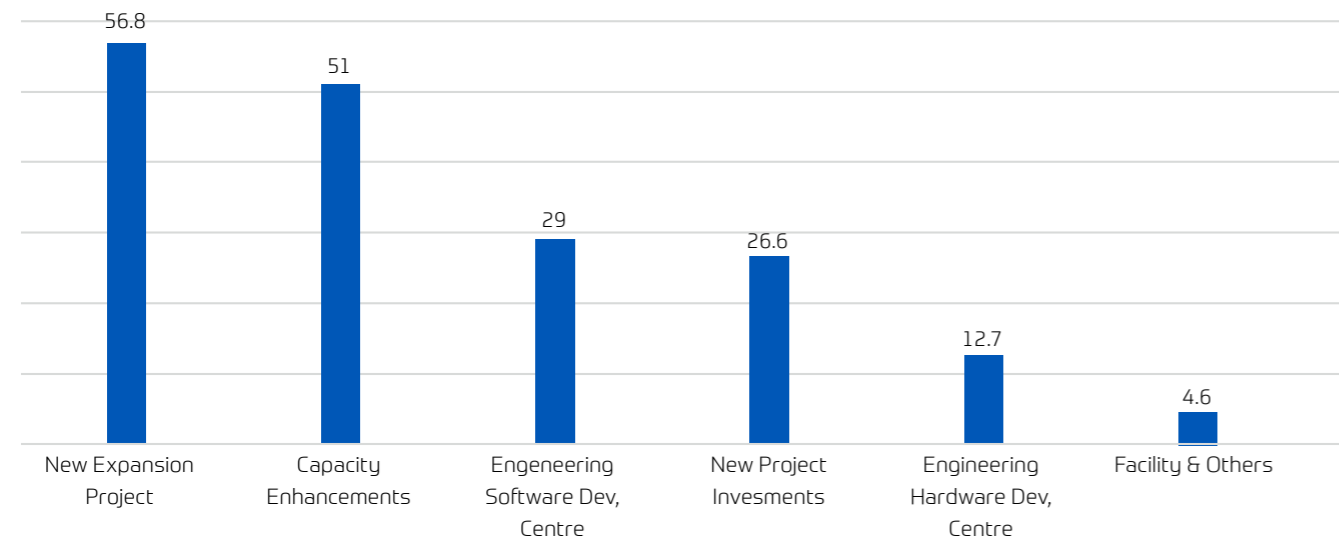


The Company's purpose is to create long-term value for all its stakeholders while also ensuring a significant return on investment for shareholders in the form of dividend payments.

Capital Expenditures and Investments:

The Company invests a significant portion of its financial capital in capital expenditures, such as upgrading manufacturing facilities, acquiring new machinery and equipment, and expanding production capacities. In the current year, the total CAPEX investment spent stands at INR. 180.7 Cr. Our major investment in the current period for the development of our new plant at Oragadam, Tamil Nadu. The other investments are driven by the Company's commitment to maintain its technological edge, improving operational efficiency, and meeting customer demands. The overview of major CAPEX projects of the Company is presented below:

CAPEX Investment Overview- FY 2023-24 (In INR Crs)



Note: The above figures represent the amount spent for CAPEX projects during the reporting period.

Tax Approach

A Financial subsidy from the Government	Value
i. Tax deductions and tax credits	INR 135,922,658
ii. Financial incentives*	INR 24,429,398

*Note: The above financial incentives include Remission of Duties and Taxes on Exported Products (RoDTEP) and duty drawback.

The tax approach of the Company is characterized by a rigorous and comprehensive framework aimed at ensuring compliance, efficiency, and strategic alignment with organizational goals. With tax team overseeing both direct and indirect tax functions, we adhere to a maker and checker approach, ensuring that our tax strategy is not only framed but meticulously implemented. This strategy undergoes regular review by the Head of Taxation, who liaises closely with the CFO and management for seamless integration into our operations. Moreover, our tax strategies are agile, responsive to business needs, and undergo continuous evaluation and refinement, with updates promptly incorporated into our ERP system to reflect changes in tax and regulatory laws.

In addition to maintaining robust internal governance procedures, we prioritize transparency in our tax reporting, providing stakeholders with detailed disclosures of tax provisions, deferred tax positions, and other pertinent information. Our approach extends beyond mere compliance, encompassing proactive risk assessment, effective tax planning, and collaborative engagement with other functions within the organization. Through ongoing evaluation of tax risks, internal controls, and regular communication of key updates and insights, we strive to foster a culture of tax compliance and awareness throughout the Company.

Furthermore, our commitment to transparency extends to our interactions with tax authorities and stakeholders. We maintain open lines of communication, promptly addressing queries and concerns while keeping all parties informed of significant changes or developments in tax laws and policies. By fostering a culture of collaboration, diligence, and transparency, our tax approach not only ensures compliance but also supports our broader business objectives, enabling us to navigate the complexities of the taxation landscape with confidence and agility.



Human Capital

The Company recognises human capital as its most valuable asset. With a commitment to nurturing talent, fostering innovation, and promoting professional growth, the Company invests in its employees through various training programs and development initiatives. The Company understands that the expertise, skills, and dedication of

its workforce are essential for driving its success and maintaining a competitive edge in the dynamic automotive industry. By prioritizing the well-being and empowerment of its employees, the company ensures its workplace culture is vibrant and collaborative and drives towards excellence in every aspect of its operations.



Governance enablers

- » Code of Business conduct and ethics by the Board Members and Senior Management
- » Nomination and Remuneration Policy
- » Whistle Blower Policy
- » Policy for Prohibition of Insider Trading
- » Policy on Familiarization of Independent Directors and Other Programs
- » Mandated Training programs on Code of Conduct and Governance

Material Issues Addressed

- » Employee Health and Safety
- » Ethical Business Practices
- » Labor Practices and Diversity and Inclusion
- » Employee Engagement and Talent Development

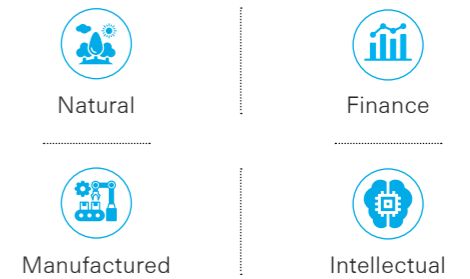
KPI's

Indicators	Current Status
Overall Attrition Rate%	14%
Women Empowerment	17% of the Employees are Women. 11% of the Workers are Women.
Employee Safety Trainings	663.25 Man Days

SDG Alignment



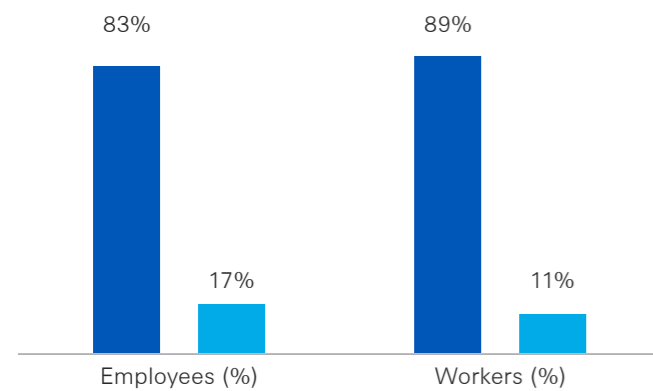
Interlinkages with other capitals



Our Talent

Our workforce is the cornerstone of our company, embodying values of excellence, dedication, and innovation. Comprised of a diverse array of talented individuals, our team collectively brings a wealth of expertise and a shared passion for success to every endeavour. Within our dynamic and fast-paced environment, our employees are recognized by their unwavering commitment to excellence, propelling the company forward through collaboration and resilience. Their combined expertise not only drives our current achievements but also sets the trajectory for future successes. We take immense pride in cultivating a workplace culture that nurtures the unique strengths of each team member, thus reinforcing our commitment to inclusivity and creating an environment where creativity thrives.

Gender wise Human Capital for FY 2023-24



To ensure that the Company upholds human rights across all levels, we have implemented robust policies and practices in accordance with our Group code of conduct. These measures encompass a zero-tolerance approach towards discrimination, harassment, and any form of injustice. We continuously strive to exceed international human rights standards, endeavouring to create a workplace that nurtures a sense of belonging and well-being for all. Our stringent measures, including internal audits, supplier assessments, capacity-building workshops, ethical recruitment practices, and grievance mechanisms, underscore our comprehensive approach to upholding labour standards and safeguarding workers' rights. Additionally, periodic reviews and assessments are conducted across all our sites, further reinforcing our commitment to ensuring compliance and driving continuous improvement.

The total number of permanent employees as on March 31, 2024 is 2350.

Diversity in Culture

As part of our Diversity, Equity and Inclusion strategy, our division places significant emphasis on initiatives aimed at attracting top talent. We recognize that the richness of ideas and perspectives brought by a diverse team is instrumental to our adaptability and success. Consequently, we are dedicated to fostering an inclusive culture where every individual feels valued, respected, and heard. By embracing diversity, we create an environment conducive to collaboration, open dialogue, and a sense of belonging. Each member of our team contributes with a unique set of experiences, perspectives, and talents, collectively enriching our company and driving our on-going growth and innovation efforts. In line to these efforts, we have taken a target to achieve 30% representation of women in workforce across all our manufacturing facilities by 2026. To aid this goal, our new Oragadam plant has over 80%-woman workforce employed in the facility in the current year.

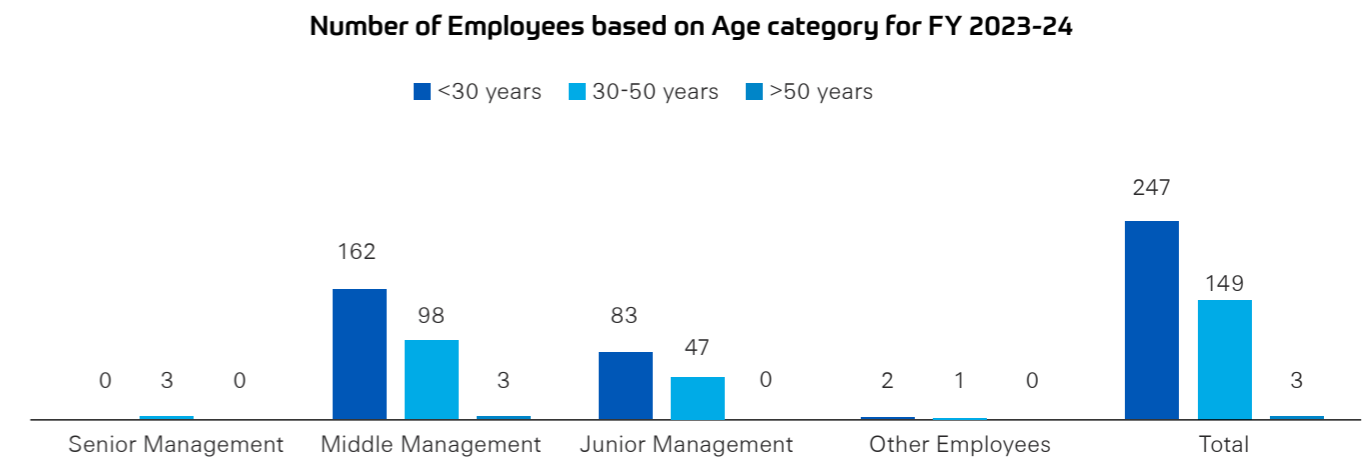
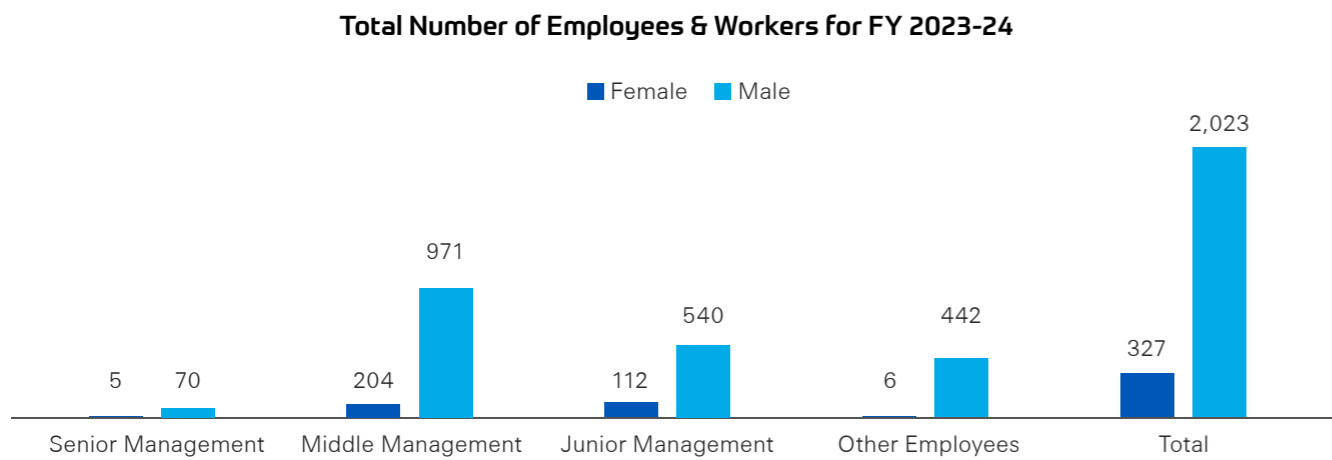
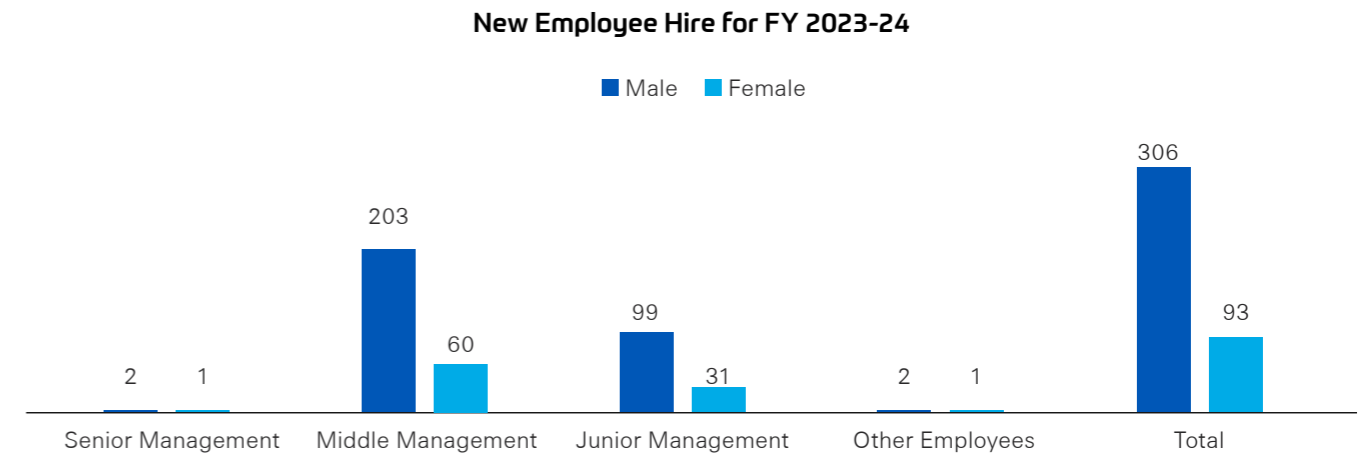
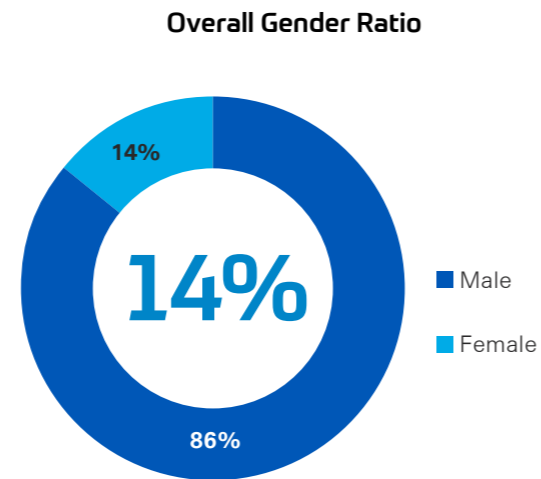
Diversity Week is a Grand initiative designed to promote and celebrate an inclusive workplace environment. Through various activities such as Persons With Disabilities (PWD) Awareness Training, the Commonalities Survey, and the Speak Your Truth Survey, we aimed to raise awareness about the rights and needs of PWD. The Cultural Food Fair/Potluck, Diversity Quiz, and Language Exchange Program all further enrich this week by celebrating cultural diversity, enhancing understanding of diversity concepts,

and promoting language and cultural exchange among employees. Our vision is to create a workplace where diversity is not only acknowledged but also valued and leveraged to drive innovation and teamwork. Our mission is to eliminate workplace discrimination, improve mutual respect, and build a cohesive team that values and increases its diverse backgrounds and experiences. More than 700 participants from various sites have participated in the diversity programs.

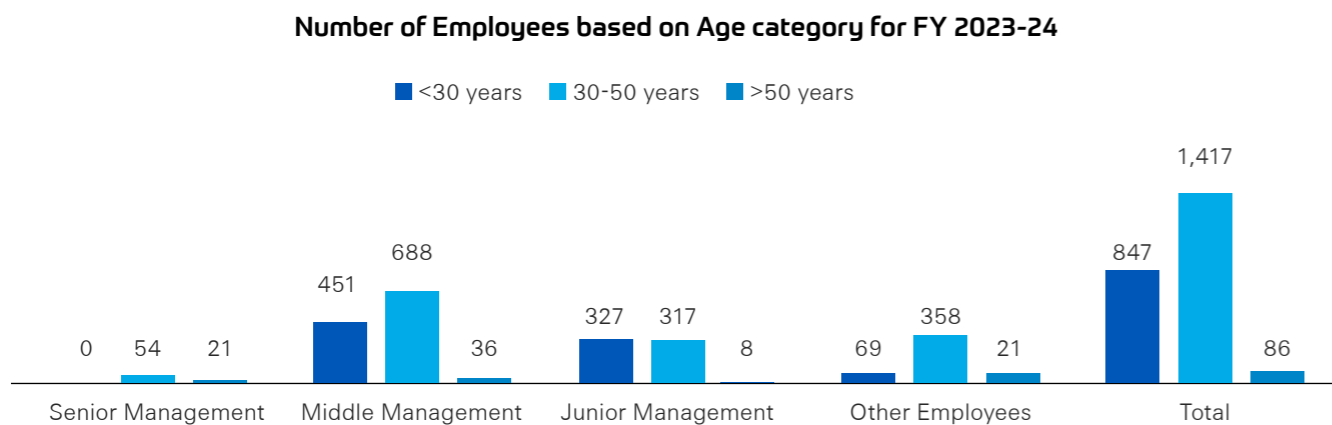


Persons With Disability (PWD) – Safety Competition 2024





*Senior Management includes globally graded managers.



*Senior Management includes globally graded managers.

We understand the value of embracing new team members, as their arrival adds a wave of energy and enthusiasm that can elevate productivity and motivation within our entire workforce. Considering this, we've developed a comprehensive orientation program aimed at facilitating a smooth transition for incoming hires. This program offers valuable insights into our company's culture, policies, and procedures, equipping new employees with the knowledge they need to seamlessly integrate into their roles. Further to build a more inclusive environment, the Company has hired 70%-woman candidates of the total new hires from institutional hiring.



Employee Engagement and Benefits

We prioritize employee engagement and continuous development to retain top talent and foster an environment conducive to innovation. By investing in our employees' well-being, we cultivate a positive culture and drive enhanced performance. Our focus lies in creating a fulfilling workplace through appreciation, professional growth opportunities, and collaborative efforts. Additionally, we are committed to providing exceptional benefits that prioritize the satisfaction and welfare of our valued employees. We provide 100% of our employees with retirement benefits such as provident fund and gratuity. Moreover, additional benefits such as group personnel accident policy, group health insurance policy, and parental leave are provided to all permanent employees. Furthermore to promote innovation, we incentivise our employees by providing financial incentives as well as recognition for each patent filed and innovative ideas that the employees bring for the company.

Remuneration:

Transparency and fairness are fundamental to our remuneration practices. The ratio of the remuneration of each director to the median remuneration of our employees, the percentage increase in the annual compensation of MD and median remuneration for the financial year is given on page 136 of the Annual Report FY 2023-24.

There is no difference in entry-level remuneration between men and women recruited for the same work profile. We pay 100% of our permanent employees and workers equal to or more than the minimum wage which is aligned with the minimum wages mandated by the respective states. For our workers we conduct a regular negotiation on a periodic basis for long term wage settlement.

We are pleased to announce the successful completion of union settlements on time and in a very amicable manner across all five manufacturing plants in India on the various dates in 2023-24. This achievement marks a significant milestone, streamlining the process for a long-term agreement and delivering enhanced benefits to our valued employees. Expecting this will bring about a profound transformation for nearly 500 workers and their families. These agreements incorporate various improvement and benefits, ensuring stability and predictability for both the Company and our workforce across India. This agreement paves the way for a productive future for all our India

Permanent Workforce Turnover Percentage

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	12%	2%	14%	12%	2%	14%	6.6%	1%	7.6%
Permanent Workers	1%	0%	1%	1%	0%	1%	2%	0%	2%



operations and we believe our journey will continue to strengthen the mutual co-operation and trust that have been built over the years. We have also linked the nonfinancial KPIs to the performance evaluation indicators of our senior management to promote sustainability in our organization.

Employee Retention:

Employee retention is crucial for our long-term success and productivity. We implement effective retention strategies, including mid-term market adjustments, to retain valuable talent and reduce attrition rates. Our focus on employee satisfaction and engagement drives a thriving workplace culture. Through open communication, skill development opportunities, and involving employees in decision-making processes, we enhance job satisfaction and overall productivity. Our Employee Engagement Survey through an external provider Glint, achieved a remarkable 81% response rate, with an average engagement index of 79. Building on the insights gained, targeted action plans have been initiated in collaboration with people managers to address identified areas for improvement. Encouraged by the positive outcomes, we plan to expand the survey globally, encompassing all regions and divisions of the Company, to further enhance employee engagement and drive organizational success. We also conduct regular events for the families of employees through family days at our facilities, nurturing a family bond with Company.

Training and Development

We prioritize employee development through comprehensive training and upskilling programs. Throughout the year, the Board of Directors dedicates approximately 30 hours to various familiarization programs covering Policy formation and Policy Deployment, business regulations, economy, environmental, social, and governance parameters, as well as Sustainability in CO2 emission control. Additionally, a monthly Town Hall Meeting is held with our Managing Director, Key Management Personnel (KMPs), and employees to discuss business developments and future goals.

All employees participate in various training programs throughout the year. Due to the pandemic, most training sessions were conducted through blended learning, which includes virtual classroom initiatives and e-learning modules. Key training initiatives undertaken during the year include:

- » Prevention of Sexual Harassment at the Workplace
- » Code of Conduct, Emotional Stability and Wellness
- » ZF Office 5s Training
- » 7 Step Lean Methodology
- » JH Awareness Training
- » Product Knowledge – Basic
- » Product Knowledge – Advanced
- » Low-Cost Automation
- » LOTO (Lock Out & Tag Out) Awareness
- » Statistical Process Control
- » Failure Mode Effect Analysis
- » Operation Standard and Quality Control Process Chart
- » Internal Auditor Training Program – ISO 14001: 2015, Iso45001:2008
- » Measuring System Analysis
- » Bottleneck Change Management
- » 7 Quality Control Tools
- » Leadership Initiative Program
- » Sustainability In Co₂ Emission Control



Other regular training programs included induction programmes for new recruits, leadership training and modules on soft skills, programmes on mental and physical well-being, amongst several others.

A total 155 training and awareness programmes were held over the financial year.

For workmen, On-the-job trainings as well as off job trainings were given in various topics:

- » Product Knowledge
- » Awareness 5S Audit
- » Awareness on Quality Defects
- » Waste Management
- » Quality Management System
- » Total Productive Maintenance
- » Total Quality Management
- » Pre Delivery Inspection (PDI)Operators Training
- » Lean Principles (Strengthening Shop Floor Activities)
- » Awareness on Safety, Heath & Environment
- » Awareness on ZF Production Systems
- » Awareness on Quality Person
- » 7 Quality Control Tools

Category	FY 24					FY 23				
	Total	On Health and safety measures		On Skill upgradation		Total	On Health and safety measures		On Skill upgradation	
Employees										
Male	1581	1581	100%	1549	98%	1703	1703	100%	1672	98%
Female	321	321	100%	309	96%	257	257	100%	244	95%
Total	1902	1902	100%	1864	98%	1960	1960	100%	1916	98%
Workers										
Male	2468	2468	100%	2419	98%	463	463	100%	454	98%
Female	319	319	100%	316	99%	6	6	100%	6	100%
Total	2787	2787	100%	2731	98%	469	469	100%	460	98%

Further, we have partnered for Great Manager Institute (GMI) to accelerate our manager towards leadership through a six-month program.

Occupational Health and Safety

Health and safety, which directly reflect of our commitment to responsible business practices are significant aspects of our business. Prioritizing a secure work environment not only ensures the well-being of our employees but also upholds our ethical values. Our dedication to health and safety extends beyond mere compliance, demonstrating our accountability to both our workforce and the wider community, with a zero-tolerance policy towards safety incidents. We recognize that a safe workplace is fundamental to long-term success, encouraging employee dedication, and strengthening our resilience. Our goal is to create an accident-free environment, providing our employees with a safe and healthy workspace for their peace of mind.

Maintaining a safe workplace not only prevents injuries and health risks but also reduces absenteeism, boosts morale, and cultivates a positive work environment.

As part of our Corporate Audit scheme, surveillance audits of ISO 14001 (Environmental management system) and ISO 45001 (Occupational Health and Safety management system) were successfully conducted. Our plants in Ambattur and Lucknow completed the surveillance audit for ISO 50001 standards, aiming to enhance energy management systems for continuous improvement in energy performance.

Initiatives

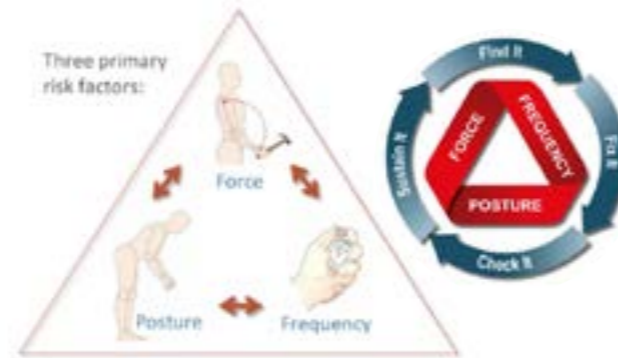
All production employees are required to attend Environmental, Health, and Safety (EHS) induction. These trainings ensure awareness of safe practices and equip employees to handle incidents effectively.

- » The company conducts Safety, Health, and Environment Failure Mode and Effects Analysis (SHE FMEA) for all activities. High-risk activities are identified and addressed with specific mitigation measures to enhance workplace safety.
- » A mandatory Environmental, Health, and Safety induction training was introduced to encourage employees to report incidents and suggest safety improvements through safety kaizens on the shop floor, promoting a proactive safety culture.
- » Engineering controls were utilized to implement ergonomic improvements across high and medium-risk jobs. This initiative aimed to reduce employee fatigue and enhance productivity and morale.
- » The company implemented ISO 14001 for Environmental Management System and ISO 45001 for Occupational Health and Safety Management.

- » Throughout the year, various safety and health awareness programs were organized under the theme "REACH Zero." These initiatives included activities like safety awareness sessions for employees and their families, emphasizing safety at home and preventing lifestyle diseases among women and women security.
- » Competitions related to safety themes were organized for spouses and children of employees, fostering community engagement and awareness. Approximately 500 family members participated in this event which was followed by a health camp organized for the family members.

Global standards on Ergonomics

Ergonomics Assessment- BRIEF and BEST survey for all job stations



Posture	Shoulders		Elbows		Wrists		Neck	Back	Legs
	Left	Right	Left	Right	Left	Right			
Illustration of shoulder posture	Illustration of elbow posture	Illustration of wrist posture	Illustration of neck posture	Illustration of back posture	Illustration of leg posture				
Frequency	1-200/min	1-200/min	1-200/min	1-200/min	1-200/min	1-200/min	1-200/min	1-200/min	1-200/min
Risk Rating	Low	Low	Low	Low	Low	Low	Low	Low	Low

Risk assessment with Motion capture Technology

Using Artificial intelligence – advanced assessment results



Automatic guided vehicle



Karakuri kaizen for part transfer



Ergo trolley for input parts- no need to bend



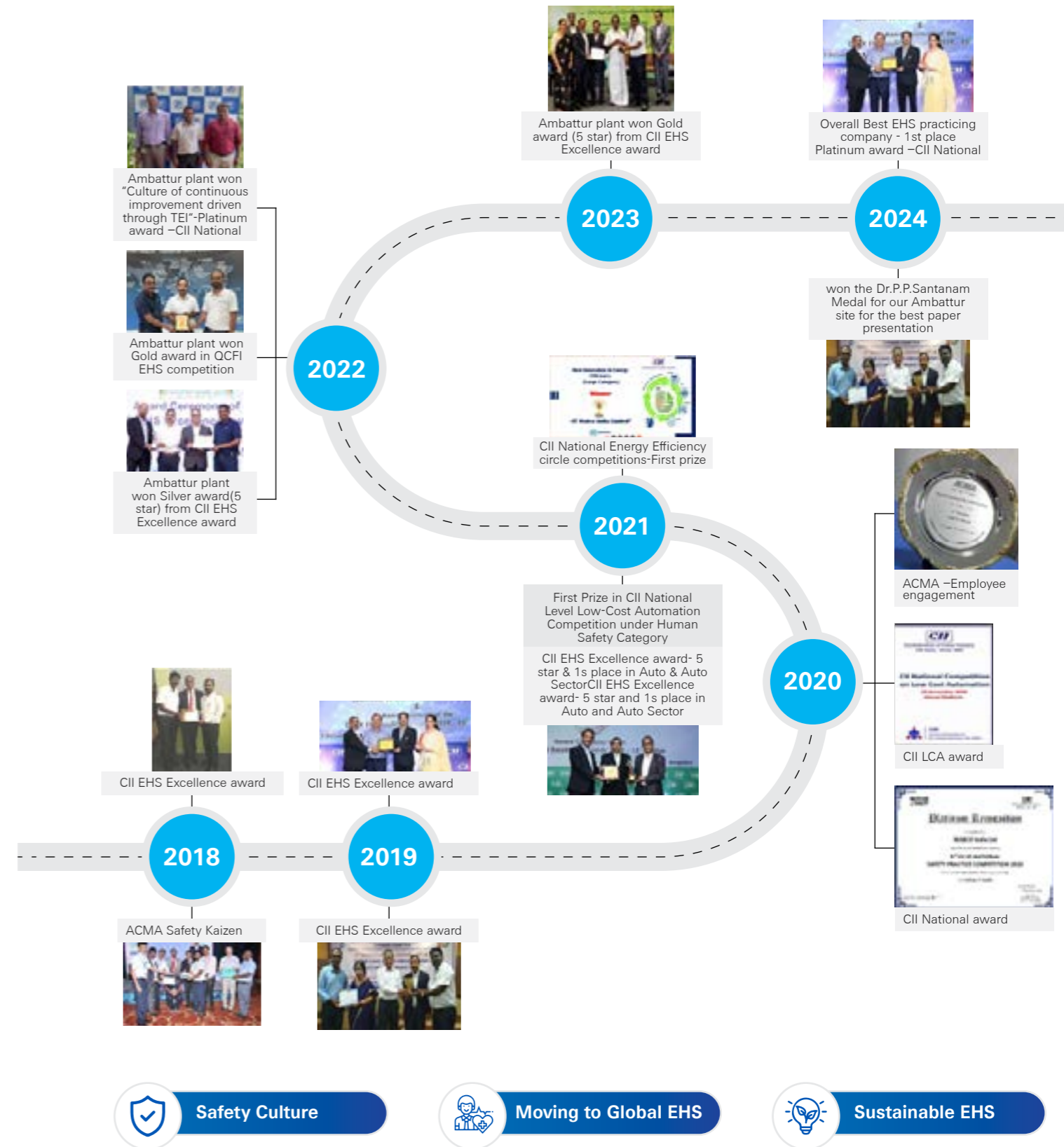
All our sites follow the Global EHS management system, ensuring consistency in Environmental, Health, and Safety (EHS) practices. Our EHS system aims to prevent and reduce risks related to environmental, health, and safety issues. We have implemented SHE FMEA (Safety, Health, and Environment Failure Mode and Effects Analysis) as part of this system to identify hazards, assess risks, and address failures in all types of activities, including regular and unexpected situations. Our commitment to achieving excellence in Environmental, Health, and Safety (EHS) is steadfast. We consistently strive to uphold the highest standards across all our operations through meticulous planning, continuous improvement, and a dedicated adherence to EHS principles. This approach has cultivated a workplace culture that places utmost priority on safety, environmental stewardship, and the well-being of our workforce.

This ongoing dedication positions us as leaders in the pursuit of EHS excellence, ensuring the sustainability and resilience of our operations. Our efforts in EHS have not gone unnoticed, as evidenced by the numerous awards we have received in this field, which serve as a testament to our relentless pursuit of a safe workplace.

Over the past year, our Ambattur plant received recognition for its outstanding achievements in EHS management. It was recognised as the auto components sector topper and received gold in the CII EHS Excellence Award presented by the Department of Environment and Climate Change, Government of Tamil Nadu, for its excellence in implementing EHS management systems. Additionally, our Ambattur plant was honoured with the gold award in the QCFI Tamil Nadu chapter for its effective implementation of EHS systems and practices.



EHS: Quest for Excellence



The Journey Continues.....

Employee Engagement - Theme Based Approach



EHS theme roll out



Pledge with all employees



Signature campaign on commitment



Suggestion & Kaizen



Theme workshop



REACH ZERO- Score Card at Ambattur



Communication in canteen

Employees Family connectivity program



Safety Pledge taken by family members



Kids Safety Programs

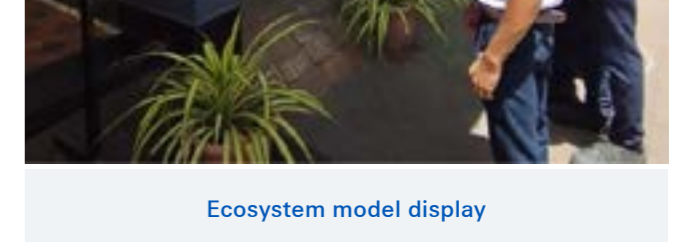
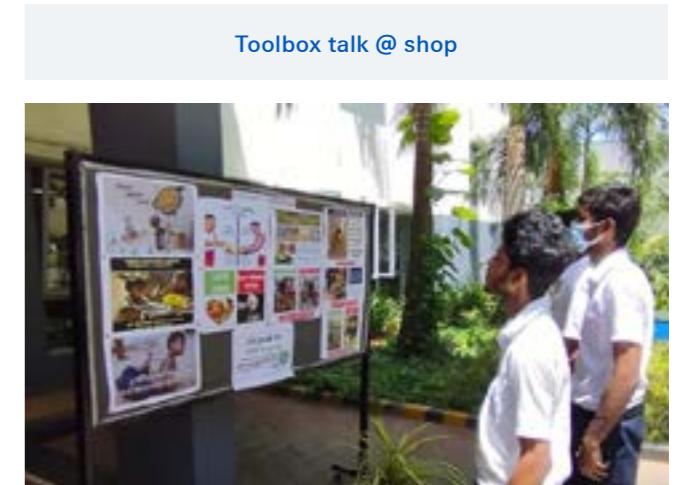
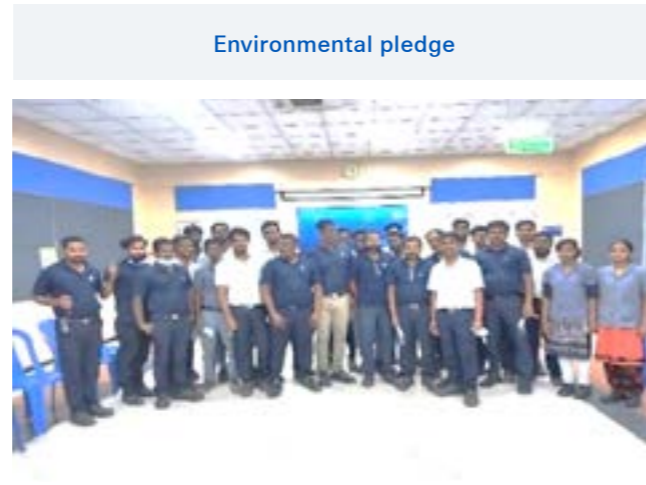
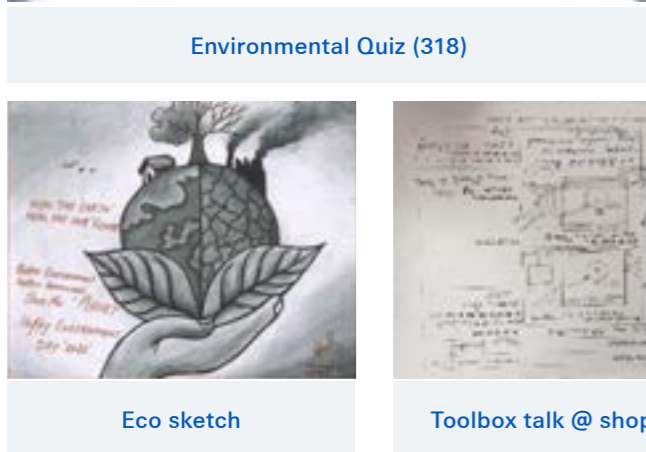


Health camp



Rewards & Recognition for the winners





Environmental pledge

Weekly Theme Communicated in SFM

Toolbox talk @ shop

Plant sapling (86)

Environmental Quiz (318)

Ecosystem model display

Ecosystem model display

Environmental Quiz (318)

Ecosystem Bird nest

Eco sketch

Toolbox talk @ shop Floor.

Posters Campaign

Ecosystem Bird nest

Employee engagement @ Sustainability week



Sustainability week poster display



Toolbox talk – Energy, waste & water reduction
Toolbox talk – Energy, waste and water reduction



Sustainability awareness Walkathon



Sustainability awareness to shopfloor team



Food waste reduction campaign



Beat the plastics awareness model display

Labour Management

In our business, effective labour management is a pivotal element that directly impacts productivity, efficiency, and overall organizational success. The adept allocation of workforce resources, skilful scheduling, and adherence to safety protocols are indispensable for seamless operations. Our challenges encompass navigating issues concerning shift management, overtime, and workforce development. Achieving the delicate balance between meeting production demands and ensuring the well-being of our workforce is paramount. Therefore, establishing robust communication channels and responsive management strategies is essential to cultivate a collaborative and productive work environment.

Our management values and acknowledges the role of unions in advocating for the interests of permanent workers. Employees actively participate in the election process to select union office bearers, ensuring their rights and interests are duly represented. These unions operate under specific bylaws and play a crucial role in safeguarding labour interests and facilitating collective bargaining discussions between employees and management representatives. This collaborative approach fosters a balanced dynamic between both parties, promoting a sustainable and equitable work environment. Consequently, it fosters positive and cordial industrial relations, nurturing a healthy environment conducive to effective labour management Industrial Relations.



Natural Capital



Planet Stewardship- an overview

With the rise in ecological imbalances, climate catastrophes and rising temperatures across the planet, it is vital for the automobile sector to take actions to decarbonise, limit environmental impact and there by ensure a sustainable future. By prioritizing environmental responsibility, we contribute to mitigating climate change, reducing carbon footprints, and preserving natural resources. This

commitment fosters goodwill among consumers, who increasingly prioritize environmentally conscious choices. It also enhances the brand image, fostering customer loyalty and attracting a growing market of eco-conscious consumers. In this section, the company's environmental performance in the area of key environmental parameter have been disclosed.



2040

Climate neutral across all areas

Governance Enablers

Climate neutrality targets, performance linked incentives for senior management

2030

Achievement of interim targets **80%** Scope 1 and Scope 2 **40%** Reduction in Scope 3 from base line year 2019

Today

CO2 transparency on corporate level emissions
Science based targets in all scopes CO2 reduction roadmaps in all business units and key functions

Material Topics

Energy Management, Water Stewardship, Emissions Management, Waste Management, Opportunities in clean technologies

SDG Alignment



Inter-linkages with other capitals



Manufactured



Finance



Intellectual

FY24 KPI's Overview

In the current year, based on our key material issues and focus areas, Energy, Emissions, Waste, renewable energy were identified as Key KPI's for monitoring. The performance against these KPIs are prudent for our progress towards a sustainable business. Detailed deep dive in to the respective KPIs have been disclosed in the subsequent sections.

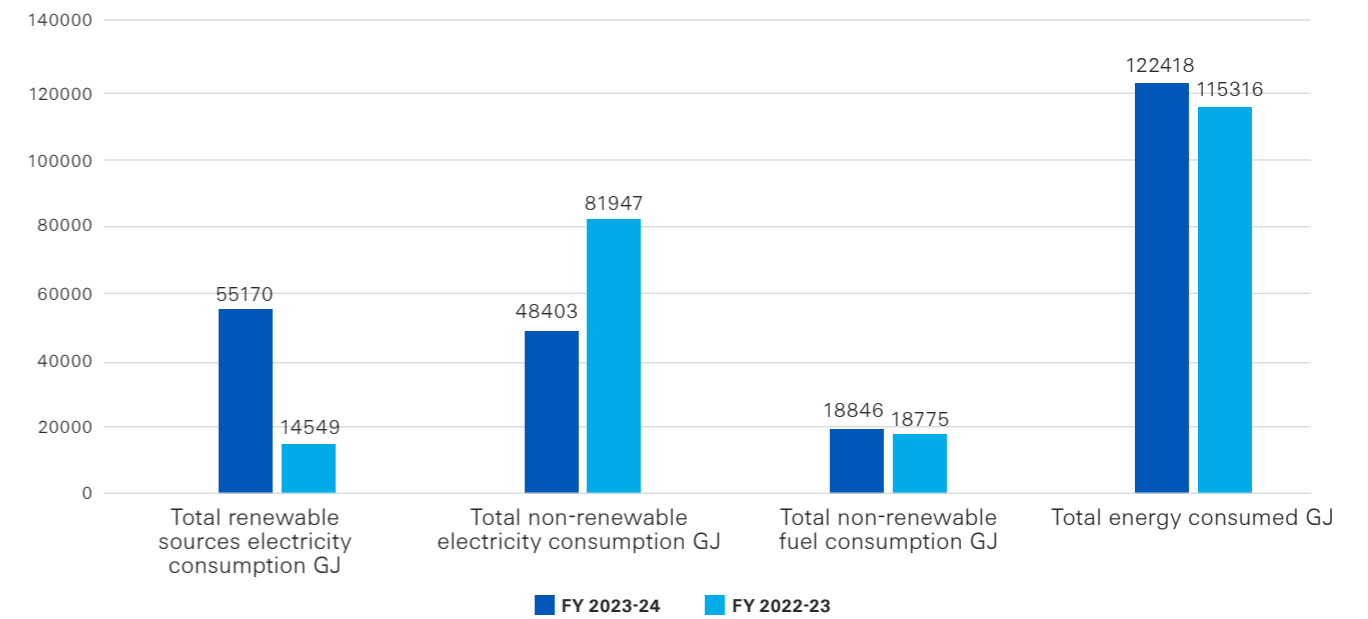
Key Focus Areas	Our Performance	Key Initiatives	Outcomes
Energy	Total energy consumed from renewable sources: 55,169,924 MJ Total energy consumed from non-renewable sources: 66,796,887 MJ	89 Projects relating to energy conservation completed	Energy saving: 3985350 Kwh resulting in 15.2% energy conserved during the year.
Carbon Emission	Scope1: 1817.32 Metric Tons Scope2: 9626.76 Metric Tons	- 5 PPAs signed with 3 rd party for RE procurement -5 MW group captive solar energy PPA signed.	Scope 2 Emission reduced by 50% compared to previous financial year.
Particulate Emissions	NOx: 0.812 MT SOx: BDL Particulate matter: 0.014 MT	AQMS system deployed across our Ambattur plant	Real- Time monitoring has been enabled to closely monitor our emissions.
Water	Total volume of water withdrawal: 92,255 kilo Liter Total volume of water consumption: 92,255 kilo Liter	The new RO Plant at Ambattur has been installed to treat waste water and for reused process. Reuse of domestic RO Reject water reused at Jamshedpur plant for Kitchen cleaning	15 KL per day / saving achieved at Ambattur plant 10 % 10KL of water saved per day at our Jamshedpur plant
Waste	Plastic Waste: 198.87 Metric Tons E-Waste: 0.233 Metric Tons Bio-medical waste: 0.0177 Metric Tons Others – Hazardous Waste: 119.932 Metric Tons Others – Non-Hazardous Waste: 4433.297 Metric Tons Total Waste Generated: 4752 Metric Tons Total Waste Recycled: 4433.297 Metric Tons	19 Projects completed to reduce our waste.	261 MT One way packaging waste avoided at our Ambattur and Mahindra World City Plant. 3 Tons of Hazardous waste avoided due to process optimization in powder coating plant. Hazardous waste was reused for the cement industry co processing at Ambattur plant

Energy Overview

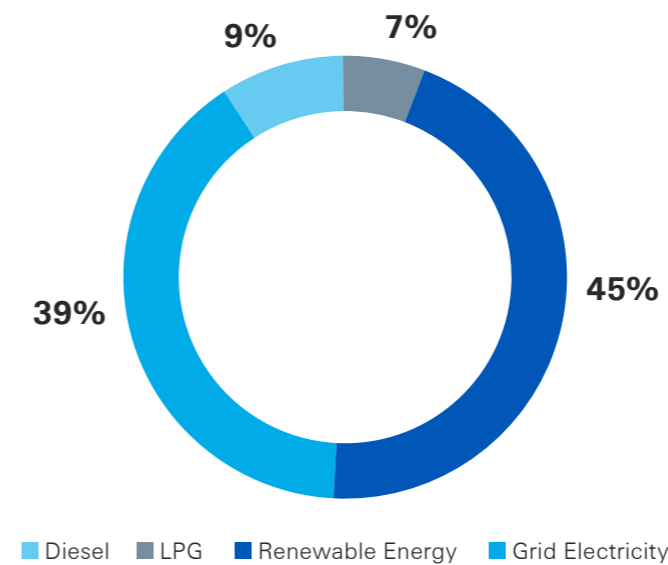
We see climate change as one of the greatest challenges of our time and prioritizing energy efficiency and minimizing energy consumption is our focus to address. Our emphasis is on energy efficiency, and our use of renewable energy has risen from 15% to 45% through the adoption of solar energy. In the current year the energy intensity reduced by 5% from 3.3 KJ/Rs in FY23 to 3.1KJ/Rs in FY24.

In our sustainability efforts, we have implemented energy- efficiency programs engaging all stakeholders across operations. As a result of the energy conservation initiatives, there has been an significant energy savings of 40 lakh units of power and savings of INR 319 lakhs in the current year. Further the company has also undertaken various initiatives aimed at enhancing operational energy efficiency like phased replacements of old split ACs into 5-star energy efficiency and EC+ for HVAC AHUs and use of electrical fuel- Heat Pumps instead of Diesel fuels resulting in 30% and 25% energy saving respectively

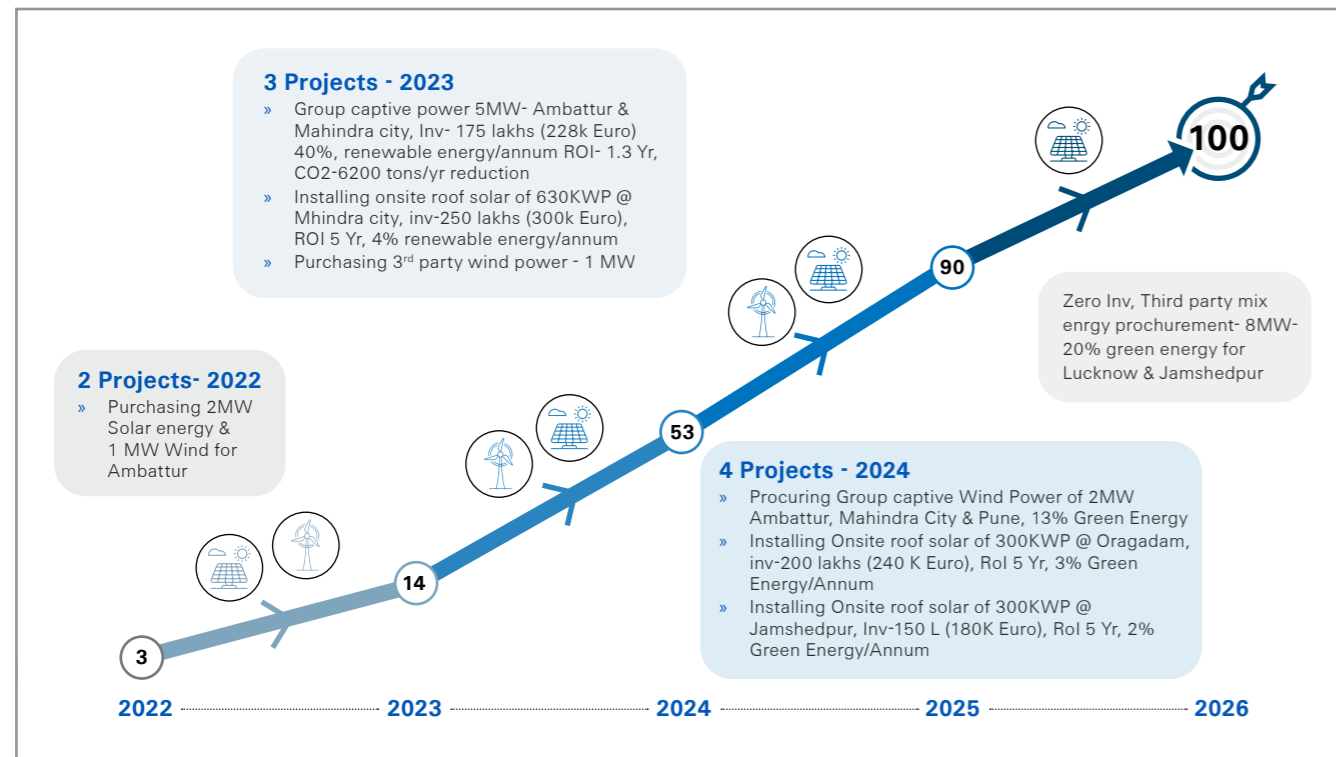
Total Energy Consumption (GJ)



Energy Utilisation Mix



Targeting 100 % Green Electricity by Financial Year 2026



Note: The company intends to meet its group target by December 2025. Considering we have annual reporting; the target update would be disclosed at the end of financial year 2026.

In the current reporting period, to increase our renewable energy utilization, we have taken all possible measures available to us for RE Procurement. Based on the feasibility study conducted for our sites, roof top solar panels were installed at our MWC plant. Furthermore, we have also increased our consumption through Open access mode of procurement vide third party power purchase agreements and for Group Captive mode through investments.

Scaling up Renewable energy.

1. Onsite Solar Roof

The onsite solar roof installation of 636 kWp in Mahindra World city plant, Chengalpattu, Tamil Nadu) will account for 7% of MWC's total renewable energy generation, translating to 8 lakhs units annually. The project was conducted with an investment of INR 2.5 crores. This onsite solar setup is not only a significant step towards sustainability but also showcases our commitment to renewable energy practices. By harnessing solar power directly on-site, the MWC Plant is actively reducing its carbon footprint and contributing to a greener production.



The substantial investment highlights our long-term vision towards utilizing clean energy sources and promoting environmental responsibility.

In this year, all 3 sites Ambattur, MWC & Jamshedpur generates solar energy from own roof is around 1474286 Units which is roughly 5% of the electricity consumption.

2. Group captive power

Captive power agreement for a solar 5 MW project was signed by the Company with Enerpac Energy Private Limited for a duration of 25 years. This agreement will ensure a steady supply of 75 lakhs units per annum. As a result of these initiatives our plants at MWC and Ambattur achieved a significant utilization of 30% of renewable energy September 2023. Our investment of INR 1.75 crore in equity has already yielded returns, with 36,23,024 units generated which is 13% of the total renewable energy consumed in the current reporting period.



3. Third party power

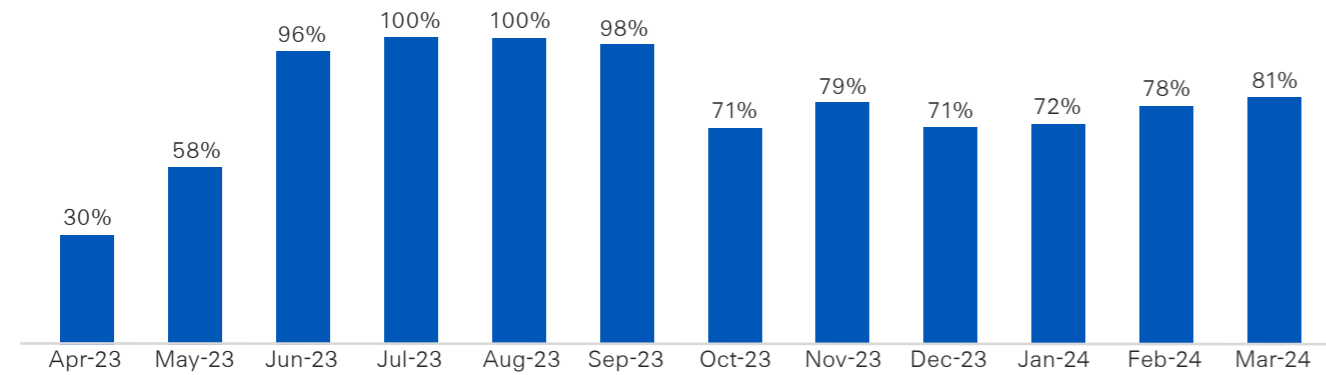
In an effort to reduce our carbon footprint and support renewable energy sources, we have recently invested in third-party wind and solar power. This zero-capital investment initiative has allowed us to purchase 9286863 units in the current reporting period which is 33% worth of clean energy utilized in the reporting period. With the potential for long-term cost savings and a positive impact on the planet, this investment in renewable energy is a win-win for both our company and the community.



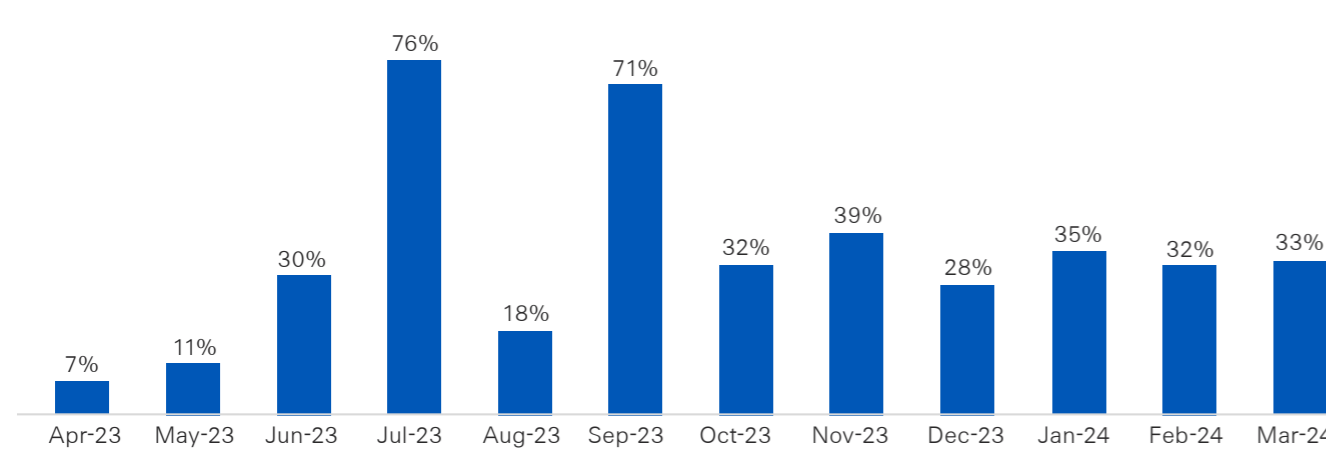
Solar

Results of our effort

At Ambattur – Renewable energy consumption in %



At MWC– Renewable energy consumption in %



Our manufacturing plants outside Tamil Nadu currently handles the assembly process. We are adopting a similar approach at these sites to increase the renewable energy consumption.

Our Efforts on Energy Efficiency

Actions implemented for energy conservations:

- Switching to Servo Motors for the grinding machine spindles, in place of VFD-controlled induction motors that were previously installed in nine machines, resulted in significant energy conservation of 196,000 units per annum. The utilization of Servo Motors not only enhances the operational performance of the grinding machines but also contributes to environmental preservation by reducing energy wastage.
- Implementing heat pumps in production washing machines instead of electrical heaters has proven to be a highly beneficial and sustainable choice. This innovative



approach has been successfully integrated into five machines, resulting in a substantial energy saving of 72,000 units annually.

- By optimizing the air compressor power through the modification of a Pneumatic Booster Circuit, a substantial amount of energy has been conserved, resulting in savings of 120K units per year.
- The power consumption of air handling units (AHU) has been significantly optimized by utilizing Electronically Commutated Fan technology, resulting in substantial energy savings of 18,000 units per year. This innovative approach not only enhances the efficiency of AHUs but also contributes to more sustainable and environmentally friendly operation. By incorporating Electronically Commutated Fans, the AHUs are able to function at their full capacity while consuming less power, leading to a substantial reduction in energy usage and operational costs.
- At the Ambattur site, significant progress was made in reducing energy consumption by utilizing energy-efficient practices. Specifically, the implementation of Energy Efficient Duct-able Air Conditioning resulted in a notable 22% reduction in energy usage in the Vacuum Pump and Wheel Speed Sensor Assembly.

- The recent system upgrade of four conventional CNC machines has significantly enhanced their efficiency by integrating new energy-efficient motors, resulting in a remarkable reduction of 204,000 units per year.
- Conventional 1000 CFM dryer units have been upgraded with energy-efficient motors and air ends, resulting in a significant reduction of 10% in air compressor energy consumption. By incorporating these enhancements, the dryer units can operate more efficiently while still maintaining high-performance standards.
- All 4 CNC machines have been recently upgraded with state-of-the-art technologies, resulting in a significant saving of 198,000 units of energy per year. This enhancement not only boosts the efficiency and effectiveness of the machines but also underscores our commitment to sustainability and cutting-edge innovations.

Heating & Cooling

Air to Air Cooler for Machine panel cooling

BEFORE	AFTER	BENEFITS
		<ul style="list-style-type: none"> No. of M/Cs Implemented - 20 Investment - 2.4 Lakhs ROI - 1.5 years Energy savings - 4 Lakhs/annum CO2 reduction - 443 tons/annum

Plasma chiller optimization

BEFORE	AFTER	BENEFITS
		<ul style="list-style-type: none"> Energy saving of 200 kWh/year ROI - 1.2 years CO2 reduction - 184 tons/annum

Efficiency

Coolant Tank Optimization

BEFORE	AFTER	BENEFITS
		<ul style="list-style-type: none"> No. of M/Cs Implemented - 13 ROI - 1.3 years Energy savings - 100 Lakhs/annum CO2 reduction - 200 tons/annum

Thyristor control for washing machines Heaters

BEFORE	AFTER	BENEFITS
		<ul style="list-style-type: none"> No. of M/Cs Implemented - 24 ROI - 1.2 months Energy savings - 17.5 Lakhs/annum CO2 reduction - 34 tons/annum

Compressed air

Power factor improvement for Air Compressor

BEFORE	AFTER	BENEFITS
		<ul style="list-style-type: none"> No. of M/Cs Implemented - 1 Investment - 1.5 Lakhs ROI - 1.5 years Energy savings - 17.5 Lakhs/annum CO2 reduction - 34 tons/annum

Measures proposed for conservation of energy FY25:

Actions implemented for energy conservations:

1. To increase energy efficiency and reduce operating costs, the Company installed a heat pump to replace electrical heaters for 15 washing machines. This switch is expected to result in significant energy savings of 216,000 units per year. By utilizing a more efficient heating method, the Company will not only reduce its environmental impact but also improve the overall sustainability of their operations.

2. One way to optimize the power usage of an Air Handling Unit (AHU) is through the use of Electronically Commutated Fans. By incorporating four of these fans into the AHU system, it is expected to achieve energy savings of up to 180 K units per year. This technology allows for more efficient operation of the AHU, resulting in lower energy consumption and reduced costs.

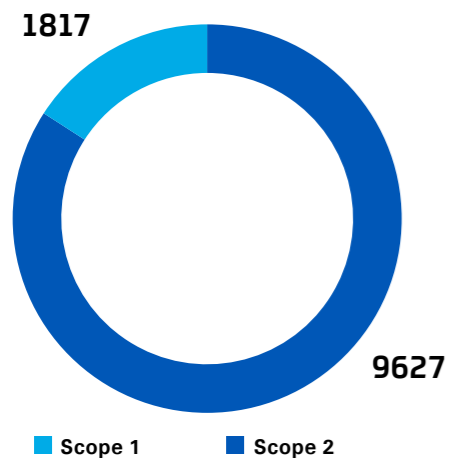
3. One effective solution to improve circulation in assembly areas and reduce the chiller working cycle is to install a false ceiling based axial fan. By implementing this technology, it is expected that there will be a 10% savings in HVAC energy usage.

4. At the MWC site, a significant energy-saving initiative was implemented by installing a Air Compressor Heat Recovery system for the Powder Coating Degreasing process. This innovative approach involved relocating the Air Compressor within the Powder coating setup and this is expected to save upto 15,000 units per year.

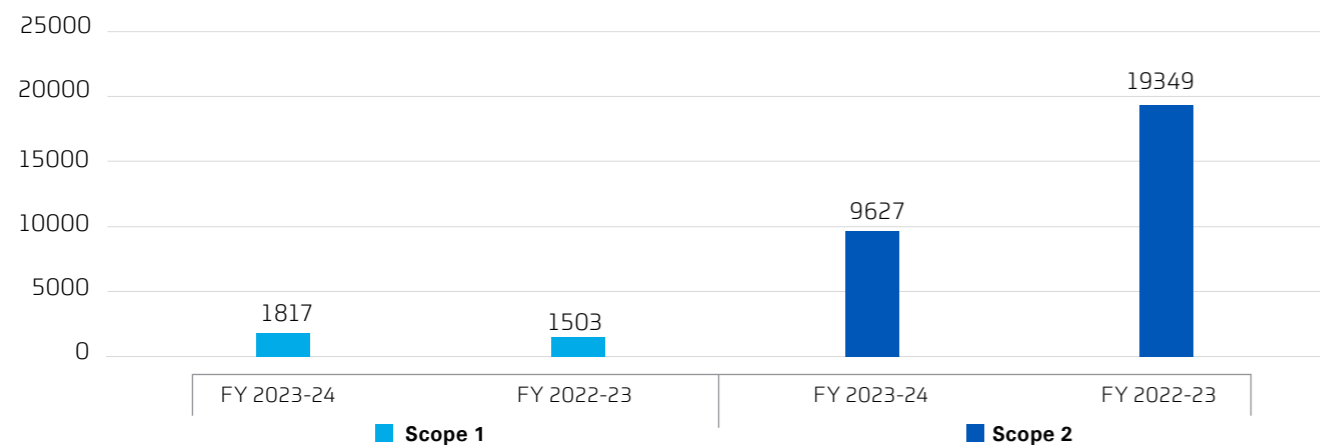
5. By transitioning from a high-power motor to a low power motor while maintaining the same flow, significant energy savings of 72k units per year are anticipated.

Our GHG Emissions

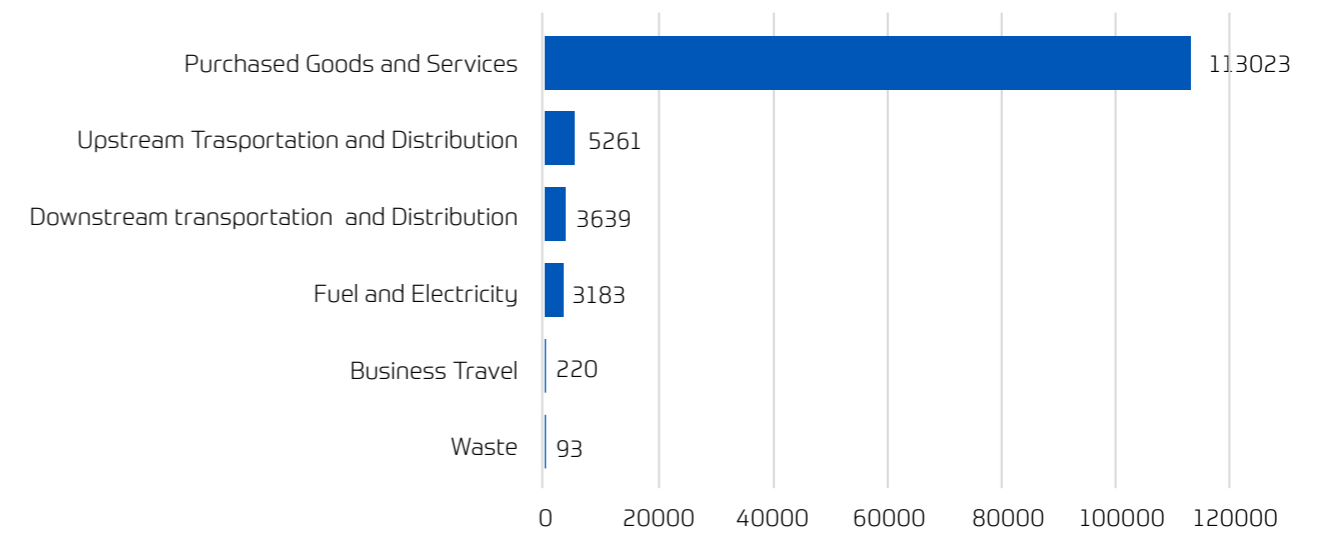
GHG Emissions FY24 (Scope 1+ Scope2) In MT



Scope 1 and Scope 2 in MT



Scope 3 Overview for 2022-23 (TCO2e)



At the heart of the Company's climate strategy is the dedication to reduce the corporate carbon footprint. We aim for an 80% reduction in emissions for both Scope 1 and Scope 2 (baseline year 2019), and a 40% reduction in Scope 3 emissions by 2030 from a baseline year of 2019.

The Company's path towards climate neutrality is defined considering the UN Sustainable Development Goals (SDG's) and following the requirements of the SBTi (Science Based Targets initiative) as followed by our group.

In our ongoing dedication to sustainable operations, the Company has implemented targeted measures in energy conservation namely the use of alternative/renewable resources, green energy, and the optimization of energy consumption.

The Company's goal is to achieve carbon neutrality by reducing Scope 1 & Scope 2 emissions by 2% from the baseline year of 2019 alongside a yearly increase in the utilization of renewable energy as part of the fossil fuel based energy reductions initiative. The company is

dedicated to reducing its corporate carbon footprint through reduction and substitution efforts.

The business is inherently energy-intensive due to the complex processes involved in manufacturing, assembling, and testing various components. From the production of raw materials to the final assembly of products, each stage demands a significant amount of energy.

Moreover, the need for precision in manufacturing, adherence to quality standards, and the testing procedures adds to the energy requirements. Balancing the efficiency of operations with sustainable energy practices is crucial for minimizing the environmental impact in this inherently energy intensive sector. Hence, the Company has adopted an ambitious climate strategy with the goal of achieving climate neutrality across all emissions categories by 2040. Simultaneously, the Company is actively pursuing a vision of a circular economy, aiming to retain valuable raw materials and resources within the economic cycle. Achieving carbon neutrality is an imperative for the Company and the automotive industry as we build a more sustainable and environmentally responsible future.



Our Decarbonization Strategy

Scope 1 Direct own emissions	Scope 2 Energy emission	Scope 3 Upstream Supply chain emissions	Scope 3 Downstream Use phase emissions
Direct emissions from ZF's own facilities and from company vehicles	Indirect emissions from ZF's purchased electricity, steam, heating & cooling for own use	Indirect emissions from ZF's purchased electricity, steam, heating & cooling for own use	Indirect emissions from the use of ZF's products (incl. distribution, end-of-life, etc.) steam, heating & cooling for own use
ZF's commitment to science-based emission reduction & climate neutrality across all scopes by 2040			

ZF Commercial Vehicle Control Systems India Ltd has embarked on an ambitious decarbonisation strategy (aligning with ZF Group's targets) with a goal of achieving carbon neutrality across all their operations and supply chain by 2040. The multi-pronged approach focuses on transitioning to renewable energy sources, implementing energy-efficient technologies, optimizing logistics and transportation, and investing in carbon capture and offsetting initiatives. The Company is accelerating the adoption of solar, wind, and other clean energy solutions to power their manufacturing facilities. Further, the

logistics operations are being transformed through route optimization, modal shifts, and a gradual conversion to electric and low-emission vehicles. In parallel, the Company is partnering with suppliers and has initiated measures to conduct sustainability assessments to create awareness and help suppliers reduce their emissions by prioritizing renewable energy adoptions.

Please refer Scope 1 and 2 below to understand a detailed approach to reducing the carbon footprint:

Scope 1 emission reduction By 80% by 2030

We have a road map to decarbonize our Scope 1, LPG & diesel alternate sourcing identified, switching to electrical energy, heat pump and other alternative fuel sources. As part of this approach and non-renewable fuel used by the Company, the key fuels to phase out are diesel and LPG. In the current context, the infrastructure at the company's plants operating several years necessitate the use of diesel generators, pumps and LPG usage in canteen's of the respective plants. The Company has planned to replace the old equipment in a periodic basis. This includes heat

pumps, induction cooking, electrical IR oven and electric steam generators (running on renewable energy) for LPG usage elimination in canteens. Usage of diesel in pump is planned to be eliminated by electrification and by means of use of Heat pump. The Company is under process in evaluating alternatives available for diesel generator such as battery storage systems and alternative fuels such as bio-diesel. Further please find our efforts in the current year towards reducing Scope 1 emissions below:

Overview of Initiatives:

Moving from Diesel fuel to Electrical fuel –Electrical Heat pump

Moving from Diesel to Electric is a transition that has been initiated with the introduction of the electrical heat pump, which is the first of its kind equipment capable of producing 1200°C heat in India.



This groundbreaking development supported by IIT is a major technological advancement and a sustainable solution. The primary application of this innovation is to convert energy into steam for cooking, marking a shift towards cleaner and more efficient energy. A pilot study conducted at the Ambattur plant's canteen has yielded promising results, with a saving of 80 liters of diesel



Moving from LPG to Electrical heat pump

LPG was utilized for the phosphating tank, to maintain a temperature of -80°C. However, after the implementation of the electrical heat pump, there has been a reduction of 58k tons of CO2 emissions annually. This is another collaboration with IIT technical expertise.



Green Building program

The Green Building program at the recently inaugurated Oragadam site is a comprehensive initiative aimed at promoting sustainability and environmental consciousness. One of the key aspects of this program is the exclusion of diesel and LPG fuels for the kitchen emphasizing the reduction of carbon emissions and reliance on cleaner energy sources.

Additionally, the infrastructure at Oragadam is strategically designed to facilitate the phase-out of diesel generators. The Oragadam factory itself is constructed in accordance with US Green Building Standards, ensuring that the facility meets strict environmental criteria and operates in an eco-friendly manner.

Moreover, the ambitious goal of targeting a LEED gold certification (Leadership in Energy & Environmental Design) underscores the Company's dedication to achieve



high standards of energy efficiency and environmental performance. Through these initiatives, the Green Building program at Oragadam embodies a holistic approach to sustainable development and sets a commendable example for environmentally responsible practices in the industry.

Scope 2 emission reduction towards zero by 2026

Improve Energy efficiency & scaling up Renewable energy.

To reduce Scope 2 emissions, the Company has made significant progress in the current year by actively embracing renewable energy consumption across its operations, resulting in a 50% reduction in Scope 2 emissions. As outlined in the Company's renewable energy plan, we aim to achieve 100% renewable energy consumption starting in 2026. This combined effort,

along with the energy efficiency initiatives, will enable the Company to reduce Scope 2 emissions to zero

The Company remains committed to sustainability. The strategic initiatives include utilizing sustainably generated energy for its plants, enhancing process energy efficiency, electrifying a significant portion of the product lines, and integrating recycled materials into production processes.

Managing Water Resources

Without water, many elements of production simply wouldn't function. Conserving water is an essential part of the sustainability strategy at ZF.

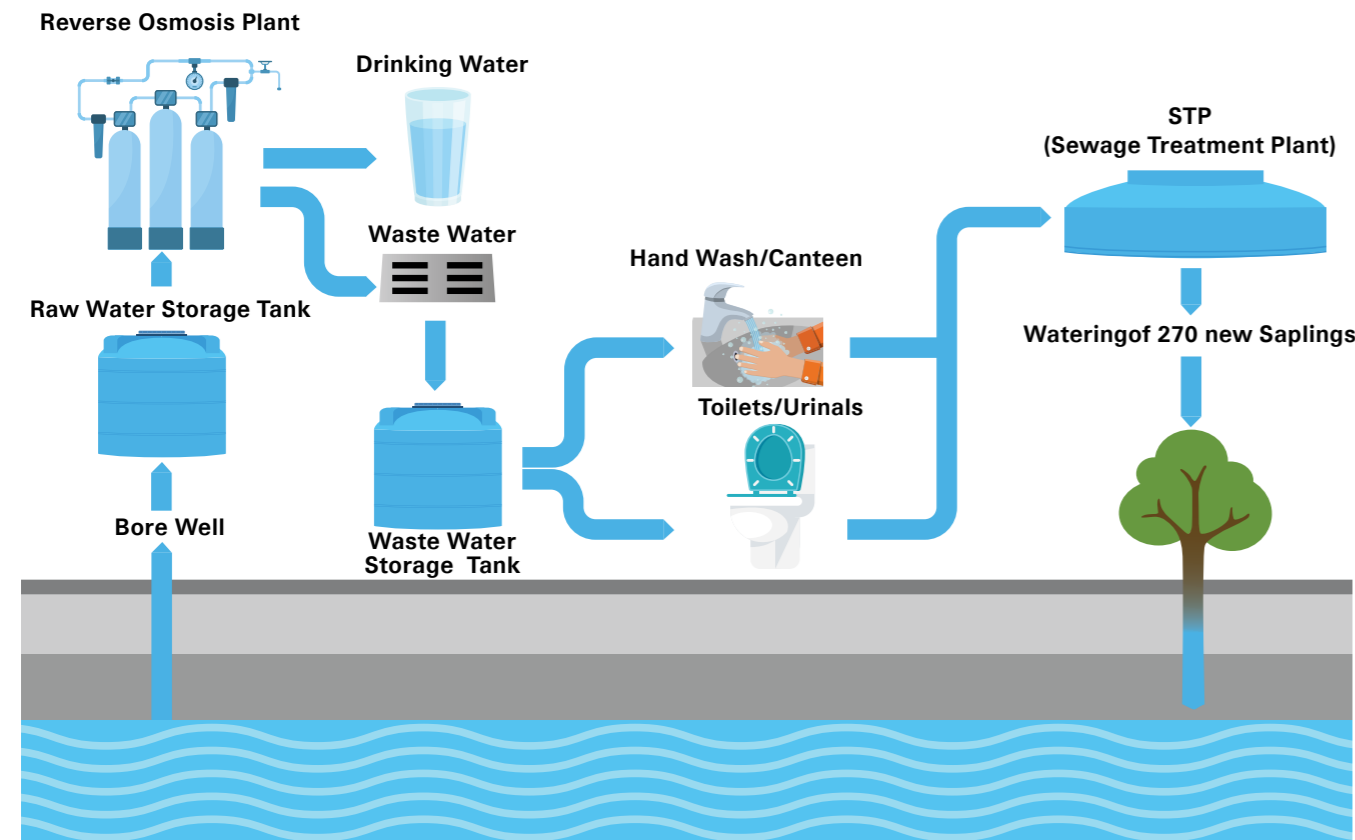
The Company has implemented wastewater treatment systems at three sites where wastewater is generated. This treated wastewater is then fed into an Effluent Treatment Plant (ETP) for further treatment and reuse. Any water that

does not meet applicable reclaimed water standards after treatment is evaporated. Additionally, the Company treats domestic wastewater (used within the office premises) for reuse in gardening and flushing in washrooms. The Company remains committed to maintaining Zero Liquid Discharge (ZLD) by ensuring that no untreated water is released into the ground or drains

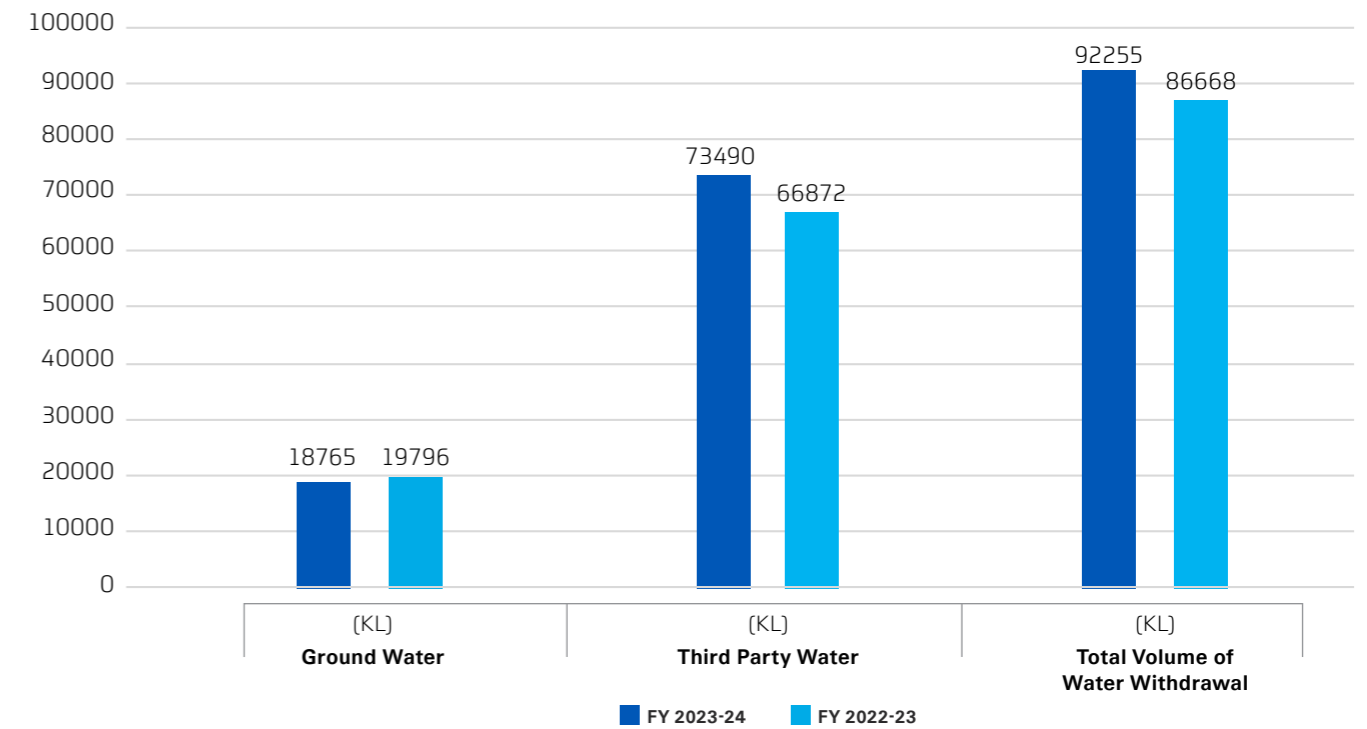
Maintaining the ground water

Currently, the groundwater undergoes thorough purification using reverse osmosis. This ongoing process generates both drinking water and wastewater. The treated wastewater is stored in a container and used for handwashing and flushing before being directed back to the water treatment facility. Instead of discharging the water into the river or allowing it to percolate into the soil, the Company repurpose it to water plants within the premises. The resulting wastewater is sent to the sewage treatment facility. On a daily basis, the facility consumes approximately 37 cubic meters of water and

80 kilowatt-hours of electricity for the treatment process and sewage plant operation. Since transitioning, the plant has significantly reduced groundwater consumption by 46%, from 25 to 15 cubic meters per day. This reduction has positively impacted the treatment plant and led to a 30% decrease in CO2 emissions due to reduced power consumption for bore pumps and plant operation.



Water Withdrawal



Towards water positive approach

Reduce



Overall, 5% water saved due to eco nozzle usage in water taps that reduces consumption from 6 lit/min to 1.5 lit/min

Recycle



Domestic and Process water are recycled (STP & ETP with ZLD plant-100%)



20% water reduction- Domestic water is treated & used for process at plant avoiding purchase of DM water- 15KL/day

Reuse



Rainwater collection pond constructed to reuse water into domestic purpose.

Managing our Wastes

The Company considers waste management as a critical pillar in achieving eco-efficiency of our operations. The company have refined its strategies over the years to mitigate the impact of operational waste. Implementing efficient waste management systems has been a cornerstone of the approach, aiming to both decrease waste generation and establish mechanisms for recycling. This comprehensive effort not only aligns with environmental sustainability goals but also contributes to the circular economy by repurposing waste in other manufacturing processes.

The Integration of waste management into business operations has helped the Company to gain a strategic advantage. All manufacturing sites are ISO 14001 certified (environmental certification) for compliance. Hazardous waste is packed, stored in dedicated areas and disposed off in safe manner through government authorized agencies.

Committed towards responsible waste management across all plants Reduce waste by 5% year on year.

The Company's waste management policy prioritizes waste segregation at its source, resulting in a 13% increase in recycling. This approach supports the operations in minimizing environmental impact and promoting sustainable practices. Guided by principles of circular economy principles, the company systematically reuse waste generated from one process in other processes, effectively reducing waste disposal and our overall environmental footprint. Over the past financial year, the Company has implemented waste collection at source, systematic segregation, and storage at designated locations to ensure proper handling and disposal of hazardous waste. Hazardous waste, including used oil, residues containing oil, process waste, sludges, and chemical sludge from ETP, is disposed of through authorized vendors approved by the Pollution Control Board. Additionally, non-hazardous

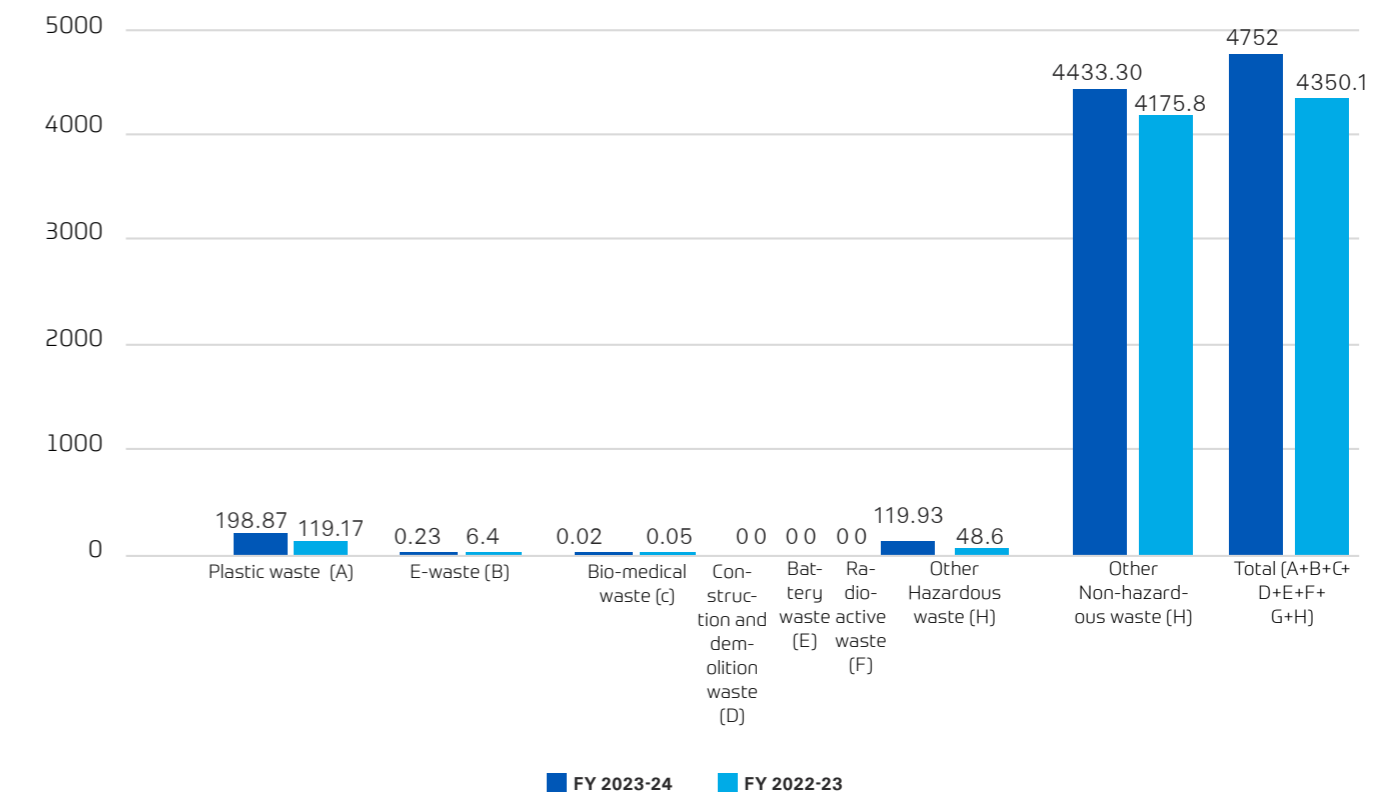
waste—such as commercial and industrial waste, mixed waste, wooden waste, fabricated waste, and iron and steel waste—is safely disposed of, often for recycling purposes. As part of the waste reduction efforts, the company also

transformed carton packages into reusable materials for product packaging.

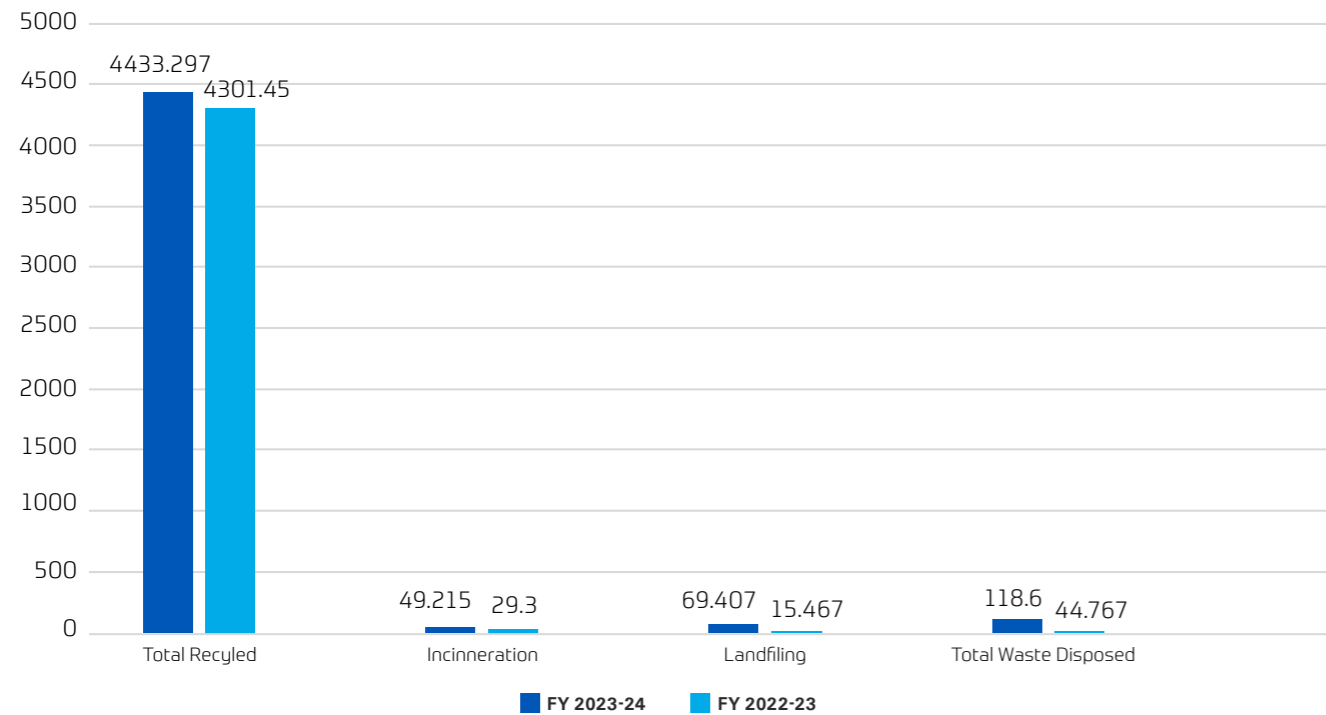
Parameter	FY 2023-24	FY 2022-23
Total waste generated (in metric tonnes)		
Plastic waste (A)	198.87	119.17
E-waste (B)	0.233	6.4
Bio-medical waste (C)	0.0177	0.05066
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste.	119.932	48.6
Other Non-hazardous waste generated (H). (Break-up by composition i.e. by materials relevant to the sector)	4433.297	4175.8
Total (A+B + C + D + E + F + G + H)	4752	4350.10

Waste intensity against sales

Waste generated (MT)



Waste diverted (MT)



Right waste for right bin training covered 1200+ employees



Pick and place waste game was organized in the break time and awareness created.

Sustainable and Circular Products and Operations

The Company's sustainability strategy goals are closely interlinked, with a functioning, sustainable, circular economy playing a key role in achieving climate goals and decoupling resource consumption from growth. The circular economy is a systematic approach that involves using fewer resources for longer periods and multiple times, thereby increasing material efficiency, and reducing waste volumes. This approach leads to decrease in raw material extraction and CO2 emissions. In cases where a product can no longer be used, the Company focuses on repairing, reusing, remanufacturing, and recycling materials to close the loop and minimize environmental impact. By implementing these practices, the company strives to create a more sustainable future for themselves and the planet.

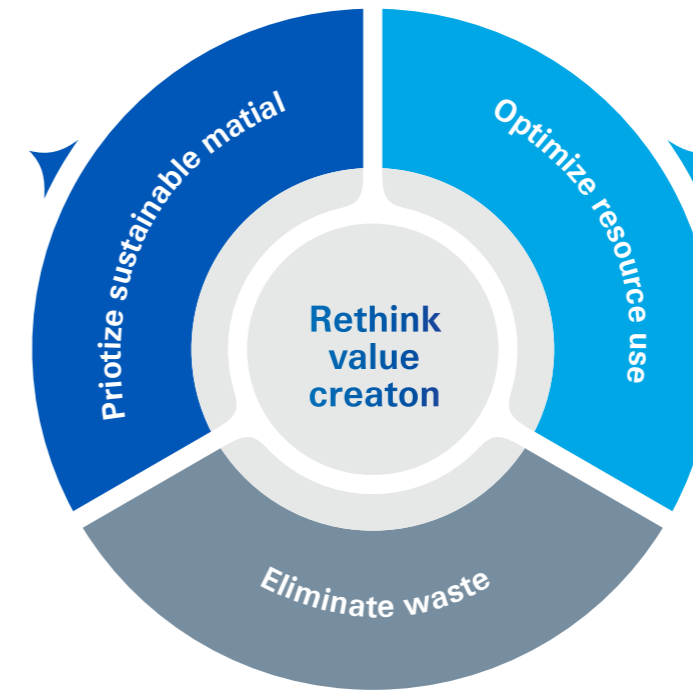
Circularity Framework



- » Recycled Content
- » Renewable material
- » Lower carbon impact materials
- » Avoid substances of concern and critical raw materials



- » Circular business models
- » Partnership/ ecosystem/ Platform
- » Skill and mindset



- » Circular business models
- » Partnership/ ecosystem/ Platform
- » Skill and mindset
- » Closed loop cycle
- » Open loop cycle
- » Avoid non-recyclable waste

Focus for FY 2024-25

As we progress towards sustainability, we intend to keep our approach and momentum with our focus on energy efficiency, increase in renewable energy consumption, enhancing sustainability in our value chain through the following efforts:

- » Energy efficiency improvements need to drive to achieve 15% compared to previous year.
- » Targeting 80% renewable energy Wind & Solar with group captive model
- » Organize supplier workshops to communicate and collaborate on driving Sustainability at supply chain partners.
- » Focussed approach to reduce one way packaging from supplier side and increase returnable package to our customer parts.

At the company, our environmental initiatives are pivotal to our sustainability strategy, reflecting our commitment to responsible stewardship and long-term resilience. By integrating environmental considerations into every aspect of our operations and decision-making processes, we aim to strike a harmonious balance between environmental preservation and economic success. This holistic approach safeguards essential resources and ecosystems while creating positive impacts for communities and future generations. Moving forward, we innovate and lead by example, ensuring our practices support a sustainable and thriving planet.

Social and Relationship Capital

The Company is dedicated to playing an active role in the social and economic advancement of underserved communities. Additionally, we strive to cultivate robust relationships with all our stakeholders, built on mutual trust and respect, with the goal of nurturing collaborative synergies among stakeholders. With this section of social and relationship capital we aim to transparently disclose how the organization manages relationships

with stakeholders (such as employees, customers, and communities) and the impact of these interactions. It provides insights into risks, opportunities, and the long-term value created through effective management of these relationships, aligning with the organization's strategy, and enhancing decision-making by showcasing its commitment to sustainability.



Objective

The Company is dedicated to playing an active role in the social and economic advancement of underserved communities. Additionally, we strive to cultivate robust relationships with all our stakeholders, built on mutual trust and respect, with the goal of nurturing collaborative synergies among stakeholders. Social and relationship capital aims to transparently disclose how the organization manages its relationships with stakeholders (such as employees, customers, and communities) and the impact of these interactions. It provides insights into risks, opportunities, and the long-term value created through effective management of these relationships, aligning with the organization's strategy and enhancing decision-making by showcasing its commitment to sustainability.

Governance Enablers

- » Corporate Social Responsibility Policy
- » Corporate Governance Policy
- » Stakeholders Engagement Procedure

Material Topics

- » Community Relation
- » Customer Management
- » Customer Privacy

KPI's:

	Current Status
CSR Expenditure	INR 469.17 Lakhs spent in FY 2023-2024
Lives impacted through CSR activities	80,000 +
No of Trees Planted in last 3 years	6450

SDG Alignment



Interlinkages with other capitals



Human



Intellectual



Finance



Natural

As a responsible corporate citizen, the Company is committed to engaging in social responsibility and community development activities. The Company's solid dedication to create a positive impact on the society, champion the upliftment of communities, and advancing social welfare remains resolute. With a vision to cultivate a harmonious relationship with the community, we extend the Company's support in areas such as education, healthcare, well-being, and livelihood opportunities. To facilitate the implementation of the Company's CSR initiatives, we have established the WABCO Foundation, a non-profit organization tasked with identifying and executing CSR projects aligned with the Company's CSR policy. Through diligent assessment of the needs within the vicinity of the factory premises, we undertake a variety of CSR activities aimed at addressing these needs and enriching the lives of those in our community.

The Company recognizes CSR as a potent avenue to contribute to a brighter future by collaborating with communities, governments, and local organizations to facilitate meaningful social progress. With a steadfast commitment to its CSR policy, the Company identifies suitable CSR projects and ensures their effective implementation to drive positive change.

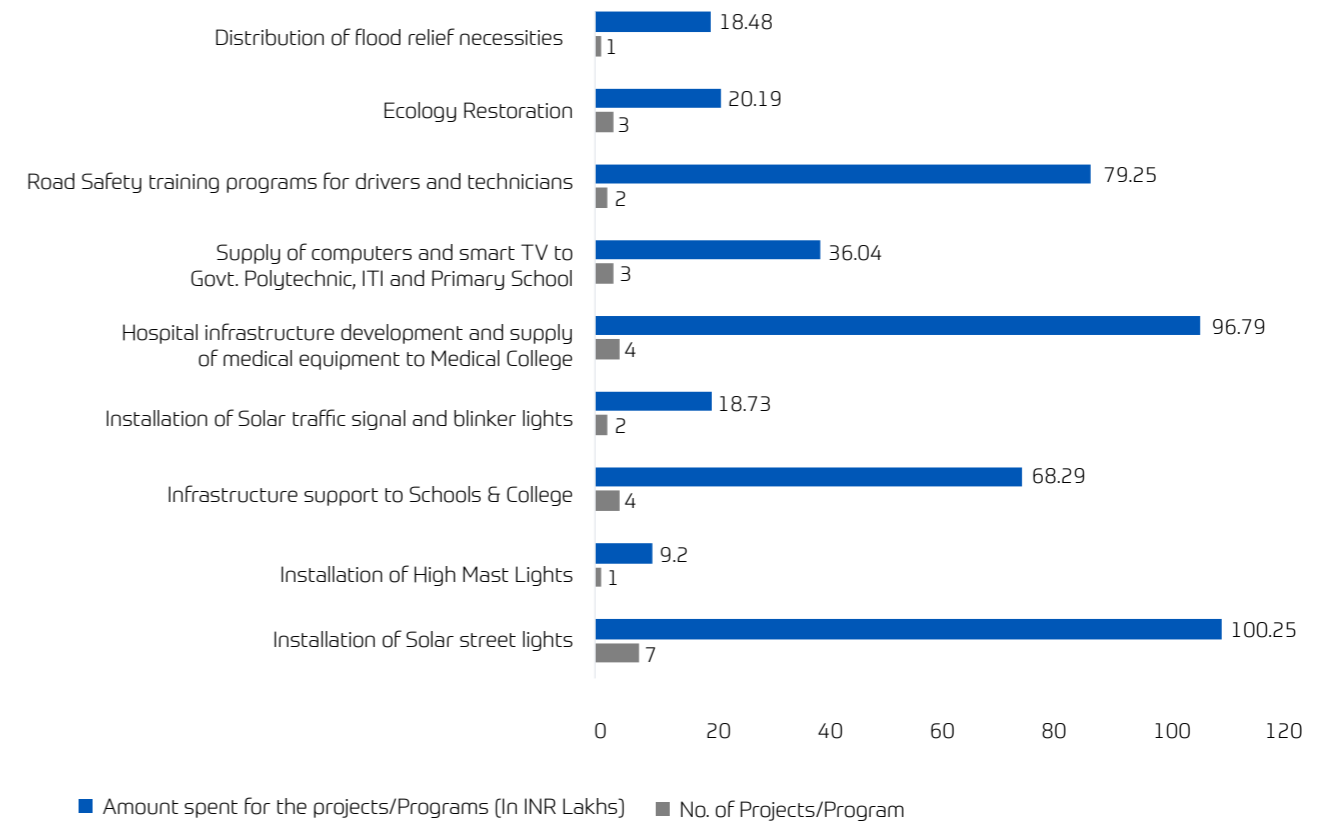
Over the past three years, the Company has earmarked various projects with the commitment to allocate 2% of net profits towards CSR initiatives. Currently, these projects are in their initial stages of implementation. For the fiscal year 2023-24, the Company has expended a total of INR 469.17 Lakhs on both ongoing and new CSR endeavours. Additionally, an unutilized sum of INR 59.0 Lakhs has been carried forward to the CSR account for the current financial year. Administrative overhead costs amounting to INR 21.95 Lakhs have been incorporated into the overall expenditure for CSR projects.

The Company's commitment to social responsibility (CSR) and community engagement, including initiatives focused on empowering communities and delivering exceptional customer experiences, is evident. Through various initiatives, programs, and partnerships, the company strives to make a meaningful difference in the lives of those who interact with the Company's business and contributes to the prosperity of the communities we serve. Organizations earn societal approval by adopting a holistic approach and collaborating to create social benefits through interactions with customers, partners, vendors, investors, and communities.

By prioritizing social responsibility, we take proactive steps to tackle challenges such as road safety, reducing emissions, and improving accessibility, ensuring that the Company's goals are in harmony with the broader interests of society. By actively participating in philanthropic activities, community and skill development endeavours, and educational programs we not only showcase our dedication towards the welfare of society but also strengthen our connections with our stakeholders.

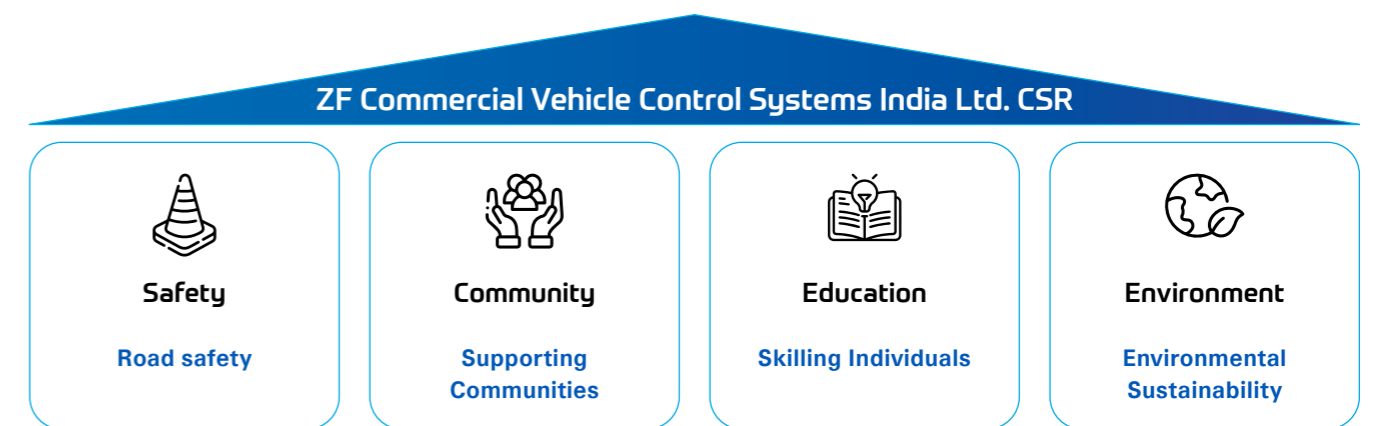
The distribution of financial resources across nine distinct projects and programs undertaken by an organization is visualized through a bar graph below. Each bar represents a specific category, offering a visual comparison of the relative emphasis placed on different initiatives. Key categories include the installation of traffic lights, high mast lights, solar streetlights, hospital infrastructure development, support for schools and colleges, tree plantation, rejuvenation of water bodies and road safety training programs. The graph highlights varying levels of investment across these projects with a clear understanding of the organization's strategic priorities and focus areas for community development and infrastructure enhancement.

Details of CSR amount spent in FY 23-24

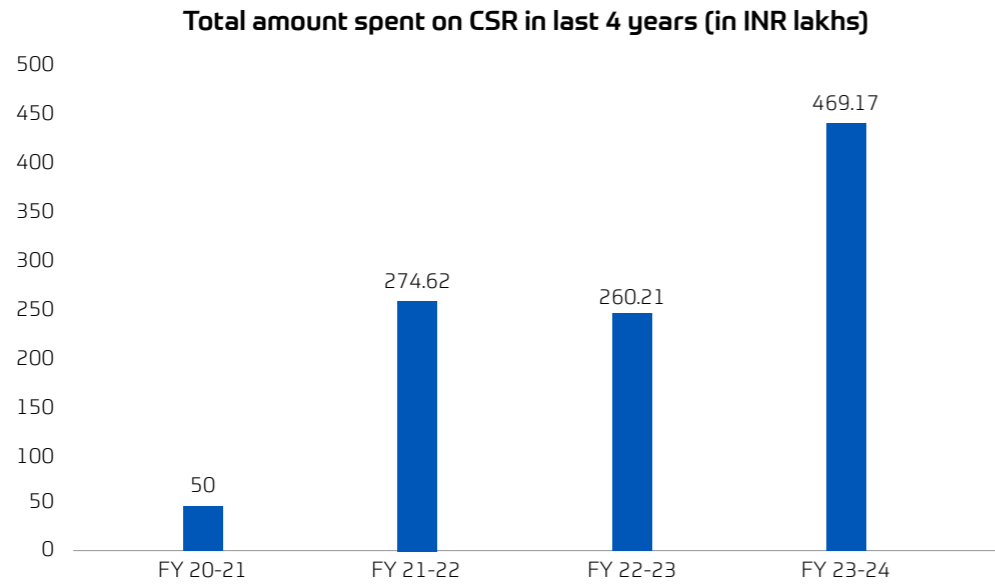


CSR Efforts - Four Key Areas:

Road Safety, Environmental Sustainability, Skills Development, and Community Development



The bar graph below illustrates the total expenditure allocated towards Corporate Social Responsibility (CSR) initiatives over the course of four years. Analysing the trends depicted in the graph can provide valuable insights into the Company's evolving social responsibility strategies and financial priorities over the specified period.



Road Safety

The Company's road safety initiatives align with the ZF Group's vision of 'Zero Accidents & Zero Emission' and the Government of India's 'Vision Zero' initiative that addresses challenges around road traffic fatalities.

Road Safety Awareness Programs for Drivers and Mechanics

The Company's foundation, established to implement CSR initiatives, is strategically positioned to champion road safety, fostering safer driving habits, and bolstering awareness among all stakeholder groups. Through extensive campaigns tailored for drivers and mechanics, the foundation highlights the critical importance of road safety

and promotes safe driving practices across Tamil Nadu, Andhra Pradesh, Kerala, and Maharashtra. Employing a strategic approach of "include-inform-involve-influence and inspire," the Company's foundation offers a comprehensive curriculum developed by our in-house subject matter experts, covering various aspects of road safety, braking systems, vehicular maintenance, and more. To date, over 6000 drivers and mechanics have benefited from these training programs to date, over 6000 drivers and mechanics have benefited from these road safety awareness training programs which includes Integrating Braking System Models in STU, Overhauling and Testing Brake Systems in STU's.

Road Safety Awareness Programs



Road Safety Seminar – Road safety experience shared by the Deputy commissioner of Police



Road safety Rules educated to the Two / Four wheelers' raiders



Pledge with Selfie



Road accident Preventive action - Pasted on the door



Posters on display

Enhancing Driver Training and Safety: Integrating Braking System Models in STUs

The integration of the braking system model into the driving school curriculum at three State Transport Undertakings (STUs) - Gujarat State Road Transport Corporation (GSRTC), Karnataka State Road Transport Corporation (KSRTC), and Maharashtra State Road Transport Corporation (MSRTC) - has been a pivotal step towards enhancing driver training and ensuring passenger safety. With a total budget of INR 36 Lakhs, this initiative has yielded significant benefits. To date, 250 drivers from these locations have undergone training. This training resulted the drivers to develop the knowledge and skills to safely operate vehicles equipped with integrated braking systems, thereby enhancing overall road safety. Notably, this program has not only improved the skills of the drivers but has also instilled a culture of safety within the STUs. The investment in driver training has proven invaluable, safeguarding the well-being of all individuals who rely on the public transportation services provided by these STUs.



Advancing Safety Standards: Overhauling and Testing Brake Systems in State Transport Undertakings

The project entailed establishing brake system overhauling and testing equipment facilities at 20 locations across various State Transport Undertakings (STUs), including Tamil Nadu State Transport Corporation (TNSTC), Gujarat State Road Transport Corporation (GSRTC), Karnataka State Road Transport Corporation (KSRTC), and Maharashtra State Road Transport Corporation (MSRTC). The primary objective of this endeavour was to provide comprehensive training to mechanics, aiming to enhance their expertise and proficiency in maintaining and testing brake systems. Integrated within the divisional workshops of the STUs, this initiative was executed with a total budget allocation of INR 43 Lakhs. The impact of this project has been noteworthy, having successfully trained 300 mechanics across the specified locations, resulting in understanding safety protocols, regulatory requirements, and compliance standards related to brake system maintenance and testing. Not only has this project bolstered the technical capabilities of the mechanics, but it has also played a pivotal role in fostering a safety-conscious culture within the transportation sector.



The Company has been actively working to reduce accidents through comprehensive safety education, engineering, and building safe environments. They have initiated safety awareness training programs tailored for commercial vehicle drivers and vehicle maintenance technicians, complemented by health checkups. These initiatives have expanded to encompass regions across Western and Eastern India. The programs focus on raising awareness about vehicle safety, promoting safe driving practices, and educating participants on advanced braking systems. These efforts are conducted in collaboration with Regional Transport Offices and State Transport Undertakings to enhance road safety effectively.

In addition, the foundation carries out health and eye check-ups for both drivers and mechanics to ensure their wellbeing.

Environmental Responsibility

Illustrating the Company's unwavering dedication to environmental stewardship, the company have taken proactive steps to champion green initiatives throughout the operational footprint. The Company's successful leadership in tree plantation programs has seen the planting and ongoing nurturing of over 6450 saplings. Additionally, the Company have undertaken initiatives to safeguard vital water sources in and around our manufacturing sites, demonstrating our commitment to conserving essential natural resources. The Company's successful leadership in tree plantation programs has seen the planting and ongoing nurturing of over 6450 saplings. Additionally, the Company has undertaken initiatives to safeguard vital water sources in and around our manufacturing sites, demonstrating our commitment to conserving essential natural resources.



In the fiscal year 2021-22, a significant effort was made with 5400 trees planted at a test track site. Moving into 2022-23, environmental initiatives continued with the planting of 1000 trees at Government ITI and an additional 50 trees at Athipet School. In response to the cyclone in 2023-24, a commendable effort of replanting 1000 trees was undertaken at the test track, reflecting a strong commitment to environmental sustainability and community welfare by the ZF Commercial Vehicle Control Systems India Limited.

In pursuit of sustainability goals, the Company installed solar-based streetlights at Ambattur, Avadi, and Mappedu junctions and erected a solar energy-powered traffic signal at Ambattur: a first of its kind in Tamil Nadu. The Company has set up an eco-park at the test track in Mappedu.

1. Installation of 365 Solar-based Streetlights & 20 High Mast Lights

The implementation of 365 solar-based streetlights and 20 high mast lights across various locations has been a significant undertaking, with a total budget allocation of INR 298.57 Lakhs. The impact of this initiative has been profound, benefiting over 26,350 individuals in the area. The Police Commissioner expressed deep appreciation for the notable reduction in road accidents and heightened security within the city, particularly evident during the recent cyclone when the lights remained operational for 48 hours. Operating solely on renewable energy, these lights underscore a steadfast commitment to sustainability and efficiency. Overall, this project has not only enhanced the quality of life for residents but has also showcased the effectiveness of harnessing renewable energy sources for public infrastructure.





2. Solar-based LED Traffic Signal and Solar Blinkers

The Company's latest project focuses on enhancing road safety and traffic control through the installation of solar-based LED traffic signals at 10 strategic locations and solar blinkers at 20 other sites. With a total budget of INR 129.29 Lakhs, the Company has positively impacted over 45,400 individuals in the community. Operating entirely on renewable energy, our projects not only champion sustainability but also foster a safer and more organized urban environment. This resulted in the remarkable decrease in road accidents and the effective traffic management achieved through these initiatives.

3. Installation of Solar Power Systems

The installation of solar power systems at 10 locations, comprising 8 Primary Health Centers and 2 Schools, has been successfully completed, totaling 84 KW. With a total budget of INR 87.21 Lakhs, this initiative has had a significant impact on the community. More than 7550 patients have directly benefitted from improved healthcare services, particularly during nighttime critical care and maternity services, made possible by the consistent supply of renewable energy. These systems now operate entirely on 100% renewable energy, contributing to sustainable development and energy independence for the localities served.



4. Eco-park at Test Track

As part of the commitment to Environmental, Social, and Governance (ESG) initiatives, an Eco Park at the test track was established. This park not only transforms the surroundings but also amplifies efforts to foster a greener and more sustainable future.

The Eco Park is a blend of nature and innovation. Lush greenery, native plants, and carefully selected flora have been thoughtfully integrated into the landscape. This space serves as a living laboratory where employees can witness

how sustainability can be seamlessly incorporated into the Company's technological endeavours.

The Eco Park covers a sprawling area of 10 acres and is now home to 5400 native trees which clean the air by producing oxygen, intercepting airborne particulates, reducing smog, and enhancing a community's respiratory health. There are different types of trees: aroma trees, shade trees, herbal trees, fruit-bearing trees, and flowering trees. The Eco Park also houses a 650 sq mtr rainwater harvesting pond which helps with the rejuvenation of the local water table.



Community Development

The Company is committed to fostering inclusive development within the communities we operate in, striving to bring about positive change. Leveraging the Company's capabilities, the foundation implements programs that facilitate access to education, promote community safety, and contribute to overall health and well-being.

By organizing healthcare camps across 18 neighbourhoods, the Company's foundation has significantly improved the lives of over 2 Lakhs individuals within the community. Furthermore, the Company's CSR foundation has undertaken initiatives to enhance the infrastructure of community schools, guaranteeing access to clean water, hygienic sanitation facilities, and adequate classroom infrastructure for children. Holistic community development encompasses a spectrum of initiatives ranging from access to quality healthcare to infrastructure upgrading. We contributed significantly towards helping school students by

developing the basic infrastructure in Government schools and the public.

1. Supporting Primary Health Centres

The Company is happy to introduce to the latest project, which aims to bolster primary health centres in rural areas by supplying essential medical equipment and related facilities. This initiative has been rolled out across 15 locations spanning Tiruvallur, Chengalpattu, and Namakkal Districts, with a total budget allocation of INR 257 Lakhs. This project benefitted over 200,000 underprivileged rural patients who depend on these primary health centres for their medical needs. By enhancing the availability of crucial equipment and facilities, we aspire to elevate the quality of healthcare services accessible to these communities and make meaningful contributions to their overall well-being.



2. Infrastructure Upgradation

The project aimed at upgrading the infrastructure of 2 government high schools was allocated a total budget of INR 82 Lakhs. These projects were poised to have a significant impact, benefiting over 500 school students annually. The primary focus was on enhancing infrastructure to facilitate personal hygiene, particularly for girl students.

This initiative played a vital role in ensuring a safe and conducive learning environment for all students. Through these investments in infrastructure upgrades, the Company aims not only to improve the physical facilities of the schools but also to foster the overall well-being and development of the students.



Skill Enhancement and Employability Training

Education and skills play a pivotal role in driving a nation's economic growth and leadership. To maintain a competitive edge, it is essential to nurture the skills of the future workforce, thereby enhancing their employability and addressing the disparity between supply and demand. Through this CSR initiative-executing foundation, the Company has partnered with prominent educational institutions to establish Centres of Excellence. These centres provide training and hands-on experience to both students and engineers, ensuring they are equipped with the necessary skills for success in their respective fields.

As a part of the initiative, the Company inaugurated two Centres of Excellence. The first is the ZF Commercial

Vehicle Control Systems India Limited – Veltech Centre of Excellence, specializes in automotive technologies and advanced road safety training. The second initiative is the ZF Commercial Vehicle Control Systems India Limited - Chennai Institute of Technology - Kyutech University, Japan Centre of Excellence, focuses on empowering youth through training in emerging technologies such as Industry 4.0, the Internet of Things, and robotic automation. These centres are poised to equip individuals with the skills and knowledge needed to excel in their respective fields and contribute to technological advancement. With regard to skill development, the Company set up a skill lab at ITI, Barabanki & ITI, Ambattur, and a skill development centre at Govt Polytechnic-Jamshedpur.

Veltech Centre of Excellence for IoT and Smart factory initiative was inaugurated by Mr. P. Kaniappan MD ZF commercial Vehicle Control Systems India Ltd.



CIT – KYUTECH Centre of Excellence



1. Skill Lab (Mechanical) at Govt Polytechnic, Pantnagar

The project involved the establishment of a skill lab for Mechanical Engineering at Govt Polytechnic, Pantnagar, with a total budget of INR 7.6 Lakhs. The primary goal of this initiative was to enhance the practical skills and knowledge of over 200 students, ultimately improving their employability in the competitive job market. By providing hands-on training and real-world experience, the skill lab aims to bridge the gap between theoretical learning and practical application, equipping students with the necessary skills to succeed in their careers. The impact of this project has been significant, as it has not only benefited the students directly involved but has also contributed to the overall development and growth of the institution. Through this investment in skill development, Govt Polytechnic, Pantnagar is paving the way for a brighter and more prosperous future for its students.



2. Computer and Soldering lab at Govt Polytechnic, Barabanki

The projects implemented at the Government Polytechnic and Government ITI in Barabanki, including the establishment of a Computer and Soldering lab, as well as an Advanced Fitter and Welding lab, significantly enhanced the skills of over 600 students. With a total budget allocation of INR 36 Lakhs, these initiatives provided students with invaluable practical experience and knowledge in their respective fields. Furthermore, the provision of a smart TV for the upper primary school in Barabanki has elevated the learning environment for students. These projects have not only directly benefited the involved students but has also positively impacted the overall educational infrastructure in the region. The support extended through these initiatives is essential in preparing the next generation of professionals and fostering their future success.



3. ZF Supported Naan Mudhalvan scheme

In collaboration with The Confederation of Indian Industry (CII), ZF supported the Tamil Nadu Skill Development initiative by promoting the Naan Mudhalvan scheme through a pooled campus drive held at Rajalakshmi Institute of Technology, Poonamallee. This job fair, organized on Saturday, connected job seekers with over 140 companies across various sectors, including Saint-Gobain, Hyundai Motors, MRF, L&T, Tata, Delphi-TVS, and Pegatron.

The event saw participation from over 10,000 students and working professionals, providing them with valuable opportunities to kick-start their careers. By hosting this event, we aimed to reduce unemployment and boost economic growth in our community. Additionally, this fair enabled companies to find the right talent to drive their success, thus benefiting society by enhancing innovation and productivity.

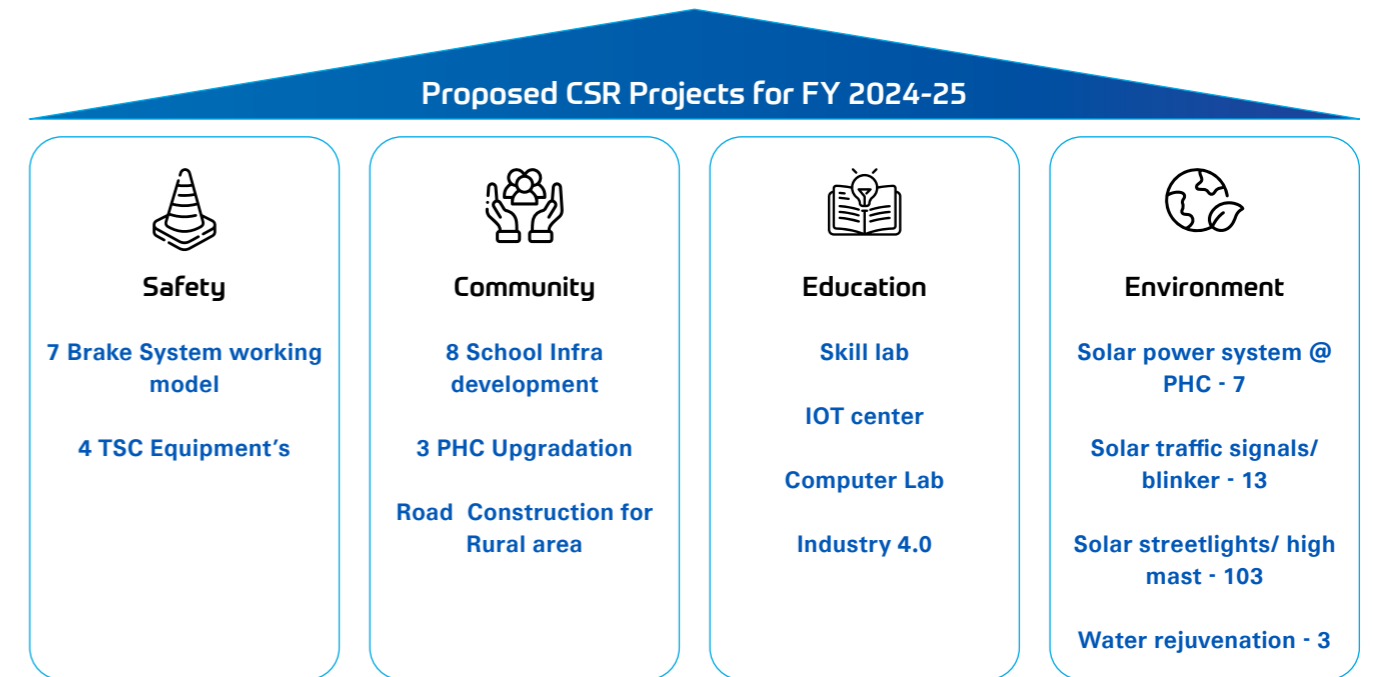
Through this initiative, ZF reaffirmed its commitment to fostering economic development and supporting young professionals in their career journeys. By endorsing and participating in the scheme, the Company contributed to enhancing employability and inculcating economic independence among the youth. The initiative not only aligned with its commitment to social responsibility but also played a crucial role in shaping a skilled workforce capable of meeting industry demands in Tamil Nadu.



Skilling Individuals-Appeal from the Government

The Company's commitment to promoting quality education has been recognized by the Uttar Pradesh Government, who have awarded the Company for excellence in Corporate Social Responsibility (CSR) in the education sector. This accolade is a testament to the steadfast dedication to making a positive impact on education and empowering the youth. The Company takes immense pride in being acknowledged for the efforts towards creating a better

future for the next generation. This award serves as both validation and motivation for us to continue the Company's mission of providing access to quality education for all. The Company is grateful for the opportunity to make a difference in the lives of students and communities. Upholding the values of excellence and social responsibility, we remain committed to furthering the impact in the field of education.



Working with Tata Motors on Sustainability Initiative, AIKYAM

Tata Motors Limited is committed to the Sustainability initiative and has taken challenging targets to achieve Net Zero by 2045, Evolve to a Diversity. Through AIKYAM, ZF and TATA Motors come together to craft the roadmap for a sustainable business. This collaboration evolves from Supplier customer relationship to Partners in the Journey of Sustainability. As a supplier of components and technologies ZF votes for a technology-neutral approach to meet the environmental challenges. Their efforts aim to choose more sustainable materials, optimize manufacturing processes to innovate in product design for durability.

In the essence of our organization, our social and relationship initiatives embody the interconnected values derived from our stakeholders. It encapsulates the trust, reciprocity, and collaborative spirit cultivated through transparent communication, ethical practices, and meaningful engagement. By nurturing strong and meaningful relationship with the community around us and listening attentively to their needs and concerns, we tailor our initiatives to make a positive impact where it matters most, hence fostering mutual trust with the broader community we serve.



Intellectual Capital



Overview

Innovation is crucial for the organization as it drives growth, competitiveness, and long-term success

The company pursues innovation as one of its main pillars for successfully providing clean, safe, intelligent and sustainable solutions for Commercial Vehicles by continually developing new products, services and processes, the company can meet evolving customer needs and stay ahead of market trends ZF provides the capability to shape the future of commercial transportation systems. ZF technologies and services for commercial vehicles and fleets make them more efficient, safe, connected, intelligent and automated wherever they

operate. We partner with customers to introduce integrated and innovative solutions that positively impact the commercial vehicle's lifecycle, from cradle to grave.

ZF offer customers access to the broadest range of commercial vehicle solutions in key domains like Automated Driving, Electric Mobility, Shared Transportation and Fleet Operations' Digitalization to enable Next Generation Mobility.

Ultimately embracing innovation ensures the organization remains robust and adaptable in a rapidly changing business landscape.



Governance enablers

- » Employee Incentive for Innovations

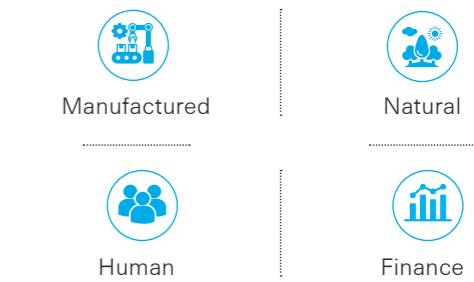
Material Topics:

- » Opportunities in sustainable material for automotive applications.

SDG Linkage



Interlinkages with other capitals



Our Focus Area

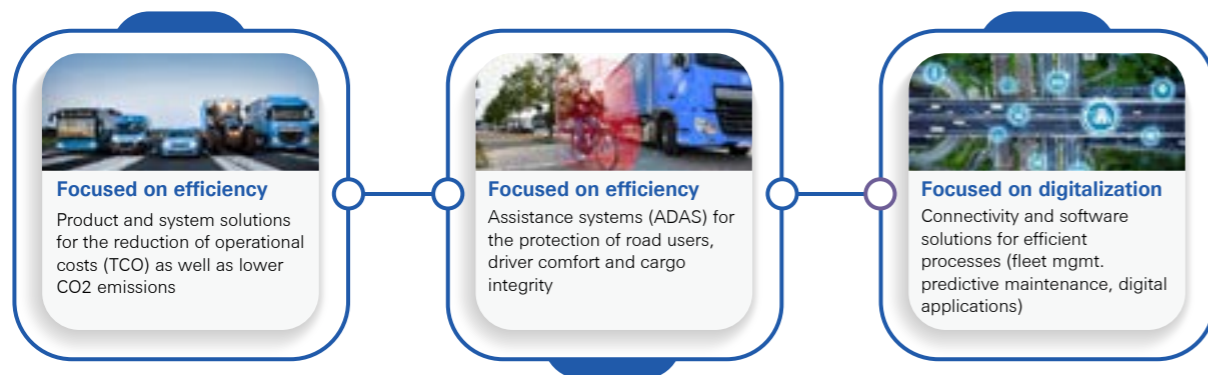
The Company is among the leading global technology suppliers and supplies advanced mobility products & systems for commercial vehicles, passenger cars and industrial technology. The company is a front runner in contributing to reducing emissions, protecting the climate as well as enhancing safe mobility.

Developing new products for the India market involves aligning with OEMs' (Original Equipment Manufacturers) vehicle variant strategies and technology upgrade plans, as well as considering their business objectives. Customizing

global products and technologies to address local challenges and optimizing for performance and cost-effectiveness is crucial. Aligning with the company's business plan focuses on enhancing durability, reliability, fuel efficiency, and maintenance ease for commercial vehicle operators. Compliance with local regulations and localization efforts ensure competitive positioning. A robust launch and marketing strategy emphasizes unique benefits and competitive advantages to drive adoption and strengthen partnerships within the dynamic Indian automotive sector.

Pioneering Customer & Market-oriented, Cost-optimized Solutions

Solving the Industry's key challenges



Localizing global technology products to supply to Indian OEMs involves adapting and customizing advanced technological solutions from international markets to meet the specific needs and preferences of Indian manufacturers. By establishing local production capabilities and integrating with Indian supply chains, companies can enhance efficiency, reduce costs, and ensure timely delivery of tailored technology solutions to support the growth and competitiveness of Indian OEMs in the automotive sector.

Adapting global products to suit Indian OEMs' vehicle platform needs involves adaptation / designing support to market

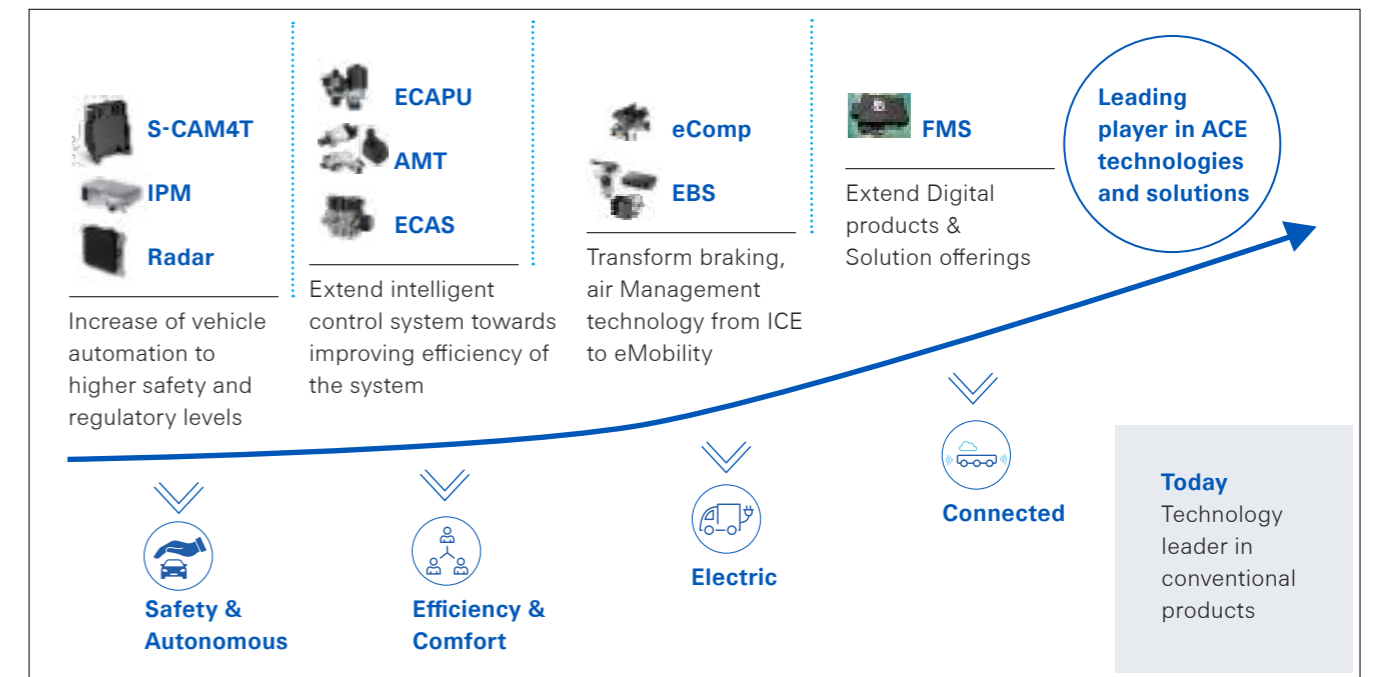
specific needs and costs, customizing application software to align with specific requirements and operational environments. With detailed understanding of the OEMs' vehicle platform strategies, including their technological capabilities, performance standards, and integration preferences by customizing the application software, companies can ensure seamless compatibility with Indian road conditions, regulatory standards, and customer expectations.

To leverage well-known product adoptions and achieve cost competitiveness, a strategic focus on cost reduction and design-to-cost principles involves optimizing product design, materials, and manufacturing processes to minimize production costs without compromising quality

or performance. By analysing every aspect of the product lifecycle from design and development to production and distribution companies can identify opportunities for cost savings and efficiency improvements.

LEADING THE PATH TO ACE

Solutions for each technology path in place



Offering solutions across diverse customer needs

Providing application support to OEMs for homologating their vehicle models using the company's Test Track facility in Chennai involves offering comprehensive assistance throughout the technology application and homologation process. To encompass guiding OEMs through the regulatory requirements and testing procedures necessary for vehicle certification. The Test Track Facility in Chennai serves as a crucial resource for conducting various tests, including performance evaluations, safety assessments, and compliance checks mandated by regulatory bodies.

Providing technical support to develop new products for global markets involves offering expertise and guidance

throughout the product development lifecycle. This begins with understanding the market needs and aligning product concepts with global trends and customer preferences.

Protecting new concepts from competitors through patent filing involves securing intellectual property rights to prevent unauthorized use or imitation to identifying innovative aspects of the concept that are novel, non-obvious, and have industrial applicability.

Role of R&D in this Company

a) Design and development of new products, services, or processes that enhance competitiveness and meet market demands:

R&D plays a crucial role in driving innovation by conceptualizing, designing, and developing new products, services, or processes. This involves identifying market needs, conducting feasibility studies, prototyping, and refining concepts to create solutions that improve competitiveness and align with market trends and customer preferences.

b) Customize global product for regional markets:

R&D ensures that global products are adapted, redesigned, calibrated, tested, and released to meet the specific needs and regulatory requirements of regional markets. This includes customization of products to suit local preferences, optimizing performance for regional conditions, and ensuring compliance with local standards before market release.

c) Lifecycle management of existing products - Improve, Optimize Enhance:

R&D is responsible for managing the entire lifecycle of existing products. This includes continuous improvement initiatives such as Re-Design to Cost (Re-DtC), Value Analysis/Value Engineering (VAVE) to optimize costs and performance, and process improvements to enhance efficiency and quality throughout the product lifecycle.

d) Intellectual Property Rights: Invention disclosures and patents:

R&D plays a critical role in intellectual property management by identifying inventions, submitting invention disclosures, and filing for patents to protect innovative technologies and processes developed by the organization. This ensures that the organization retains exclusive rights to its inventions, strengthens its competitive position, and generates potential revenue through licensing or commercialization of intellectual property.

Value generated for Indian OEM

a) Regulatory compliance for ESC (Electronic Stability Control)::

Implementing ESC systems ensures Indian OEMs comply with regulatory requirements related to vehicle stability and safety. ESC technology enhances vehicle control by automatically applying brakes to individual wheels during dynamic manoeuvres and adjusting engine power to help drivers maintain control during abrupt manoeuvres or slippery road conditions. b) Application, calibration, testing, and release of global products for regional customers:

b) EBS (Electronic Braking System) for electric buses – regeneration:

EBS with regeneration capability in electric buses allows Indian OEMs to enhance energy efficiency and reduce operating costs. EBS systems capture kinetic energy during braking and convert it into electrical energy stored in the battery, thereby extending the vehicle's range and reducing dependence on external charging.

c) Vehicle fuel efficiency enhancement – AMT (Automated Manual Transmission), ECAS (Electronically Controlled Air Suspension):

Implementing AMT and ECAS technologies in vehicles contributes significantly to fuel efficiency enhancement for Indian OEMs. AMT systems optimize gear shifts and engine RPMs automatically, improving fuel economy without compromising performance or driving experience. ECAS adjusts suspension height and stiffness based on vehicle load and road conditions, reducing aerodynamic drag and optimizing fuel consumption.

Actions Undertaken in R&D During the FY 2023-24

a) Promote new ACE technologies through application to meet regulation standards:

This involves identifying, developing, and promoting new technologies within the Autonomous, Connected and Electric (ACE) domains that align with and address regulatory requirements in India. R&D teams focus on integrating these technologies into applications that comply with local regulations, enhance performance, and improve sustainability within the industry.

b) Maintain well-known technologies (Compressors, Braking, Actuators):

R&D efforts also concentrate on maintaining and optimizing existing well-known technologies such as compressors, braking systems, and actuators. This includes continuous improvement initiatives, reliability enhancements, and lifecycle management to ensure these technologies remain competitive, reliable, and compliant with evolving standards.

c) Automated, Connected, and Electric vehicle solutions (Autonomous driving, transmissions, electric drives, etc.):

Another significant focus area is advancing Automated, Connected, and Electric (ACE) vehicle solutions. This involves developing technologies related to autonomous driving, advanced transmissions, electric propulsion systems, and connectivity solutions. R&D works towards enhancing efficiency, safety, and user experience in line with global trends and market demands.

D) Frugal innovation and proof of concepts for new developments:

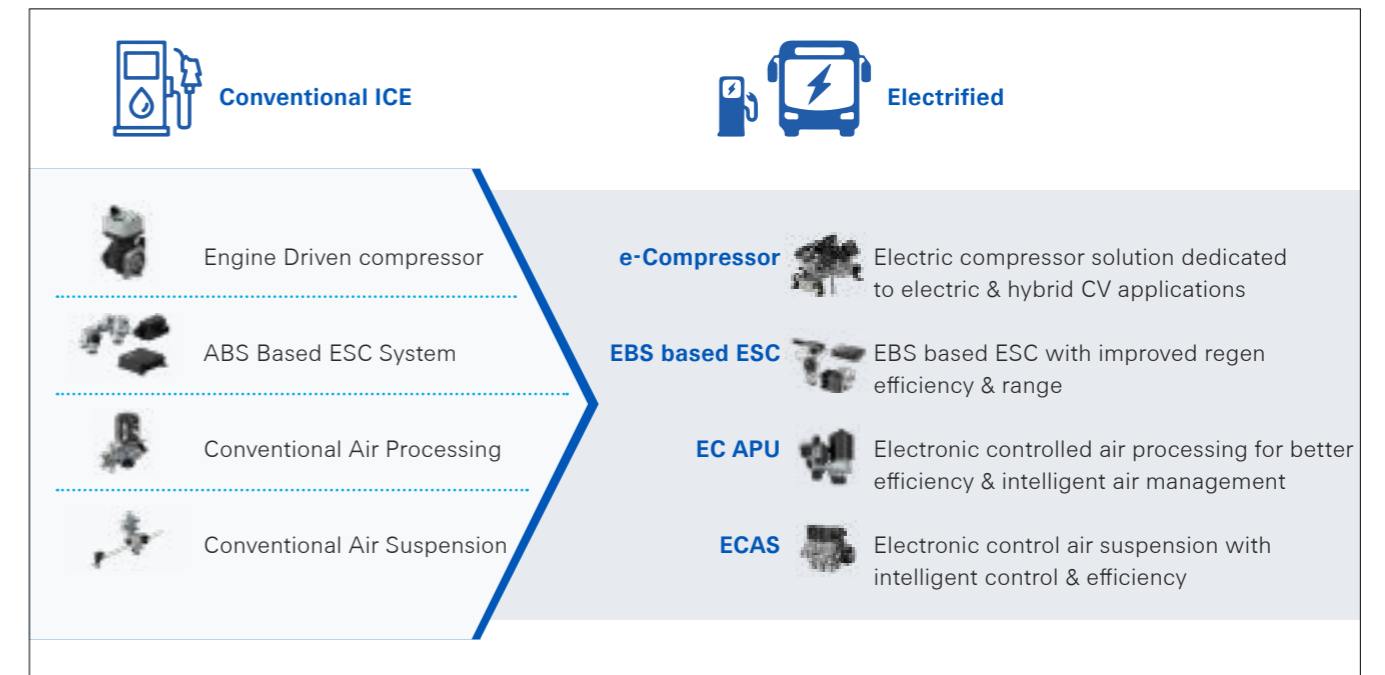
R&D teams explore frugal innovation approaches and conduct proof of concept studies for new developments. This includes exploring cost-effective solutions, rapid prototyping, and testing innovative ideas to validate their feasibility and potential market impact. The goal is to foster innovation, reduce costs, and accelerate time-to-market for new products and technologies.

Role of R&D in Advancing Electric Vehicle Technologies

Homologation and release of EBS (Electronic Braking System) for electric vehicles:

R&D plays a crucial role in the development, testing, and homologation of EBS specifically designed for electric vehicles. This includes adapting traditional braking systems to suit the unique characteristics of EBS, such as regenerative braking capabilities. R&D teams work to ensure that EBS meets stringent safety standards and regulatory requirements, facilitating the certification process for market release.

(3B) Technology Solutions Ready for EV Migration



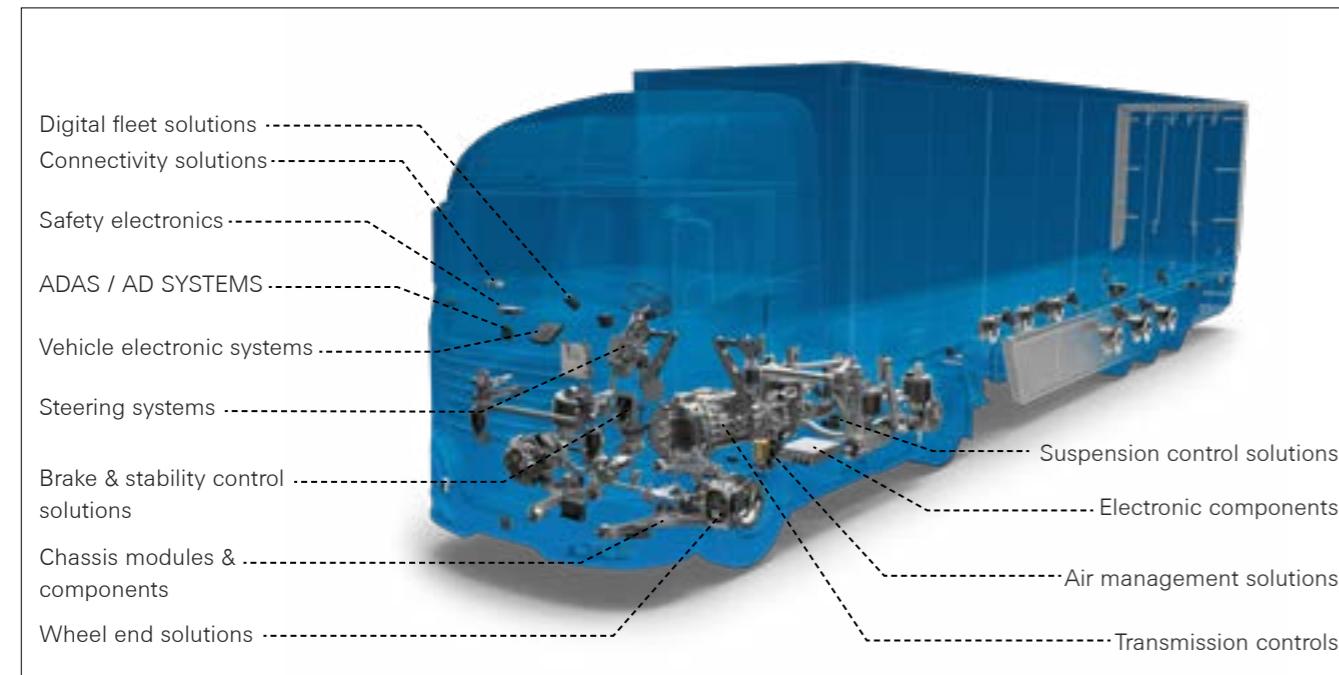
R&D's current portfolio of products

Heavy and Medium Commercial Vehicles and Trailers:

India's R&D division supports a wide range of products and services for heavy and medium commercial vehicles and trailers, including basic primary brake system components, secondary brake systems like exhaust brakes, Automated Manual Transmissions, Advanced Driver Assistance

systems (ADAS) and Electronic Stability Control, automatic tyre pressure monitoring systems, passenger comfort solutions like air suspension, applicable application software for seamless integration, and aftermarket products and repair kits. These offerings highlight India's commitment to enhancing vehicle performance, safety, and comfort through innovative technologies and comprehensive solutions.

(3) Preferred Technology and Systems Solutions Partner to CV OEMs and Fleets

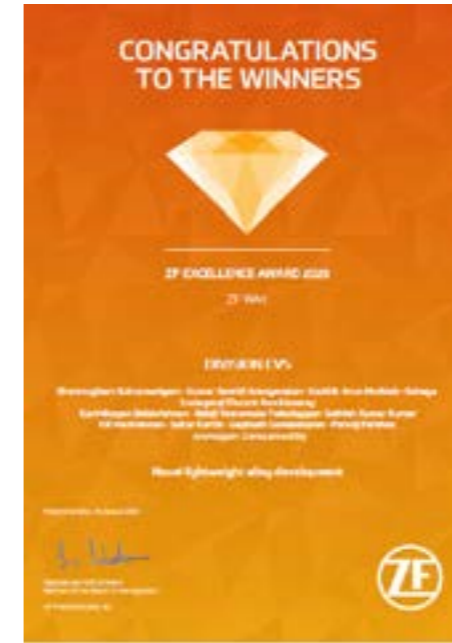


Specialized Offerings for Light Commercial Vehicles:

In the realm of light commercial vehicles, India R&D offers specialized components crucial for vehicle safety and performance. This includes vacuum brake system components and hydraulic brake system components, which are essential for ensuring efficient braking operations in diverse driving environments. Hydraulic ABS systems further enhance safety by preventing wheel lock-up during braking maneuvers, tailored specifically for the unique demands of light commercial vehicle applications.

Innovative Solutions for Cars:

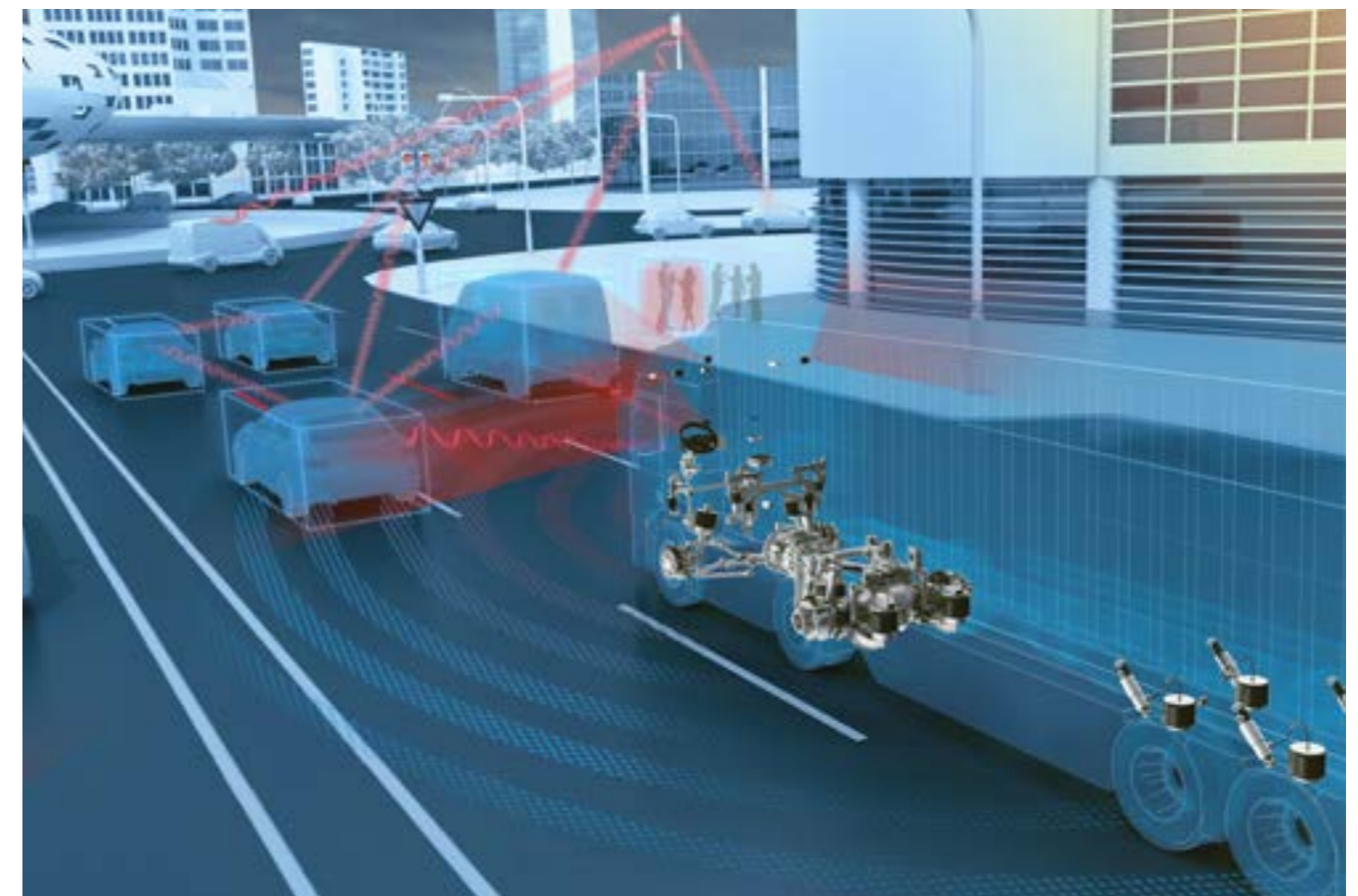
India R&D provides critical components for passenger cars like vacuum pumps and air supply units for car air suspension systems. Vacuum pumps play a vital role in providing necessary vacuum power for braking systems and other vehicle functions, ensuring operational efficiency and safety. Meanwhile, air supply units enhance ride comfort and stability by regulating air pressure in the suspension system, thereby delivering a smooth driving experience.



ZF Excellence award in ZF way category for the project Novel Lightweight Alloy Development



ZF Excellence Award – Sustainability Category Award certificate



The company has shown substantial growth from an R&D perspective, marked by several key developments:

a) The team size has increased significantly, growing from 873 in April 2023 to 1037 Engineers in March 2024 (276 headcount at Hardware Design Centre and 761 headcount at Technology Centre India). This expansion reflects the company's commitment to enhancing its research and development capabilities, allowing for greater innovation and more comprehensive solutions for regional and global business demands.

b) The Company has achieved new skill and competency growth in critical areas such as Electromechanics, Electronics, Functional Safety, Cybersecurity, Fault Injection Testing, Software Development, System Architecture, and customer application of Automotive, Connected and Electrification (ACE) products. These advancements underscore the company's proactive approach to adapting to industry trends and technological advancements, ensuring they remain at the forefront of innovation in the automotive sector.



Impact of the company's New Products on Sustainability

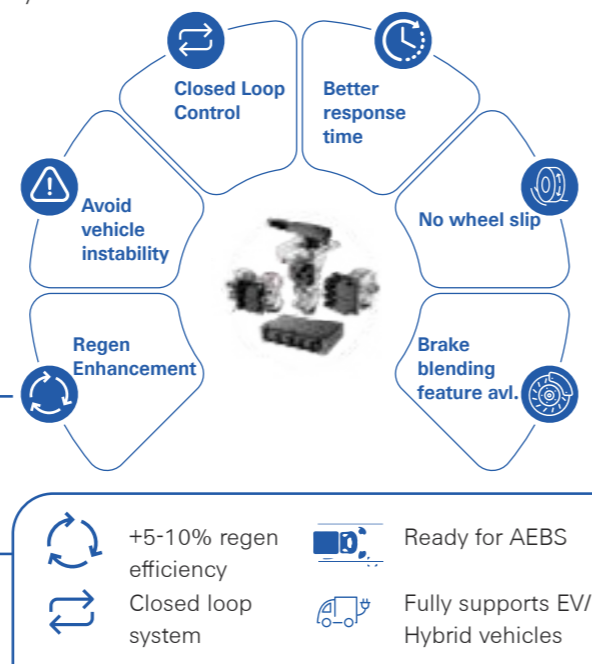
a) E-Compressor:

The Company's e-Compressor offers a sustainable solution for reducing emissions and energy consumption. By using electric power instead of traditional engine-driven systems, the E-Compressor improves overall vehicle efficiency and reduces carbon footprint, contributing to environmental sustainability.

b) Ecotronic Mid 9S AMT (Automated Manual Transmission):

The Ecotronic Mid 9S AMT from the company enhances fuel efficiency and reduces downtime through advanced transmission technology. By optimizing gear shifts and improving drivetrain efficiency, this AMT reduces fuel consumption and maintenance needs, contributing to operational cost savings and environmental sustainability.

With a commitment to accelerate in manufacturing our products more sustainably and in a cost-effective manner to benefit our stakeholders, we will continue to deploy our intellectual capital in a steadfast manner enabling growth and positive impact towards the environment and our society.



- » Optimal grip under tough environmental conditions
- » Ensures driving stability and steering ability
- » Maintain control of vehicle even on slippery surface



- » Increased road safety
- » Control vehicle under slippery conditions
- » Improved vehicle stability



- » Optimized regeneration and range improvement
- » Lower insurance cost

We have established a resolute commitment to invest in and focus on innovation and research efforts as a core rule. By harnessing our collective knowledge and expertise, we drive growth through continuous learning and development programs, fostering a collaborative work environment, and leveraging advanced technologies. These efforts lead to a more efficient capital expenditures and development of better products, enabling us to maintain a competitive edge and deliver exceptional value to our clients and stakeholders.



Financial Highlights

	(₹ in lakhs)				
Year ended March 31st	2019-20	2020-21	2021-22	2022-23	2023-24
Profit and loss Account					
Revenue from Operations	1,92,956	1,86,350	2,54,335	3,44,459	3,78,371
Other income	6,388	3,889	3,753	6,701	9,577
Total income	1,99,344	1,90,239	2,58,088	3,51,160	3,87,948
Gross profit before interest, depn & tax	31,537	24,466	29,008	53,732	65,891
Depreciation	9,011	9,040	9,243	10,476	10,949
Profit before interest & tax	22,526	15,426	19,764	43,256	54,943
Interest	192	199	190	567	501
Profit before taxation	22,334	15,227	19,574	42,689	54,442
Profit after taxation	15,881	10,380	14,207	31,767	40,478
Balance Sheet					
Net Fixed assets	50,094	48,198	55,592	66,235	75,122
Current Investments	54,237	63,997	39,811	10,014	2,329
Net current assets (other than Investments)	75,690	77,420	1,05,811	1,60,341	1,94,489
Non-current assets (other than Fixed assets)	11,721	11,633	12,607	12,071	15,042
Total	1,91,742	2,01,248	2,13,821	2,48,661	2,86,982
Share capital	948	948	948	948	948
Reserves & surplus	1,88,506	1,98,692	2,10,459	2,39,964	2,77,917
Networth	1,89,455	1,99,640	2,11,407	2,40,912	2,78,865
Non-current liabilities	2,287	1,608	2,414	7,749	8,117
Deferred taxation (net)	-	-	-	-	-
Total	1,91,742	2,01,248	2,13,821	2,48,661	2,86,982
	-	-	-	-	-
EPS (Rs)	83.7	54.7	74.9	167.5	213.4
DPS (Rs)	10.0	11.0	12.0	13.0	17.0
Book value per share (Rs)	998.8	1,052.5	1,114.6	1,270.1	1,470.2
Return on capital employed (ROCE)%	11.9	7.7	9.4	17.6	19.4
Return on networth (RONW)%	8.6	5.3	6.9	14.0	15.6
Fixed assets turnover (no. of times)	4.0	3.9	4.6	5.3	5.2
Working capital turnover (no. of times)	2.3	2.4	2.4	2.0	1.9
Gross profit as % of sales (EBITDA)	16.3	13.1	11.4	15.6	17.4
Gross profit as % of total income	15.8	12.9	11.2	15.3	17.0
Net profit as % of total income	8.2	5.6	5.6	9.0	10.4
Debtors Turnover ratio	3.9	3.9	4.1	4.8	4.5
Inventory Turnover ratio	8.7	10.3	13.1	15.0	14.7
Current ratio	5.9	3.9	3.9	4.2	4.9

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

Notice of the 20th Annual General Meeting to the Members

NOTICE is hereby given that the 20th Annual General Meeting of the members of the Company (AGM) will be held on Monday, 22nd July 2024 at 15.00 Hours (IST) through Video Conferencing (VC) / Other Audio-Visual Means (OAVM) to transact the following business:

Ordinary Business:

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

RESOLVED THAT the Audited (Standalone and Consolidated) Financial Statements of the Company for the Financial Year ended 31st March 2024 consisting of the balance sheet as on 31st March 2024, the statement of profit and loss, the statement of cash flow and statement of changes in equity for the Financial Year ended 31st March 2024 and the explanatory notes annexed to or forming part thereof, together with the reports of the Auditor's and Board of Directors thereon, be and are hereby adopted.

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

RESOLVED THAT pursuant to Section 123, other applicable provisions of the Companies Act, 2013, and the Rules made thereunder and pursuant to the recommendation of the Board of Directors of the Company, a dividend of ₹ 17/- (Rupees Seventeen only) per share on 1,89,67,584 equity shares of ₹ 5/- (Rupees Five only) each fully paid up, which make up the entire paid-up equity capital of the Company, absorbing a sum of ₹ 3,224.49 lakhs, be and is hereby declared for the financial year ended 31st March 2024, out of the profits of the Company for the said financial year arrived at after providing for the applicable depreciation, and that the said Dividend shall be paid to all the Shareholders whose names appear in the register of members (for shares held in physical form) / register of beneficial owners of the Company's shares (for shares held in dematerialized form) maintained by the depositories, as at the close of 15th July 2024 being the record date fixed for this purpose.

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

RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act, 2013, the Rules made thereunder and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Christian Oliver Brenneke (holding DIN: 08344547), who retires by rotation at the 20th Annual General Meeting, being eligible and willing for re-appointment and recommended by the Nomination and Remuneration Committee and the Board of Directors for such re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retirement by rotation.

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

RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. B S R & Co. LLP, Chartered Accountants, holding Firm Registration No. 101248W/W-100022, the present Auditors who hold such office till the conclusion of the 20th Annual General Meeting, being eligible and willing for re-appointment and recommended for such re-appointment by the Audit Committee and the Board of Directors, be and are hereby re-appointed as the Auditors of the Company for their second term of five consecutive years from the conclusion of the 20th Annual General Meeting to the conclusion of the 25th Annual General Meeting, on such remuneration (besides applicable taxes and reimbursement of out-of-pocket expenses) as may be decided by the Board of Directors of the Company based on the recommendations of the Audit Committee, which may be reviewed and revised from time to time.



Special Business:

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

RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 6,00,000/- (Rupees Six Lakhs only) plus applicable taxes and out of pocket expenses at actuals, payable for the financial year ending on 31st March 2025 to M/s. A N Raman & Associates, Cost Accountants, having firm registration number 102111, as fixed by the Board of Directors at the time of their re-appointment as the Cost Auditor to audit the cost records of the Company for the said financial year, be and is hereby ratified.

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

RESOLVED THAT pursuant to provisions of Sections 149, 152, 160, 161 and all other applicable provisions, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Akash Passey (DIN: 01198068) who was appointed as an Additional Director (Non-Executive Non-Independent) by the Board of Directors with effect from 22nd May 2024, and who holds office upto the date of the 20th Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his appointment at the 20th Annual General Meeting, be and is hereby appointed as Non-Executive Non-Independent Director of the Company, liable to retire by rotation.

7. To consider and to give your assent or dissent to the following special resolution:

RESOLVED THAT pursuant to Sections 149, 150, 152, 161, Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, Regulations 17, 25(2A) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and based on the recommendation of the Nomination and

Remuneration Committee (NRC) and the Board of Directors of the Company ("the Board"):

- (i) Mr. Neeraj Sagar (holding DIN 09475452), who was appointed as an Additional Director in the designation of Non-Executive Independent Director by the Board of Directors with effect from 22nd May 2024 and who ceases to be an Additional Director on the date of the 20th Annual General Meeting ('20th AGM') and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his appointment as a Director at the 20th AGM, be and is hereby appointed as a Director of the Company from the date of the 20th AGM in the designation of Non-Executive Independent Director of the Company;
- (ii) Approval be and is hereby accorded for the appointment of Mr. Neeraj Sagar (holding DIN 09475452) as an Independent Director, not liable to retire by rotation, for a term of 5 (five) consecutive years from 22nd May 2024 to 21st May 2029, on such remuneration, including profit-related commission, fee for participation in the meetings of the Board or a Committee thereof or any other purpose, as may be approved by the Board from time to time, subject to the limits prescribed under Section 197, Schedule V and other applicable provisions of the Act / Listing Regulations".

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

RESOLVED THAT approval of the Company be and is hereby accorded in terms of Section 197 and other applicable provisions of the Companies Act 2013 ("the Act") read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Regulation 17(6) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Articles of Association of the Company, to pay remuneration by way of profit-related commission, for a period of five (5) years from 1st April 2024 to 31st March 2029, to the Non-Executive Independent Directors of the Company not exceeding one percent of the net profits of the company in an aggregate in each financial year, computed in the manner referred to in Section 198 of the Act.

RESOLVED FURTHER THAT the remuneration by way of profit related commission referred to above shall be exclusive of any fees payable to the Directors under Section 197(5) of the Act and re-imbursement of expenses for participation in Board and other meetings.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to determine the basis and the proportion in which the profit-related commission may be apportioned among the Non-Executive Independent Directors and do all such acts, deeds,

matters and things as may be considered necessary from time to time to give effect to this resolution.

By order of the Board

Chennai
24th May 2024

MUTHULAKSHMI M
Company Secretary

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



STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Dr. Christian Oliver Brenneke (DIN: 08344547) was appointed as an Additional Director in the category of Non-Executive Non – Independent Director by the Board at their meeting held on 29th January 2019 as per section 161 of the Companies Act, 2013 and the appointment was approved by the Shareholders at the Annual General Meeting held on 14th August 2019 and he is liable to retire by rotation.

Profile of Dr. Christian Oliver Brenneke

Dr. Christian Oliver Brenneke (49) holds a graduate degree in electrical engineering specialized in mechatronics and a doctorate degree in engineering both from Leibniz University in Hannover, Germany. In addition, he earned an M.B.A. degree in general management from the University for Applied Sciences in Hamburg, Germany.

Dr. Christian Oliver Brenneke was appointed as the Chief Technology Officer of erstwhile WABCO Group in February 2018, after serving as the Vice President, Engineering, to lead WABCO’s technology innovation and new product

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

Dr. Christian Oliver Brenneke has confirmed that he is not disqualified to be appointed as a Director and he does not hold any shares in the Company. The Board considers that his association and experience would be of immense benefit to the Company, and it is desirable to continue his services. Accordingly, based on the recommendation of the Nomination and Remuneration Committee, the Board recommends the ordinary resolution set out as Item No.3 of the notice for appointment of Dr. Christian Oliver Brenneke as a Director, for approval by the Shareholders of the Company. He has not resigned from the Directorship of any listed companies in the past 3 years.

Additional information about Directors who seeks appointment / re-appointment as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable as per secretarial standards:

Dr. Christian Oliver Brenneke	
Age	: 49
DIN	: 08344547
Inter-se relationships with Directors and Key Managerial Personnel	: None
Key terms and conditions of appointment	: As per the resolution set out at Item No. 3 of this Notice.
Date of first appointment on Board	: 29 th January 2019
Details of remuneration last drawn (FY 2023-24)	: Not Applicable
No. of Board Meetings attended during FY 2024-25 (upto the date of this Notice)	: One
Remuneration proposed to be paid	: Not Applicable
Shareholding in the Company including shareholding as a beneficial owner as on date of the Notice	: Nil
Directorships in other Companies (including Listed entities in which the person also holds the Directorship)	: Nil
Membership/Chairmanship of Committees in other Companies	: Nil
Listed entities from which the Director has resigned in the past three years	: Nil
Skills and capabilities required for the role and the manner in which he meets such requirements	: Not Applicable

Item No. 4

M/s. B S R & Co. LLP, Chartered Accountants were appointed as Statutory Auditors of the Company by the

shareholders for a term of 5 (five) consecutive years from the conclusion of 15th Annual General Meeting upto the conclusion of the 20th Annual General Meeting at the AGM held on August 14, 2019.

With the conclusion of their first term, the Board of Directors at its meeting held on 24th May 2024 has recommended to the shareholders, the re-appointment of M/s B S R & Co. LLP, Chartered Accountants holding Firm Registration No 101248W/W-100022 as Statutory Auditors of the Company for a second term of 5 (five) consecutive years from conclusion of 20th Annual General Meeting till the conclusion of the 25th Annual General Meeting.

M/s B S R & Co. LLP, Chartered Accountants, have consented to the said re-appointment and confirmed that their re-appointment, if made, would be within the limits specified under Section 141(3) of the Companies Act, 2013. They have further confirmed that they are not disqualified to be appointed as Statutory Auditor in terms of Section 139(1), 141(2) and 141(3) of the Companies Act, 2013 and also as per the provisions of the Companies (Audit and Auditors) Rules, 2014. They have confirmed that they hold a valid peer review certificate from the Institute of Chartered Accountants of India (ICAI), New Delhi.

B S R & Co. LLP has its presence in 14 cities in India with over 180 partners and an employee strength of over 4,400 professionals. The firm is engaged in audit, other assurance and taxation services. They are providing their services to several leading Companies in India.

The remuneration (exclusive of applicable taxes and reimbursement of out-of-pocket expenses) payable to the Statutory Auditors shall be fixed by the Board of Directors of the Company from time to time in consultation with the Statutory Auditors of the Company and based on the recommendations of the Audit Committee..

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

Item No. 5

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

Based on the recommendation of the Audit Committee, the Board at its meeting held on 24th May 2024, considered, and approved the re-appointment of M/s. A.N. Raman & Associates, as Cost Auditor for the financial year 2024-25 at a remuneration of Rs. 600,000/- plus applicable taxes and reimbursement of out-of-pocket expenses at actuals,

subject to ratification by the Shareholders of the Company. The remuneration payable to M/s. A.N Raman & Associates, requires to be ratified by the Members at the forthcoming Annual General Meeting. Hence, the resolution is being proposed as Item No. 5 of the Notice.

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

Item No. 6

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Mr. Akash Passey (DIN: 01198068) as an Additional Director in the capacity of Non-executive Non-Independent Director and Chairperson of the Board w.e.f. 22nd May 2024, in terms of Section 161 of the Companies Act, 2013, Mr. Akash Passey holds office upto the date of this Annual General Meeting.

The Company has received the following disclosures / declaration / details / confirmations from Mr. Akash Passey:

- a) Consent to act as a Director of the Company in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ('Appointment Rules').
- b) Notice of interest in Form MBP-1 disclosing concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals.
- c) Intimation in Form DIR-8 confirming that he is not disqualified for appointment as a Director of the Company under sub-section (2) of Section 164 of the Act.
- d) Details of Committee Memberships/Chairmanships in other Companies.
- e) Waiver letter for sitting fees.

The Company has also received a Notice from a Member under Section 160 of the Act, 2013, proposing the candidature of Mr. Akash Passey, for the office of Director of the Company.

Except Mr. Akash Passey, none of the Directors or any Key Managerial Personnel or their relatives is, in anyway, concerned or interested, financially or otherwise in the above resolution as set out in item no.6 of this notice.



The Board recommends that, this ordinary resolution be approved by the Members.

Additional Information on Director recommended for Appointment as Required Under Regulation 36 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 and applicable Secretarial Standards:

Profile of Mr. Akash Passey

Mr. Akash Passey is the President and Head of ZF Group in Region India, a leading global technology company that supplies systems for passenger cars, commercial vehicles, and industrial technology. The company is a global leader in driveline and chassis technology and is operating in 32 countries with a sale of 43.8 billion Euros employing 1,65,000 employees worldwide.

As seasoned Industry leader, Mr. Akash has had a distinguished career spanning over three decades in the automotive industry. Prior to his role at ZF, he has been the Senior Vice President at Volvo Bus Corporation, contributing significantly as a key member of the Volvo Bus Executive Management team. He was responsible for overseeing business performance for the International Region, which includes the Asia Pacific, Africa/Middle East, China, CIS countries, and India.

Throughout his career, Mr. Akash has held influential positions within Volvo, including serving as a Board member of Sunwin Buses in China and as the Managing Director & CEO of Volvo Buses South Asia. In the latter role, he spearheaded operations in the SAARC region and played a fundamental role in establishing Volvo Bus as a prominent brand in India in 2001.

Mr. Akash has contributed heavily as a Senior Executive Advisor to the Swedish India Business Council (SIBC) in Stockholm, where he contributed his insights and expertise to foster business relationships between Sweden and India. Mr. Akash has always valued innovative transportation solutions and collaboration with talented global teams as a few of the most rewarding aspects of his career.

In his current role, he oversees management and expansion of ZF Group's business in India, streamlining strategy, developing operations, and talent management. His expertise will contribute to building a clearly visible ZF Group brand value and to align various divisions on a robust long-term business growth path. Mr. Akash Passey holds Bachelor of Engineering, in Industrial Production Engineering from University of Bangalore, India.

Mr. Akash Passey	
Age	: 56
DIN	: 01198068
Inter-se relationships with Directors and Key Managerial Personnel	: None
Key terms and conditions of appointment	: As per the resolution set out at Item No.6 of this Notice read with statement pursuant to Section 102 of the Act.
Date of first appointment on Board	: 22 nd May 2024
Details of remuneration last drawn (FY 2023-24)	: Not applicable
No. of Board Meetings attended during FY 2024-25 (upto the date of this Notice)	: One
Remuneration proposed to be paid	: Not applicable
Shareholding in the Company including shareholding as a beneficial owner as on date of Notice	: Nil
Directorships in other Companies (including Listed entities in which the person also holds the directorship)	: <u>Private companies:</u> Somic ZF Components Private Limited ZF Wind Power Coimbatore Private Limited ZF India Private Limited
Membership/Chairmanship of Committees in other Companies	: ZF India Private Limited Member of Corporate Social Responsibility Committee ZF Wind Power Coimbatore Private Limited Member of Corporate Social Responsibility Committee
Listed entities from which the Director has resigned in the past three years	: Nil
Skills and capabilities required for the role and the manner in which he meets such requirements	: Not applicable

Item No. 7

Based on the recommendation of Nomination and Remuneration Committee (NRC), the Board of Directors considered the appointment of Mr. Neeraj Sagar (DIN: 09475452) as Non-Executive Independent Director of the Company w.e.f. May 22, 2024, to May 21, 2029, in terms of Sections 149 (read with Schedule IV), 152, 160, 161 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 since he fulfills the criteria with respect to qualification, positive attributes and is a person of integrity and possesses relevant expertise and experience and satisfies the criteria of Independence for being appointed as an Independent Director.

The Company has received the following disclosures / declaration / details / confirmations from Mr. Neeraj Sagar:

- a) Consent to act as a Director of the Company in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ('Appointment Rules').
- b) Notice of interest in Form MBP-1 disclosing concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals.
- c) Intimation in Form DIR-8 confirming that he is not disqualified for appointment as a Director of the Company under sub-section (2) of Section 164 of the Act.
- d) Details of Committee Memberships/Chairmanships in other Companies.
- e) Declaration that he fulfil the criteria of independence under section 149(6) of the Companies Act, 2013 and Listing Regulations and that he is not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence; and
- f) Registration with the Independent Director's repository maintained by the Indian Institute of Corporate Affairs;

A copy of the draft letter of appointment of Mr. Neeraj Sagar, as an Independent Director setting out the terms and conditions is available for inspection without any fee for the

members, at the Company's registered office during normal business hours on working days. The Company has also received a Notice from a Member under Section 160 of the Act, 2013, proposing the candidature of Mr. Neeraj Sagar, for the office of Director of the Company.

Mr. Neeraj Sagar possess requisite skills, experience, knowledge and capabilities as identified by NRC and required for the role of an Independent Director of the Company and his appointment would be beneficial to the Company.

Except Mr. Neeraj Sagar, none of the Directors or any Key Managerial Personnel or their relatives is, in anyway, concerned or interested, financially or otherwise in the above resolution as set out in item no.7 of this notice.

The Board recommends that, this special resolution set forth in this notice for the approval of Members.

Additional information on Director recommended for appointment as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable secretarial standards:-

Profile of Mr. Neeraj Sagar

Mr. Neeraj Sagar founded Wisdom Circle (Cognity Life Inc.) in early 2022. The company is building a global technology platform that connects senior experienced professionals, with meaningful work opportunities that leverage their lifetime of wisdom and experience.

Prior to venturing out on his own, Mr. Neeraj was a senior partner at Egon Zehnder, a reputed global search firm, where he led its Industrial Practice (including Automotive) in the Asia-Pacific, Middle East and Africa regions. Besides leading the firm's Family Business Advisory practice in India, Mr. Neeraj was also a trusted advisor on corporate governance.

Before joining Egon Zehnder, Mr. Neeraj worked for McKinsey & Company in Singapore and the Boston Consulting Group in Chicago. Previously, he was with Schlumberger in Nigeria, the U.K., and the U.S. He began his career as a Plant Operations and Commissioning Engineer at Engineers India (EIL) in New Delhi.

Mr. Neeraj has an MBA from the University of Chicago, an MS in engineering from Stanford University, and a bachelor's degree in engineering from TKIET in India.

He is on the Boards of Brainbees (FirstCry) and Globalbees. He is also the co-president of Stanford Angels and Entrepreneurs in India and also Advisor to ChrysCapital.



Mr. Neeraj Sagar

Age	: 52
DIN	: 09475452
Inter-se relationships with Directors and Key Managerial Personnel	: None
Key terms and conditions of appointment	: As per the resolution set out at Item No.7 of this Notice read with statement pursuant to Section 102 of the Act.
Date of first appointment on Board	: 22 nd May 2024
Details of remuneration last drawn (FY 2023-24)	: Not applicable
No. of Board Meetings attended during FY 2024-25 (upto the date of this Notice)	: One
Remuneration proposed to be paid	: Mr. Neeraj Sagar would be entitled to receive sitting fees for attending Board / Committee meetings and reimbursement of travelling and stay expenses, and a profit related commission based on the performance of the Company and performance evaluation of him, by the Board of Directors, subject to the overall ceiling of 1% of the net profits of the Company for all the Independent Directors put together, calculated in terms of the applicable provisions of the Act.
Shareholding in the Company including shareholding as a beneficial owner as on date of Notice	: Nil
Directorships in other Companies (including Listed entities in which the person also holds the directorship)	: <u>Public company:</u> Brainbees Solutions Limited <u>Private company:</u> Globalbees Brands Private Limited Cognity Life India Private Limited
Membership/Chairmanship of Committees in other Companies	: Member of Audit committee and Corporate social responsibility committee of Brainbees solutions limited. Chairperson of Nomination and Remuneration committee of Brainbees solutions limited.
Listed entities from which the Director has resigned in the past three years	: Nil
Skills and capabilities required for the role and the manner in which he meets such requirements	: In the opinion of the Board, Mr. Neeraj Sagar fulfils the conditions for independence specified in the Act, the Rules made thereunder and the Listing Regulations. The NRC and Board reviewed and considered that Mr. Neeraj Sagar's skills, knowledge, background, and experience are aligned to the role, expertise and capabilities as identified by the NRC and that Mr. Neeraj Sagar would be the suitable candidature for appointment as an Independent Director. The Board was satisfied that the appointment of Mr. Neeraj is justified due to the following reasons: – Mr. Neeraj Sagar has extensive experience and educational background including cross country experience. – His unique leadership strengths at the intersection of business growth, corporate governance, and technology. – His experience of serving on the various associations / firms which aims and promote corporate governance and growth platforms.

Item No. 8

Independent Directors of the Company bring with them significant professional expertise and rich experience in diverse fields such as technology, engineering, corporate strategy, management, finance, audit, legal and compliance. The Board is of the view that adequate compensation be given to the Non-Executive Independent Directors in recognition for their time and efforts.

The shareholders have approved the payment of commission within the overall limits so as not to exceed in aggregate 1% of the net profits of the Company in each financial year calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, for a period of five years commencing from 1st April 2019 by way of an ordinary resolution at the 15th Annual General Meeting held on 14th August 2019 for a period of five years i.e. from 1st April 2019 to 31st March 2024. In view of Sections 149, 197 and any other relevant provisions of the Companies Act, 2013 and Regulation 17 of Listing Regulations and taking into account the roles and responsibilities of the Independent Directors, it is proposed that the Non-Executive Independent Directors together, be paid for each of the five financial years of the Company commencing from 1st April 2024, commission not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 2013. This commission will be distributed amongst all or some of the Non-Executive Independent Directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Companies Act, 2013. This remuneration shall be in addition to fee payable to the Directors for attending the meetings of the Board or Committee thereof, and reimbursement of expenses for participation in the Board and other meetings.

The Board of Directors at their meeting held on 24th May 2024 have recommended to the shareholders for payment of remuneration to Non-Executive Independent Directors upto a sum not exceeding 1% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013 for each of the five financial years commencing from 1st April 2024. Accordingly, fresh approval of the shareholders is sought by way of an ordinary resolution under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of commission to the Non-Executive Independent Directors of the Company, for a period of five years commencing from 1st April 2024.

Except Non-Executive Independent Directors, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8 of this Notice to the extent of the remuneration that may be received by them.

The Board recommends the resolution set out in Item No. 8 for the approval of the Members.

By order of the Board

Chennai
24th May 2024

MUTHULAKSHMI M
Company Secretary

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



Notes:

1. Pursuant to the various Circulars issued by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India ("SEBI") and in compliance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), physical attendance of the Members at the AGM venue is not required, and AGM can be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Hence, Members can attend and participate at the ensuing AGM through VC / OAVM.
2. The statement of material facts pursuant to Section 102 of the Companies Act, 2013, with respect to the special business to be transacted at the twentieth AGM, as set out in the notice convening the meeting, is annexed hereto.
3. A Member entitled to attend and vote at the AGM is entitled to appoint a Proxy to attend and vote on his / her behalf and the Proxy need not be a Member of the Company. Since this AGM is being held through VC / OAVM, pursuant to the applicable MCA and SEBI Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, Bodies Corporates are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-Voting.
4. Members holding shares as on the "cut-off date" viz., 15th July 2024 are eligible for voting through electronic voting system. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
5. Voting rights of shareholders shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date of 15th July 2024.
6. The Remote e-Voting period commences on 18th July 2024 (9:00 hrs. IST) and ends on 21st July 2024 (17:00 hrs. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 15th July 2024, may cast their vote electronically. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. At the end of Remote e-voting period, the facility shall forthwith be blocked.
7. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 15th July 2024 may obtain the login ID and password by sending an e-mail to evoting@nsdl.co.in by mentioning his Folio No. /DP ID and Client ID No.
8. A member may participate in the meeting even after exercising his right to vote through remote e-Voting but shall not be allowed to vote again at the meeting.
9. Members as on the cut-off date viz. 15th July 2024, can join the AGM through the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. Large Shareholders (Shareholders holding 2% or more of the total number of shares), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. are allowed to attend the AGM without any restriction.
10. Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
11. Pursuant to the provisions of Section 108 of the Companies Act, 2013. read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Regulations, and the Circulars issued by the MCA, the Company is providing facility of remote e-Voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting at the meeting will be provided by NSDL.
12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
13. In line with the MCA Circular on holding the AGM in electronic mode, the Notice calling the AGM has been uploaded on the website of the Company at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the Notice is also

available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

14. Members may also note that the Annual Report and the notice of the AGM will also be available on the Company's website viz., https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html for download. Electronic copy of the Annual Report and the notice of the AGM inter-alia indicating the process and manner of e-Voting are being sent to all the Members whose e-mail IDs are registered with the Company / DPs for communication purposes.
15. Under Section 124 read with Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund Authority (IEPF), Ministry of Corporate Affairs. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on Corporate Governance forming part of the Annual Report.

An amount of ₹ 4,47,648/- (Rupees Four Lakhs Forty-Seven Thousand Six Hundred and Forty-Eight only) being unclaimed/unpaid dividend of the Company for the financial year ended 31st March 2016 was transferred in September 2023 to IEPF.

The Company paid to IEPF an amount of ₹ 6,20,381/- (Rupees Six Lakhs Twenty Thousand Three Hundred and Eighty-One only) on 26th August 2023, towards dividend for the financial year ended 31st March 2023 on such Shares which were transferred to IEPF.

The Company have transferred 3,170 shares to the Investor Education and Protection Fund Authority (IEPF) in the month of September 2023. In terms of Rule 5 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the Company has uploaded the information in respect of the Unclaimed Dividends as on 31st March 2023 on the website of IEPF viz., www.iepf.gov.in and under "investor section" on the website of the Company viz https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. A separate reminder was also sent to those members having unclaimed dividends since 2016-17. Members who have not encashed their dividend warrants are advised to surrender the un-encashed

warrants immediately to the Company or the Share Transfer Agent and to claim the dividends.

16. Section 124(6) was notified on 5th September 2016 along with the relevant rules therein on 5th September 2016 which mandates that all shares in respect of which dividend is remaining unpaid or unclaimed by the shareholder for a continuous period of seven years shall be transferred by the Company to the Investor Education and Protection Fund in the manner prescribed. In this regard, the Company had sent reminders to these shareholders as prescribed in the rules. Subsequently, eligible shares were transferred to the demat account of the IEPF Authority as per the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2016 issued on 13th October 2017. Shareholders can claim from IEPF Authority both unclaimed dividend amount and the shares transferred to the demat account of the IEPF Authority by filing application to the IEPF Authority in Web Form IEPF - 5 and submitting the same along with relevant documents to the Company. Required instructions in this regard for claiming the shares are available on the [website www.iepf.gov.in](http://www.iepf.gov.in).
17. Shareholders are requested to note that SEBI has mandated that, the Company cannot process any request for transfer of shares received in physical mode. Adequate communications in this regard have already been sent to the shareholders holding shares in physical mode. Hence it is requested that all shareholders holding shares in physical mode shall demat their shares to avoid any issues in future. RTA will intimate the Shareholder/claimant about its execution / issuance of new certificate as may be applicable, by way of issuing Letter of Confirmation. In case of non-receipt of demat request from the shareholder/claimant within 120 days from the date of Letter of Confirmation, the shares will be credited to Suspense Escrow Demat Account of the Company. Further in accordance with the circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 issued by SEBI on January 25, 2022, listed companies shall henceforth issue the securities in dematerialized form only (vide Gazette Notification no. SEBI/LADNRO/GN/2022/66 dated January 24, 2022) while processing the service requests such as Issue of duplicate securities certificate, Claim from Unclaimed Suspense Account, Renewal / Exchange of securities certificate, Endorsement, Sub-division / Splitting of securities certifications, Consolidation of securities certifications, folios, Transmission and Transposition.
18. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the



Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

19. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023, and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023, read with Master Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 (updated as on August 11, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market. Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (smartodr.in/login).
20. In accordance with the circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 issued by SEBI on 16th March 2023, SEBI has introduced common and simplified norms for furnishing PAN, KYC details and Nomination. Accordingly, the RTA shall not process any service requests or complaints received from the holder(s) /claimant(s), till PAN, KYC and Nomination documents/details are updated. The Company has sent individual letters to all the Members holding shares of the Company in physical form for furnishing the aforesaid details. Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html
21. Required details of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice as per Listing Regulations. The Directors have furnished requisite consent and declaration for their appointment.
22. Since AGM has been held through VC/OAVM in compliance with MCA Circulars and SEBI Circulars, route map of the venue of AGM is not annexed herewith and the venue of AGM shall be deemed to be the Registered Office of the Company.

23. In accordance with the various circulars from MCA, Notice of AGM and Annual Report are being sent only in electronic mode to those Members whose e-mail addresses are registered with the Company or RTA or the Depository Participant(s). For any communication in this regard, including the requirement of physical copy of Annual Report, members may send their request letters to cvcs.info.india@zf.com / einward@integratedindia.in
24. Voting through electronic means
 - I. In compliance with provisions of Section 108 and other applicable provisions of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) amendment Rules, 2015 and Regulation 44 of the Listing Regulations, the Company is pleased to provide members facility to exercise their right to vote at the 20th Annual General Meeting (AGM) through electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).
 - II. Remote e-Voting means the facility of casting votes by a member using an electronic voting system.

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


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

Step 1: Access to NSDL e-Voting system

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in DEMAT mode with NSDL	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e- Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e- Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are 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. 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 held with NSDL), Password/OTP and a Verification Code as shown on the screen After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e., NSDL and you will be redirected to e- Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile app "NSDL Speed-e" facility by scanning the QR code below for seamless voting experience.
<p>NSDL Mobile App is available on</p>   	
Individual Shareholders holding securities in DEMAT mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi/Easiest can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easy username and password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. If the user is not registered for Easi/ Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers
Individual Shareholders (holding securities in DEMAT mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e., NSDL and you will be redirected to e- Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.



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

Login type	Helpdesk details
Individual Shareholders holding securities in DEMAT mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in DEMAT mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B. Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile
2. Once the home page of e-Voting system is launched click on the icon “Login” which is available under Shareholder/ Member’ section
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the company. For example, if folio number is 001*** and EVEN is 128888 then user ID is 128888001***

5. Password details for shareholders other than Individual shareholders are given below:
- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email IDs are not registered.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name, and your registered address etc.,
 - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.
- Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**
- How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**
- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
 - Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC / OAVM" link placed under "Join Meeting".
 - Now you are ready for e-Voting as the Voting page opens.
 - Cast your vote by selecting appropriate options i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
 - Upon confirmation, the message "Vote cast successfully" will be displayed.
 - You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 - Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- General Guidelines for shareholders**
- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to skco.cs@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc.



by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

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

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by email to cvcs.info.india@zf.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16 digit benefi ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to cvcs.info.india@zf.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively, shareholders/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

In terms of SEBI circular dated December 9, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed

to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID in their demat account in order to access e-Voting facility.

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

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

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

- a. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- b. Members are encouraged to join the Meeting through Laptops for better experience.
- c. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

- d. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- e. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name, demat account number / folio number, email ID, mobile number at cvcs.info.india@zf.com / einward@integratedindia.in at least 48 hours in advance before the start of the meeting i.e. by 20th July 2024 by 14:30 hrs. (IST). The same will be replied by the Company suitably.
- f. Only those members who register themselves as a speaker will be allowed to speak at the meeting.
- g. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID / folio number and mobile number, to reach the Company's e-mail-ID at cvcs.info.india@zf.com / einward@integratedindia.in at least 48 hours in advance before the start of the meeting. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
25. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential Login to the e-Voting website. The e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
26. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to participate in the meeting, avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
27. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
28. Mr. K Sriram, Practicing Company Secretary, (Membership No. F6312 CP No.2215), Chennai has been appointed as the Scrutinizer to scrutinize the e-Voting process (both remote e-Voting prior to the AGM and the remote e-Voting at the AGM) in a fair and transparent manner.
29. The Scrutinizer shall after the conclusion of the voting at the Annual General Meeting, unblock the votes cast through remote e-Voting prior to as well as during the AGM and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such report shall then be sent within 2 (two) working days from the conclusion of the AGM to the Chairman or a person authorized by him in this regard, who shall then countersign the report and declare the result of the voting forthwith.
- The results declared along with the Scrutinizer's Report shall be placed on the Company's website https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of results by the Chairman or a person authorized by him and simultaneously communicated to the stock exchanges where the shares of the Company are listed.
30. Pursuant to the Circulars issued by MCA and SEBI, owing to the difficulties involved in dispatching of physical copies of the Notice of the Twentieth AGM and the Annual Report for the financial year ended 31st March 2024, only soft copies of the said documents are being sent by email to the Members. Therefore, those members, whose e-mail address is not registered with the Company or with their respective Depository Participants, and who wish to receive the Notice of the AGM and the Annual Report and other communications from the Company, can get their e-mail address registered by following the steps as given below: -
- a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, e-mail address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAAR) supporting the registered address of the Member, by e-mail to the Company's e-mail address cvcs.info.india@zf.com / einward@integratedindia.in



- b) For Members holding shares in demat form, please update your email address through your respective Depository Participant(s).
31. In terms of Regulation 36(3) of the Listing Regulations, a brief profile of the directors, whose appointment and re-appointment is proposed to be approved in this AGM, the nature of their expertise in specific functional areas, other directorships and committee memberships in listed entities, shareholding, and relationship with other directors of the Company are also furnished herein.
32. In terms of Regulation 36(5) of the Listing Regulations, Proposed fees payable to the statutory auditor(s), Basis

of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed are also furnished herein.

By order of the Board

Chennai
24th May 2024

MUTHULAKSHMI M
Company Secretary

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

Board's Report to the Shareholders

The Directors have pleasure in presenting Integrated Annual Report of **ZF Commercial Vehicle Control Systems India Limited** ('the Company') together with the audited financial statements (standalone & consolidated) and auditors' report thereon for the financial year ended 31st March 2024.

1. Financial Highlights

Particulars	(₹ in lakhs)			
	Standalone		Consolidated	
	Year ended 31.03.2024	Year ended 31.03.2023	Year ended 31.03.2024	Year ended 31.03.2023*
Revenue from Operations	3,78,370.85	3,44,458.60	3,81,564.74	3,44,424.53
Other Income	9,577.37	6,701.31	9,481.61	6,698.21
Total Income	3,87,948.22	3,51,159.91	3,91,046.35	3,51,122.74
Profit before interest depreciation and tax	65,891.45	53,731.74	66,123.85	53,733.88
Finance Costs	500.91	566.54	500.91	566.54
Depreciation	10,948.78	10,476.38	10,979.88	10,477.68
Profit before tax	54,441.76	42,688.82	54,643.06	42,689.66
Provision for taxation (including deferred tax and tax relating to earlier years)	13,963.82	10,921.48	13,998.41	10,922.48
Profit after tax	40,477.94	31,767.34	40,644.65	31,767.18
Other Comprehensive Income / (Loss) for the year net of tax	(58.63)	12.69	(58.63)	12.69
Total Comprehensive Income for the year Net of Tax	40,419.31	31,780.03	40,586.02	31,779.87

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

2. Dividend

Based on the Company's performance, the Board of Directors has recommended a dividend of Rs. 17/- per equity share for the year ended 31st March 2024. The dividend on equity shares if approved by the members would involve a cash outflow of ₹ 3224.49/- lakhs and a dividend payout ratio of 7.97 % of the standalone profits of the Company.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is available on the Company's website at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

Transfer of Unclaimed Dividend to IEPF:

Dividends that are unclaimed/unpaid for a period of seven years are required to be transferred to the Investor Education and Protection Fund ("IEPF") administered by the Central Government, as per Companies Act 2013 ("the Act"). An amount of Rs. 4,47,648 /- (Rupees Four Lakhs

Forty-Seven Thousand Six Hundred and Forty-Eight only) being unclaimed Final dividend of the Company for the financial year ended 31st March, 2016 was transferred in September, 2023 to IEPF.

Transfer to reserves

The closing balance of the retained earnings of the Company for financial year 2023-24, after all appropriation and adjustments was ₹ 2,531.35 crores.

The Board of Directors has decided to retain the entire amount of profit for the FY 2023-24 in the retained earnings.

3. Performance

During the year 2023-24, the Company achieved highest ever total income of ₹ 3,879 crores as against ₹ 3,512 crores in the previous year. The profit before tax was ₹ 544 crores as against ₹ 427 crores in the previous year and the Profit after tax was ₹ 405 crores as against ₹ 318 crores in the previous year. There has been no change in the nature of business of the Company during the financial year ended 31st March 2024.



4. Capital Expenditure

Capital expenditure of ₹ 185.31 Crores was incurred during the year 2023-24 as against the revised estimate of ₹ 215 Crores. Capital Expenditure of ₹ 200 Crores is planned for the year 2024-25.

5. Directors and Key Managerial Personnel

As on March 31, 2024, the Company had seven Directors with an optimum combination of Executive and Non-Executive Directors including two women Directors. The Board comprises of six Non-Executive Directors, out of which four are Independent Directors.

During the year, the Members approved the following appointment and re-appointment of Directors:

- » Appointment of Ms. Amrita Verma Chowdhury (DIN 02178520) as an Independent Director of the Company for a term of five years from 27th October 2023 to 26th October 2028.
- » Appointment of Ms. Rashmi Urdhwareshe (DIN 08668140) as an Independent Director of the Company for a term of five years from 20th March 2024 to 19th March 2029.
- » Re-appointment of Mr. P Kaniappan (DIN 02696192) as Managing Director of the Company for a further period from 17th June 2024 to 31st December 2024.

During the year, Dr. Lakshmi Venu (DIN: 02702020), an Independent Director of the Company has resigned from the Board with effect from close of business hours on 30th October 2023 (i.e., 31st October 2023). The Board places on record its deep sense of appreciation for her guidance and invaluable contributions.

Mr. Akash Passey (DIN 01198068) has been appointed as an Additional Director in the capacity of a Non-Executive Non-Independent Director and Chairman of the Company with effect from May 22, 2024 subject to the approval of the shareholders. A resolution seeking Shareholders' approval for his appointment along with other required details forms part of the Notice of upcoming Annual General Meeting (AGM).

Mr. Neeraj Sagar (DIN 09475452) has been appointed as a Non-Executive Independent Director of the Company for a term of five consecutive years from May 22, 2024 to May 21, 2029, subject to the approval of the shareholders. A resolution seeking Shareholders' approval for his appointment along with other required details forms part of the Notice of upcoming AGM.

Mr. M Lakshminarayan ceased from the Board as a Chairman and Independent Director of the Company with

effect from the close of business hours on 31st March 2024 due to the completion of his second term of five consecutive years as an Independent Director of the Company. The Board expressed its deep sense of appreciation for Mr. M Lakshminarayan's leadership and acknowledges his immense efforts and contributions towards his financial expertise and business decisions.

Retirement by rotation

Dr. Christian Oliver Brenneke (DIN 08344547), retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking Shareholders' approval for his re-appointment along with other required details forms part of the Notice of upcoming AGM.

Independent Directors

In terms of Section 149 of the Companies Act, 2013 (the Act) and SEBI Listing Regulations, Mr. Mahesh Chhabria, Ms. Amrita Verma Chowdhury, Ms. Rashmi Urdhwareshe and Mr. Neeraj Sagar are Independent Directors of the Company as on date of this report.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high integrity and repute. They fulfil the conditions specified in the applicable laws and are independent of the management of the Company.

All Independent Directors of the Company have given requisite declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act along with Rules framed thereunder, Regulation 16(1)(b) of SEBI Listing Regulations and have complied with the Code of Conduct of the Company as applicable to the Board of Directors and Senior Management.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses, if any.

In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Company has received confirmation from all the Independent Directors about their registration on the Independent Directors Database maintained by the Indian Institute of Corporate Affairs, in terms of Section

150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

A separate meeting of Independent Directors was held during the year as per the provisions of the Companies Act and SEBI Listing Regulations.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Key Managerial Personnel of the Company for the FY 2023-24 are as follows:-

Mr. P Kaniappan - Managing Director

*Mr. R S Rajagopal Sastry - Chief Financial Officer

**Ms. Sweta Agarwal - Chief Financial Officer

Ms. Muthulakshmi M - Company Secretary

*Mr. R S Rajagopal Sastry ceased to be the Chief Financial Officer of the Company with effect from close of business hours on 16th January 2024 consequent to his resignation.

** Ms. Sweta Agarwal has been appointed as Chief Financial Officer of the Company with effect from 10th January 2024.

6. Audit Committee and Auditors

6.1 Audit Committee

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report, which is a part of this report.

6.2 Statutory Auditor

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

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

The Auditors' report for the financial year 2023-24 does not contain any qualification, reservation or adverse remark

or disclaimer and the same is attached with the annual financial statements.

Due to the completion of first term of five consecutive years as statutory auditors, M/s. B S R & Co. LLP, Chartered Accountants, are proposed to be re-appointed as statutory auditors of the Company for a second term of five consecutive years from the conclusion of 20th Annual General Meeting until the conclusion of the 25th Annual General Meeting of the Company to be held in the year 2029.

6.3 Secretarial Auditor

M/s. S Krishnamurthy & Co., Company Secretaries have carried out Secretarial Audit under the provisions of Section 204 of the Act, for the financial year 2023-24 and submitted their report, which is annexed to this report as Annexure - 5. The said secretarial audit report does not contain any qualification, reservation or adverse remark or disclaimer.

The Board of Directors of the Company has on the recommendation of the Audit Committee, approved the re-appointment of M/s. S Krishnamurthy & Co., a firm of Company Secretaries in Practice (Firm Registration Number: P1994TN045300) as the Secretarial Auditors of the Company to conduct secretarial audit for the Financial Year 2024-25.

6.4 Cost Auditor

As per Section 148(1) of the Companies Act, 2013, the Company is required to have the audit of its cost records by a Cost Accountant. The Board of Directors of the Company has on the recommendation of the Audit Committee, approved the re-appointment of M/s. A. N Raman & Associates, Cost Accountants in Practice (Registration No. 102111) as the Cost Auditors of the Company to audit the cost records for relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014 for the year ending March 31, 2025. M/s. A. N Raman & Associates confirmed under Section 139(1) of the Act and the Rules framed thereunder and furnished a certificate of their eligibility and consent for appointment.

The Board on recommendations of the Audit Committee have approved the remuneration payable to the Cost Auditor, subject to ratification of their remuneration by the Shareholders at the upcoming AGM. The resolution approving the above proposal is being placed for approval of the Shareholders in the Notice for this AGM.

The cost accounts and records of the Company are duly prepared and maintained as required under Section 148(1) of Act.



The cost audit report for the year 2022-23 has been filed with the Ministry of Corporate Affairs in the prescribed form within due date. The cost audit report for the year 2023-24 will also be filed within the stipulated time.

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

7. Particulars of Loans, Guarantees or Investments

During the year under review, the Company has not made any investment nor Guarantee nor security to any person or other body corporate under Section 186 of the Act.

The Company had given Inter-Corporate Loan amounting to ₹ 10 Crores to M/s. ZF CV Control Systems Manufacturing India Private Limited (Wholly owned Subsidiary) during the Financial Year 2023-24.

8. Wholly Owned Subsidiary

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

The Share capital of the WoS is ₹ 100 Lakhs and it has commenced its commercial production in the previous financial year. The Wholly owned Subsidiary achieved highest ever total income of ₹ 3475.93 Lakhs as against ₹ 62.98 Lakhs in the previous year. The profit before tax was ₹ 201.52 Lakhs as against ₹ 2.60 Lakhs in the previous year and the Profit after tax was ₹ 166.93 as against ₹ 1.60 Lakhs in the previous year. There has been no change in the nature of business of the Company during the financial year ended 31st March 2024. Statement containing salient features of the financial statement of the Subsidiary is given in Annexure 3 to this report.

9. Annual Evaluation of the Board's Performance

The Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and Directors, including the Chairman of the Board as per the requirements as specified in the guidance note issued by the Securities Exchange Board of India (SEBI) and the provisions of the Companies Act, 2013. The performance

evaluation exercise was carried out through a structured evaluation process (by circulation of detailed evaluation matrix to all the Directors and was reviewed & confirmed by each Director) covering various aspects of the functioning of the Board and Committees such as their composition, experience & competencies, performance of specific duties & obligations, governance issues etc.

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

10. Vigil Mechanism / Whistle Blower Policy

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity, and ethical behaviour. In line with the ZF Code of Conduct ('CoC'), any actual or potential violation, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the CoC cannot be undermined. Hence, the Company has established a vigil mechanism through "ZF Commercial Vehicle Control Systems India Limited Whistle Blower Policy" to enable employees, trainees, Directors, and Vendors of the Company, to report genuine concerns, unethical behaviour, actual or suspected fraud, violation of Company's Insider Trading Code, any unlawful act or violation of the Company's Code of Conduct.

The mechanism provides for adequate safeguards against victimization of the whistle blower and direct access to the Chairman of the Audit Committee.

During this financial year, the Company received one whistle blower complaint. The allegations levelled in the complaint were not substantiated during the investigation.

11. Business Responsibility and Sustainability Reporting

As mandated by SEBI, the Company is publishing its Business Responsibility and Sustainability Reporting (BRSR) from the Financial Year 2021-22. For the year ended 31st March 2024, the Company is in 231st Position (BSE) as

per the market capitalization and hence as per the Listing Regulations, the Company has prepared the BRSR for the year ended March 31, 2024, as per the prescribed format which forms part of the annual report.

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

12. Statutory Statements

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

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

12.2 Corporate Social Responsibility (CSR)

The Company's CSR initiatives and activities are aligned to the requirements of Section 135 of the Act. A brief outline of the CSR policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure 2 of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. This Policy is available on the Company's website at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report.

12.3 Directors' Responsibility Statement

Pursuant to Section 134(3)(c) & 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2024 and of the profit of the Company for the year ended on that date;

- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis;
- The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

13. Disclosures Under Companies Act, 2013

13.1 Extract of the Annual Return:

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2024 is available on the Company's website at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

13.2 Number of Board Meetings:

The Board of Directors met five times during the year 2023-24. The details of the Board meetings and the attendance of the Directors is provided in the Corporate Governance Report which is part of this report.

13.3 Committees of Board of Directors:

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

13.4 Related Party Transactions:

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



As per regulation 23(4) of Listing Regulations, prior approval of shareholders through postal ballot was obtained for the material related party transactions for the year ended 31st March 2024 entered between the Company and M/S. ZF CV Systems Global GmbH & M/s. ZF CV Systems North America LLC, fellow subsidiaries of the Company, on 12.03.2023 and the actual transactions for the year ended 31st March 2024 with these two entities were enclosed as Annexure - 4 to this report.

Also, prior approval of shareholders for the proposed material related party transactions for the financial year 2024-25 between the Company and M/s. ZF CV Systems Global GmbH, fellow subsidiary of the company, was obtained through postal ballot on 09.03.2024.

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

13.5 Internal financial control systems and their adequacy:

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis Report, which is a part of this report.

13.6 Risk management:

The Board of Directors of the Company has a Risk Management Committee to frame, implement, monitor the risk management activities and review the Enterprise Risk Management framework of the Company. The Audit Committee has additional oversight in the area of financial risks and controls.

The development and implementation of risk management policy has been covered in the Management Discussion and Analysis Report, which forms part of this report.

15.1 The ratio of the remuneration of each Director to the median remuneration of the employees and percentage increase in remuneration of each Director, Managing Director, Chief Financial Officer and Company Secretary in the financial year and such other details as required are as given below:

Sl. No.	Name of the Directors/Key Managerial Personnel and Designation	Ratio (times) of remuneration to the employee's median remuneration	% increase / (decrease) in remuneration in the financial year
1.	Executive Directors and Key Managerial Personnel		
	Mr. P. Kaniappan, Managing Director	66.86	5.23
2.	Non-Executive Directors		
	Mr. M. Lakshminarayan, Independent Director	3.60	-1.76
	Mr. Mahesh Chhabria, Independent Director	4.10	-0.52

14. Policies

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

- 14.1.1** Code of Business conduct and ethics by the Board Members & Senior Management
- 14.1.2** Corporate Social Responsibility Policy
- 14.1.3** Related Party Transaction Policy
- 14.1.4** Nomination and Remuneration Policy
- 14.1.5** Whistle Blower Policy
- 14.1.6** Policy for Prohibition of Insider Trading
- 14.1.7** Policy on Criteria for Determining Materiality of Events
- 14.1.8** Dividend Distribution Policy
- 14.1.9** Corporate Governance Policy
- 14.1.10** Policy on Familiarisation of Independent Directors and Other Programs
- 14.1.11** Policy for determining Material Subsidiaries
- 14.1.12** Policy for Preservation and Archival of Documents

14.2 Company's policy on Directors' appointment and remuneration including criteria determining the qualification, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Act is provided in the Corporate Governance Report which is a part of this report and is also available on the Company's website at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

15. Particulars of Employees

The information under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl. No.	Name of the Directors/Key Managerial Personnel and Designation	Ratio (times) of remuneration to the employee's median remuneration	% increase / (decrease) in remuneration in the financial year
	Dr. Lakshmi Venu,@ Independent Director	1.61	-44.22
	Ms. Amrita Verma Chowdhury,@@ Independent Director	NA	NA
	Ms. Rashmi Urdhwareshe,# Independent Director	NA	NA
3.	Key Managerial Personnel		
	Ms. Sweta Agarwal,## Chief Financial Officer	NA	NA
	Mr. R.S Rajagopal Sastry,### Chief Financial Officer	NA	* 32.13
	Ms. M. Muthulakshmi, Company Secretary	NA	15.90

@ Resigned with effect from close of business hours on 30th October 2023

@@ Appointed on 27th October 2023

Appointed on 20th March 2024

Appointed on 10th January 2024

Resigned with effect from close of business hours on 16th January 2024.

* Remuneration includes full and final settlement and other statutory benefits.

Directors other than those mentioned above i.e. Non-Executive, Non-Independent Directors have not drawn any remuneration including Sitting Fees & Commission, for the financial year 2023-24.

Policy of the Company and based on the financial and non-financial parameters, to Mr. P. Kaniappan, Managing Director.

15.2 The percentage increase in the median remuneration of employees in the financial year: 25.69%

15.6 The remuneration of Directors and employees are as per the remuneration policy of the Company.

15.3 The number of permanent employees on the rolls of Company as on 31st March 2024: 2350.

15.7 The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, this report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary.

15.4 Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year is in the range of 9 to 11 %. Percentage increase in the managerial remuneration in the last financial year: 16.48%. There are no exceptional circumstances for increase in the managerial remuneration. With respect to the Managerial Personnel, variable component is paid in the form of incentive, as per the remuneration policy of the Company and based on the financial and non-financial parameters and based on their individual performance and the performance of the Company. The Board at its meeting dated 24th May 2024, approved the commission to be paid to Non-Executive Independent Directors as ₹ 30 Lakhs to Mr. M. Lakshminarayan, ₹ 35 Lakhs to Mr. Mahesh Chhabria, ₹ 14.55 Lakhs to Dr. Lakshmi Venu, ₹ 10.73 Lakhs to Ms. Amrita Verma Chowdhury and ₹ 0.82 Lakhs to Ms. Rashmi Urdhwareshe respectively.

15.5 The key parameters for any variable component of remuneration availed by the Directors: Independent Directors have been paid sitting fees for attending meetings of the Board and Committees and paid a profit related commission, but not exceeding 1% of the net profit of the Company for the financial year. No sitting fee and commission are paid to non-executive and non-independent Directors of the Company. However, variable component is paid in the form of incentive, as per the Remuneration

16. Corporate Governance

The Company has complied with the provisions of the Listing Regulations concerning corporate governance and a report to this effect is attached, as required under Schedule V of the Listing Regulations. The certificate issued by the auditors of the Company regarding compliance with the corporate governance requirements is also annexed to this report. The Managing Director (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board on financial statements and other matters in accordance with Regulation 17(8) of the Listing Regulations pertaining to CEO / CFO certification for the financial year ended 31st March 2024. Further, applicable Secretarial Standards have been complied with. The Management Discussion and Analysis Report, as required by the Listing Regulation and various disclosures required under the Act is also attached and forms part of this report.



17. Familiarization Programme for Independent Directors

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

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

18. Other Particulars

- » The Company has not accepted any deposits from the public within the meaning of Sections 76 of the Companies Act, 2013 for the year ended 31st March 2024.
- » There are no significant and material orders passed by regulators or courts or tribunals, which would impact the going concern status of the Company and its future operations.
- » The Company does not have any associate or joint venture during the financial year 2023-24, apart from one wholly owned subsidiary incorporated in the financial year 2021-22.
- » There was no Company which has become or ceased to be Company's subsidiary, Joint venture or associate during the financial year 2023-24.
- » The Company has not raised any funds during the year.
- » The Company has not taken any loan during the year and neither there are any outstanding loans as on 31st March 2024. Hence there were no instances of any one-time settlement, nor any valuation done in this regard.
- » The Company neither filed an application during the year under review nor there are any proceedings

pending against the Company under the Insolvency and Bankruptcy Code, 2016 as of March 31, 2024.

- » The Company has not transferred any amount to general reserves during the year ended 31st March 2024.
- » There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year 31st March 2024 and at the date of this report.
- » Disclosure Under THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013: The Company has adopted the Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. In compliance with the provisions under Section 4 of the aforesaid act, Internal Complaints Committee (ICC) of the Company has been constituted to redress complaints regarding sexual harassment. No complaint was received during the year 2023-24.

19. Integrated Report

The Company has voluntarily provided Integrated Report, which encompasses both financial and non-financial information to enable the Members to take well-informed decisions and have a better understanding of the Company's long-term perspective. The Report also touches upon aspects such as organization's strategy, governance framework, performance and prospects of value creation based on the six forms of capital viz. financial capital, intellectual capital, human capital, manufactured capital, social capital and natural capital.

Acknowledgement

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

For and on behalf of the Board

Chennai
24th May 2024

Sd/-
Akash Passey
Chairman
DIN: 01198068

Annexure – 1

A. Conservation of Energy

1. Measures taken

- i) Servo Motor for Grinding machine Spindles instead of VFD controlled Induction motors installed in 9 machines and Energy saved 196K units / annum.
- ii) Heat Pump for production washing machines instead of Electrical Heaters, implemented in 5 machines and Energy saved 72K units / annum.
- iii) Air Compressor Power reduced through Pneumatic Booster Circuit modification and Energy saved 120K units/ annum.
- iv) AHU power optimized through Electronically Commutated Fan and Energy Saved 18K units / annum.
- v) Air Conditioning Energy in Vacuum Pump and Wheel Speed Sensor Assembly reduced by 22% through Energy Efficient Duct-able A/C in Ambattur Site.
- vi) System upgradation done in conventional CNC machines 4nos with new Energy efficient motor and reduced 204K units per year.
- vii) Conventional 1000 CFM Dryer unit upgraded with energy efficient motor and Air End by that reduced 10% Air compressor energy.
- viii) CNC machines System upgradation with latest technologies done in 4 machines and energy consumption saved 198K units per year.

These measures resulted in substantial energy savings of about 10.29 lakhs units of power and cost resulting in Rs. 92.61 lakhs per annum.

2. Measures proposed

- i) Heat Pump for 15 washing machines instead of Electrical Heaters, expected Energy savings 216K units / annum.
- ii) AHU power optimization through Electronically Commutated Fan - 4 nos, expected Energy Savings 180K units / annum.
- iii) False ceiling based axial fan to improve circulation in assembly areas to reduce chiller working cycle expected saving 10% of HVAC energy.

- iv) Air Compressor Heat Recovery system installation for Powder Coating Degreasing process by shifting Air Compressor in Powder coating at Mahindra city site, expected energy savings 15K units / annum.
- v) Energy saving by changing high power motor to low power motor with same flow, expected energy savings 72K units / annum.
- vi) System upgradation in conventional CNC machines 6 nos with new energy efficient motors to reduce 412K units per year.
- vii) Energy Efficient Motors for Screw Type Air compressors to reduce energy by 10%.
- viii) Reduce Compressed Air consumption by balancing the Low & High Pressure and monitoring the Air Flow to reduce idle losses by that save energy 250K units / annum.
- ix) Provide IGBT based controlled heaters for Impregnation plant to reduce energy consumption by 15% from exiting.

These measures are expected to result in substantial energy savings of about 15.27 lakhs units of power & Cost Rs. 137.43 lakhs per annum.

B. Details relating to imported technology

Technology imported during the last 3 years reckoned from the beginning of the financial year 2023-24 – The Company has entered into a technology license agreement with ZF Group. Under the said agreement the Company receives access to latest technology and designs for the products manufactured by it.

C. Expenditure on R & D

	₹ in lakhs
Capital expenditure:	862.50
Recurring expenditure (including salaries)	4,969.70
	5,832.20

D. Technology Absorption

1. Efforts made towards technology absorption

- a. Advanced Driver Assist system (ADAS) – Collision Mitigation System



- b. Electronic Stability Control (ESC) – Hydraulic System
- c. e-Compressor 2.0 for Electric vehicles.
- d. Electronic Stability Control (ESC) – Pneumatic for Electric buses.
- e. Ecotronic mid for Ashok Leyland
- f. 430 dia Ecotronic AMT clutch.
- g. Optidrive 9S AMT VECV – Deep mining tipper PRO 8035
- h. Inhouse and Indigenized ASP/ASP Max cartridge.
- i. Indigenous Ice water splash test for product testing.
- d. Increased market share with localized products with advanced features
- e. Enhanced product performance and durability resulting in competitive advantage.
- f. Environment benefit by avoiding surface protection.
- g. Indigenous development of test rigs and accessories for advanced products
- h. Improved ride and handling performance
- i. New business and increased market share.
- j. Localized the product for optimized cost.

2. Benefits derived

- a. Meeting current and upcoming regulations
- b. Products with improved value to customers
- c. Advanced features to enhance the vehicle safety.

E. Foreign Exchange Earnings and Outgo

	₹ in lakhs
Foreign exchange inflow:	137,089.52
Foreign exchange outflow:	53,307.62

Annexure - 2

Annual Report on CSR Activities for the year ended 31st March 2024

1. Brief outline on CSR policy of the Company

The Company focuses on CSR activities as specified in Schedule VII of the Companies Act, 2013 and accordingly the projects have been identified and recommended by the CSR Committee and approved by the Board. The projects have been implemented and executed by the Company directly through the supervision of the internal executive committee except for ongoing projects pertaining to Financial Years 2020-21 & 2021-22 which was executed through WABCO Foundation.

2. Composition of the CSR committee

The CSR committee was constituted as per the provisions of Section 135 of the Companies Act, 2013 read with the Rules made thereunder and comprises the following members as on 31st March 2024:-

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

* Mr. M Lakshminarayan ceased to be the member of the Committee with effect from close of the business hours on 31st March 2024 since he ceased to be the Director of the Company from that date due to completion of his second term of five consecutive years as an Independent Director.

** Dr. Lakshmi Venu ceased to be the member of the Committee with effect from close of the business hours on 30th October 2023 consequent to the resignation from the Board from that date.

*** Ms. Amrita Verma Chowdhury was appointed as a member of the Committee with effect from 31st October 2023.

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

The Company has constituted CSR Committee and framed the CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is: https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

4. Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: NA

5.	a)	Average net profit of the Company as per section 135(5):	INR 25,926.29 Lakhs
	b)	Two percent of the average net profit of the Company as per Section 135(5)	INR 518.53 Lakhs
	c)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years –	NA
	d)	Amount required to be set off for the financial year, if any	NA
	e)	Total CSR obligation for the financial year (5b+5c-5d):	INR 518.53 Lakhs
6.	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):	INR 447.22 Lakhs
	(b)	Amount spent on administrative overheads:	INR 21.95 Lakhs.
	(c)	Amount spent on impact assessment, if applicable:	NIL
	(d)	Total amount spent for the financial year (6a+6b+6c):	INR 469.17 Lakhs.
	(e)	CSR amount spent or unspent for the financial year: -	



Total amount spent for the financial year	Amount unspent (in INR Lakhs)					
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)			
	Amount		Date of transfer	Name of the fund	Amount	Date of transfer
469.17	59.00		04/04/2024		NA	

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

Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project.	Project duration	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of implementation - Direct (Yes/No)	Mode of implementation - through implementing agency	
										Name	CSR Registration Number
1	Construction and Infrastructure development of Activity hall, library & computer lab for Kasturba Gandhi Balika Awaseey Vidhyalaya	Item (ii) promoting education	Yes	Barabanki (Lucknow)	36 months	59.00	0	59.00	Yes		NA
Total						59.00	0	59.00			

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

Sl. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the projects/ programs	Mode of implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency	
							Name	CSR Registration Number
1	Installation of solar streetlights							
a.	Solar streetlights Single arm	Item (iv) environmental sustainability	Yes	Lucknow	24.86	Yes		NA
b.	Solar Light facility Double arm at the Women Polytechnic college	Item (iv) environmental sustainability	Yes	Jamshedpur	14.92	Yes		NA
c.	Solar Street light Single arm facility near Ramchandrapur & Uperbera	Item (iv) environmental sustainability	Yes	Jamshedpur	15.15	Yes		NA
d.	solar based streetlights at SIDCO Industrial estate and nearby Attipattu main road	Item (iv) environmental sustainability	Yes	Ambattur	7.04	Yes		NA
e.	High Mast solar lights at Ambattur	Item (iv) environmental sustainability	Yes	Ambattur	13.92	Yes		NA
f.	Solar street lights at TANSIDCO Industrial Estate Construction of workers' hostel	Item (iv) environmental sustainability	Yes	Ambattur	6.46	Yes		NA
g.	High Mast and solar lights at Govt. Women's Polytechnic chowk & Thana Gamharia	Item (iv) environmental sustainability	Yes	Jamshedpur	17.90	Yes		NA
2	Installation of High Mast Lights							
	High mast light	Item (iv) environmental sustainability	Yes	Lucknow	9.20	Yes		NA

Sl. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the projects/ programs	Mode of implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency	
							Name	CSR Registration Number
3	Infrastructure support to Schools & College							
	a. Women's Polytechnic College - solar power facility	Item (iv) environmental sustainability	Yes	Jamshedpur	23.71	Yes		NA
	b. Government High School, Arikkambedu – solar power facility	Item (iv) environmental sustainability	Yes	Ambattur	11.87	Yes		NA
	c. Primary school - Toilets for kids and building infrastructure improvement	Item (i) promotion of sanitation Item (ii) promoting education	Yes	Lucknow	22.82	Yes		NA
	d. Solar Powered Corridor lamps at Govt. Higher Secondary School, Athipet	Item (iv) environmental sustainability	Yes	Chennai	9.89	Yes		NA
4	Installation of Solar traffic signal and blinker lights							
	a. LED traffic signal at Avadi	Item (iv) environmental sustainability	Yes	Avadi	12.24	Yes		NA
	b. Blinker Lights at Ambattur	Item (iv) environmental sustainability	Yes	Ambattur	6.49	Yes		NA
5	Hospital infrastructure development and supply of medical equipment to Medical College							
	a. Hot and cold-water dispenser Facility at District Sadar Hospital	Item (i) making available safe drinking water	Yes	Jamshedpur	0.93	Yes		NA
	b. Oxygen plant Annual Maintenance Contract	Item (i) promoting health care including preventive health care	Yes	Chennai	11.33	Yes		NA
	c. Upgradation of Urban Primary Health Centres – medical equipment support	Item (i) promoting health care including preventive health care	Yes	Chennai	17.5	Yes		NA
	d. Supply and installation of Medical Equipment to Government Medical College Hospital	Item (i) promoting health care including preventive health care	Yes	Namakkal	67.03	Yes		NA
6	Supply of computers and smart TV to Govt Polytechnic, ITI and primary school							
	a. Computers to Computer and soldering labs of Govt Polytechnic	Item (ii) employment enhancing vocation skills	Yes	Lucknow	17.82	Yes		NA
	b. Supply of Computers and advanced fitter and welding lab for Govt ITI	Item (ii) employment enhancing vocation skills	Yes	Lucknow	17.58	Yes		NA
	c. Smart TV to upper primary school	Item (i) promoting education including special education	Yes	Lucknow	0.64	Yes		NA
7	Road Safety training programs for drivers and technicians							
	a. Installation of braking system working model and training to the drivers	Item (ii) employment enhancing vocation skills	Yes	PAN INDIA	36.03	Yes		NA
	b. TSC equipment to STUs regional workshop	Item (ii) employment enhancing vocation skills	Yes	PAN INDIA	43.22	Yes		NA



Sl. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the projects/ programs	Mode of implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency	
							Name	CSR Registration Number
8	Ecology Restoration							
	a. fencing at ECO Park	Item (iv) environmental sustainability	Yes	Chennai	8.61	Yes		NA
	b. Re-plantation of Michaung cyclone damaged trees at Proving Ground, Chennai	Item (iv) environmental sustainability	Yes	Chennai	3.46	Yes		NA
	c. Desilting of rainwater pond, stone pitching, handrail at Mini Eco Park, Test Track, Meppadu	Item (iv) environmental sustainability	Yes	Chennai	8.12	Yes		NA
9	Distribution of flood relief necessities	Item (i) eradicating hunger, poverty and malnutrition	Yes	Chennai	18.48	Yes		NA
Total					447.22			

(f) Excess amount for set off, if any: -

Sl. No	Particular	Amount (in INR)
(i)	Two percent of average net profit of the Company as per section 135(5)	518.53 Lakhs
(ii)	Total amount spent for the financial year	528.17 Lakhs*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	9.64 Lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	9.64 Lakhs

* includes an ongoing project of INR 59 Lakhs transferred to separate unspent CSR account

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Preceding financial year	Amount transferred to Unspent CSR Account under section 135 (6)	Balance Amount in Unspent CSR Account under subsection (6) of section 135	Amount spent in the reporting financial year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any	Amount remaining to be spent in succeeding financial years. (in INR)	Deficiency, if any
					Amount	Date of transfer	
1	2020-21	Rs. 630 Lakhs	Rs. 525.17 Lakhs	Rs. 525.17 Lakhs	NA	NIL	NIL
2	2021-22	Rs. 254 Lakhs	Rs. 27.98 Lakhs	Rs. 27.98 Lakhs	NA	NIL	NIL
3	2022-23	Rs. 124.19 Lakhs	Rs. 124.19 Lakhs	Rs. 73.84 Lakhs	NA	Rs. 50.35 Lakhs	NIL

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

(i) Ongoing Projects of the preceding financial year 2022-23 (In INR Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent for the project at the beginning of the financial year (FY 22-23)	Amount spent on the project in the reporting Year (FY 23-24)	Cumulative amount spent at the end of reporting Year	Status of the project -Complete/ Ongoing
1	Creating and maintaining - greenery by planting trees, - restoration of water bodies, - Installation of solar lights, etc.	FY 2022-23	3 Years	105.90	29.53	29.05	58.58	Ongoing
2	Health care support to Govt hospitals - Supply of medical equipment's and AMC for maintenance of O2 plant	FY 2022-23	3 Years	26.52	-	23.5	23.5	Ongoing
3	Infrastructure development in Govt School	FY 2022-23	3 Years	6.87	4.63	2.24	6.87	Completed
4	Establishing skill development under the skill India Objectives	FY 2022-23	3 Years	19.14	0.53	18.61	19.14	Completed
5	Road Safety Training program	FY 2022-23	3 Years	4.90	4.46	0.44	4.90	Completed
				163.33	39.15	73.84	112.99	

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

(1)	(2)	(3)	(5)	(1)	(6)	(7)	(8)	(9)
Sl. No.	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent for the project at the beginning of the financial year (FY 22-23)	Amount spent on the project in the reporting Year (FY 23-24)	Cumulative amount spent at the end of reporting Year	Status of the project -Complete/ Ongoing
1.	Creating and maintaining - green belts, green cover, trees, water bodies etc.	FY 2021-22	3 Years	99.64	71.66	27.98	99.64	Completed

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent for the project at the beginning of the financial year (FY 22-23)	Amount spent on the project in the reporting Year (FY 23-24)	Cumulative amount spent at the end of reporting Year	Status of the project -Complete/ Ongoing
1	Health Care support to community hospitals - Setting up of oxygen generation plants, create infrastructure at hospitals - Health, hygiene & sanitation awareness programs - And other medical and community support	FY 2020-21	3 years	604	99.83	504.17	604	Completed



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent for the project at the beginning of the financial year (FY 22-23)	Amount spent on the project in the reporting Year (FY 23-24)	Cumulative amount spent at the end of reporting Year	Status of the project -Complete/ Ongoing
2	Safety training program for Medium & Heavy Commercial Vehicle drivers, mechanics, hazardous goods carriers, including health checkup	FY 2020-21	3 years	14.00	-	14.00	14.00	Completed
3	Establishing vocational training institutes for manufacturing technologies for skill development under the skill India objectives	FY 2020-21	3 years	7.00	-	7.00	7.00	Completed
				625	99.83	525.17	625	

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year: NA

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

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

The Company has allocated CSR budget of Rs. 518.53 Lakhs for various projects within the items listed in Schedule VII of the Companies Act, 2013, which includes several initiatives under Environment & Sustainability, Health & Safety, Skill

Development and Community Support. Against the budget allocation of Rs. 518.53 Lakhs, an expenditure of Rs. 469.17 Lakhs. has been incurred during the financial year. The shortfall of Rs. 49.36 Lakhs is due to milestone-based payments towards multi-year Project i.e., Ongoing Project, which is in various stages of implementation. In compliance with the statutory provisions, Rs. 59.00 Lakhs has been transferred to Unspent CSR Account on April 04, 2024, and would be spent in accordance with the applicable CSR Rules.

This year, the activities were conducted through internal engagement of employees and resources, (without engaging an implementing agency for CSR projects), primarily focused on activities which would help the needy sections of the society as specified in Schedule VII of the Companies Act, 2013 and the Company's CSR policy with specific focus towards areas surrounding the Company's plant locations.

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

Chennai
24th May 2024

Akash Passey
Chairman
DIN: 01198068

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

Annexure – 3

Form No. AOC – 1

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

Part “A” Subsidiaries

(Information in respect of each subsidiary to be presented with amounts ₹ in lakhs)

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

Sl. No.	Particulars	
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2023 to 31/03/2024
2.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA
3.	Share capital	100
4.	Reserves & surplus	168.53
5.	Total assets	2461.39
6.	Total liabilities	2461.39
7.	Investments	NIL
8.	Turnover	3475.93
9.	Profit before taxation	201.52
10.	Provision for taxation	34.59
11.	Profit after taxation	166.93
12.	Proposed Dividend	NIL
13.	% of shareholding	100%

- Names of subsidiaries which are yet to commence operations - **Nil**
- Names of subsidiaries which have been liquidated or sold during the year - **Nil**

Part “B” Associates and Joint Ventures

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

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



Annexure – 4

Form No. AOC - 2

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

- » Details of contracts or arrangements or transactions not at arm's length basis: Nil
- » Details of material contracts or arrangement or transactions at arm's length basis.

(₹ in Lakhs)

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date of approval by the Shareholders (Postal Ballot)*	Amount (2023-24)
ZF CV Systems Global GmbH	Purchase of goods and property, plant and equipment	01.04.2023 to 31.03.2024	Markup on cost of raw materials, conversion cost	12.03.2023	9,786.21
	Sales of Automotive Components	01.04.2023 to 31.03.2024	Markup on cost of raw materials, conversion cost	12.03.2023	55,016.77
	Rendering of Services	01.04.2023 to 31.03.2024	Mark-up on cost of salary, rent	12.03.2023	34,310.16
ZF CV Systems North America LLC	Purchase of goods	01.04.2023 to 31.03.2024	Markup on cost of raw materials, conversion cost	12.03.2023	5.15
	Sales of Automotive Components	01.04.2023 to 31.03.2024	Markup on cost of raw materials, conversion cost	12.03.2023	5,054.87
				Total	1,04,173.16

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

Note: There is no advance amount paid.

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

Annexure - 5

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2024

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

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

We have conducted a Secretarial Audit of compliance with applicable statutory provisions and adherence to good corporate practices by **ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED** (hereinafter called “the Company”) **during the financial year from 1st April 2023 to 31st March 2024** (“the year”/ “the financial year” / “audit period”/ “period under review”), that provided us a reasonable basis for evaluating the Company’s corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this **Secretarial Audit Report** based on:

- (i) Our **verification** of the books, papers, minute books and other records maintained by the Company and furnished to us, including scanned copies provided through electronic mode, for our verification, various forms / returns filed, either with or as mandated by applicable statutory /regulatory authorities;
- (ii) **Information disseminated on websites** of the Company and the stock exchanges (on which Equity shares of the Company are listed);
- (iii) **Compliance related actions** taken by the Company during the financial year as well as after 31st March 2024 but before the issue of this Secretarial Audit Report;
- (iv) Our **observations** during our visits to the registered office and some of the factories of the Company including one in a Special Economic Zone;
- (v) **Compliance certificates** confirming compliance with all laws applicable to the Company given by their key managerial personnel / senior managerial personnel and noted by the Board of Directors; and

- (vi) **Representations** made, documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, **during the audit period covering the financial year ended on 31st March 2024**, the Company:

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

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

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

1. Compliance with specific statutory provisions

We further report that:

- 1.1.** We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed / disseminated during the year, according to the applicable provisions / clauses of the Acts, Rules, Regulations, Standards and Agreements set-out hereunder.
- 1.2.** During the period under review, and also considering the compliance related action taken by the Company after 31st March 2024 but before the issue of this report, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us, the Company’s compliance with the said applicable provisions / clauses of the Acts, Rules, Regulations, Standards and Agreements is as **set-out hereunder**.



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

- (i) The Companies Act, 2013 and the rules made thereunder ("**the Act**");
- (ii) The Securities Contracts (Regulation) Act, 1956, and the rules made thereunder;
- (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;
- (v) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (vi) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (vii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**LODR**); and the listing agreements entered into with the National Stock Exchange of India Limited and BSE Limited in relation to listing of its Equity shares;
- (viii) The following laws which were **specifically applicable** to the Company:
 - (a) The Special Economic Zones Act, 2005 and the rules made thereunder (specifically applicable to its units located in a Special Economic Zone); and
 - (b) The Software Technology Parks (**STP**) Scheme based on Foreign Trade Policy of the Department of Commerce, Government of India (specifically applicable to its unit located in a STP); and
- (ix) Secretarial Standards issued by The Institute of Company Secretaries of India ("ICSI") on Meetings of the Board of Directors (**SS-1**) to the extent applicable to Board meetings and on General Meetings (**SS-2**) to the extent applicable to the 19th Annual General Meeting held on 27th July 2023 ("19th AGM") and the 5th and 6th Postal Ballot processes which concluded on 6th January 2024 and 9th March 2024 respectively.

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

- (i) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Overseas Direct Investment and External Commercial Borrowings; Reporting on compliance with downstream investment, being an indirect investment, has not been considered as coming within the purview of this report;
- (ii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013, and dealing with client;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- (v) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (vi) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (vii) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018; and
- (viii) Secretarial Standards on 'Dividend' (SS-3) and Secretarial Standards on 'Report of the Board of Directors' (SS-4) issued by the Institute of Company Secretaries of India, which were recommendatory.

2. Board processes:

We further report that:

2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Act and LODR.

2.2 As on 31st March 2024, the Board of Directors comprised of:

- (i) 1 (one) **Executive** Director;
- (ii) 2 (two) **Non-Executive Non-Independent Directors**; and
- (iii) 4 (four) **Independent Directors**, including 2 (two) Independent woman directors, constituting more than the required one-third of the total strength of the Board.

2.3 The processes relating to the following changes in the composition of the Board, during the year, were carried out in compliance with the provisions of the Act and LODR:

- (i) **Re-appointment of Mr. Philippe Colpron** (DIN:08344534) as a Non-Executive Non-Independent Director, upon his retirement by rotation at the 19th AGM held **on 27th July 2023**, by way of an Ordinary Resolution;
- (ii) **Appointment of Ms. Amrita Verma Chowdhury** (DIN: 02178520) as an Independent Director for a term of 5 (Five) consecutive years effective from **27th October 2023 to 26th October 2028** and **approval** of her appointment by the members through 5th postal ballot process **on 9th January 2024**, by way of a Special Resolution;
- (iii) **Cessation of Dr. Lakshmi Venu** (DIN:02702020), Independent Director, with effect from the close of business hours on **30th October 2023**, on account of her resignation due to personal reasons;
- (iv) **Re-appointment of Mr. P Kaniappan** (DIN: 02696192) as Managing Director from **17th June 2024 to 31st December 2024** and **approval** of his re-appointment and remuneration by the members through 6th Postal ballot process on **9th March 2024**, by way of an Ordinary Resolution;
- (v) **Appointment of Ms. Rashmi Urdhwarsheshe** (DIN: 08668140) as an Independent Director for a term of 5 (Five) consecutive years from **20th March 2024 to 19th March 2029** and **approval** of her appointment **by the members** through 6th postal ballot process on **9th March 2024**, by way of a Special Resolution; and

- (vi) **Retirement of Mr. M Lakshminarayan** (DIN: 00064750), Independent Director (and consequently as Chairman of the Board) with effect from close of business hours of **31st March 2024**, on the conclusion of his second consecutive term on that date.

2.4 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.

2.5 Agenda and detailed notes on agenda were sent to all the directors at least 7 (seven) days in advance or at a shorter notice (for Board meetings where atleast 1(one) Independent Director was present), except for the following items which were either circulated separately or presented at the Board meetings:

- (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/ results, unaudited financial results and connected papers; and
- (ii) Additional subjects / information /presentations and supplementary notes.

2.6 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.7 We are informed that, at the Board meetings held during the year:

- (i) Majority decisions were carried through; and
- (ii) No dissenting views were expressed by any of the directors members on any of the subjects discussed, that were required to be captured and recorded as part of the Minutes.

3. Compliance mechanism

We further report that:

3.1 There are reasonably adequate systems and processes in the Company, commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



3.2 There is scope for further improvement in the compliance processes to ensure timely completion of procedural/ event-based requirements.

4. Specific events/ actions

We further report that, besides the changes in the Board as set out hereinabove, the Company obtained prior approval of the shareholders for **material related party transactions** upto a limit of Rs.2,000 Crores (Rupees Two Thousand Crores Only) to be entered into with a related party viz; ZF CV Systems Global GmbH, during the financial year from 1st April 2024 to 31st March 2025, through the

6th Postal Ballot process on **9th March 2024**, by way of an Ordinary Resolution.

For S. KRISHNAMURTHY & CO.,

Company Secretaries

[Firm Unique Identification No. P1994TN045300)

(Peer Review Certificate No.739/2020)

K SRIRAM

Partner

Membership No: F6312

Certificate of Practice No:2215

UDIN: F006312F000439734

Place: Chennai

Date: 24th May 2024

Annexure – A to Secretarial Audit Report of even date

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

Our Secretarial Audit Report (in Form MR-3) of even date for the financial year ended 31st March 2024, is to be read along with this letter.

1. Management's Responsibility:

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

2. Secretarial Auditors' Responsibility:

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

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

4. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2024 but before the issue of this report.

5. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion obtained as being in compliance with law, wherever there was scope for multiple interpretations.
6. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed for our verification provide a reasonable basis for forming our opinion.
7. We have not verified the correctness and appropriateness of the financial statements, financial records and books of accounts of the Company.
8. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
9. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
10. Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some mis-statements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

For S. KRISHNAMURTHY & CO.,

Company Secretaries
[Firm Unique Identification No. P1994TN045300]
(Peer Review Certificate No.739/2020)

K SRIRAM

Partner

Membership No: F6312

Place: Chennai

Certificate of Practice No:2215

Date: 24th May 2024

UDIN: F006312F000439734



Management Discussion and Analysis Report

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

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

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

I Industry Structure and Development:

i. GDP growth and Indian economic outlook:

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

The Purchase Manager's Index manufacturing index was at 59.1 in March 2024 as compared to 56.4 in March 2023. Based on data provided by the NSO, on the supply side, real gross value added (GVA) was at 6.9 percent in 2023-2024, with its major components, including services, exceeding pre-pandemic levels across sectors. Agriculture has remained the silver lining while contract-based services, manufacturing and construction were hit the hardest, and have been recovering steadily. Government consumption

and net exports have further provided support in the recovery. The Government has announced several fiscal measures to incentivize capital formation attract foreign investment and create employment with the Reserve Bank of India stepping in to provide adequate liquidity.

National Statistical Office (NSO) placed India's real gross domestic product (GDP) growth at 7.6 percent in 2023-24 considering that private consumption and public investment were the major drivers of growth. The Government's thrust on capital expenditure, capacity utilization in manufacturing, double-digit credit growth, and the moderation in commodity prices are expected to bolster manufacturing and investment activity. According to RBI's surveys, businesses and consumers are optimistic about the outlook. The external demand drag could accentuate, given slowing global trade and output. Protracted geopolitical tensions, tight global financial conditions, and global financial market volatility pose risks to the outlook. Considering all these factors, real GDP growth for 2024-25 is projected at 6.8 percent.

ii. Indian Commercial Vehicle Industry:

Against the backdrop of a sturdy 7.6% economic expansion and a 12.5% surge in the Indian automobile industry, the commercial vehicle (CV) sector experienced a modest growth of 0.6% in FY 2024.

In the short-term, auto sales may face a slow down due to ongoing elections and the pent-up demand expected to take off post-election. However, the long-term outlook for the market remains optimistic.

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

- » e-Commerce will be a key driver for retail sales and it is expected that about 25% of new sales will come through online channels (e-Commerce is expected to grow at a CAGR of 27% to reach US\$ 163 billion by 2026).
- » With CVs integrating telematics and fleet management system opting for better tracking maintenance and efficiency, the Connectivity and digitalization will open new opportunities and avenues for the industry.
- » New business models such as freight aggregators will create demand for commercial vehicles.

- » Government incentives for Vehicle Scrappage, Green policies and Government tenders are encouraging replacement of older, polluting vehicles.

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

Phase II of FAME scheme (Faster Adoption and Manufacturing of Electric Vehicles Scheme) ended on 31st March 2024, Phase III of FAME is expected to start off from July 2024 and Government tenders have led to an increase in the adoption of electric buses in the country. Right policies and intervention from the Government to support State Transport Undertakings in procuring alternate fuel buses like CNG, biofuel, electric FCEV, H-ICE, etc., would also lead to a revival of demand for commercial vehicles.

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

Some of the key technologies that will drive future trends include:

- » Alternate fuel systems
- » Electric vehicles and EV retrofits
- » Higher horsepower engines with electronic diesel-controlled system
- » Auxiliary braking systems like electromagnetic retarders, hydraulic retarders, and retarder in automatic transmission
- » Speed monitoring and control systems
- » Vehicle payload monitoring systems
- » eSIM-enabled vehicles, GPRS, and GPS-related technologies
- » Vehicle alarm systems to detect irregular driving patterns.
- » Infotainment systems, IT-enabled navigation, vehicle tracking, vehicle productivity analysis
- » Advanced transmissions with electronic integrations such as automated manual transmission and other new technologies
- » Electronic braking system (EBS)
- » Advanced Driver Assistance System (ADAS)
- » Collision avoidance warning system
- » Lane departure warning systems
- » Air suspensions for bus, trucks, and trailers

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

II Opportunities and Threats

With Phase 2 of BS VI RDE (Real Driving Emission norms) effective from 1st April 2023, the auto industry took a significant step in the right direction by harmonizing and coming on par with emission norms in the European and American markets. Stricter safety norms provide the Company with a unique opportunity to work closely with OEMs to penetrate the Indian market and introduce new technologies for the benefit of the end customers. With the recent implementation of ESC in buses, the Company worked with the OEMs and launched ESC with many customers.

The Indian Government and private sector are collaborating to accelerate EV adoption in the Commercial Vehicle (CV) segment.

On the private side, manufacturers are developing a wider range of electric CV models to cater to different needs. The emphasis is on improving battery range, reducing charging times, and lowering operational costs to make electric CVs more competitive. Collaboration between energy companies and fleet operators is also fast emerging to address charging infrastructure challenges. This combined push, both from Government and private players, holds the promise for increasing EV penetration in the Indian CV market. The Company worked together with the OEMs and launched e-mobility products like electric compressors and electronic braking system successfully across all the major EV players.

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

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

The Company also worked with OEMs as a technological solutions partner to introduce technologies compliant with BS VI norms like Hill Start Aid (HSA), Automatic Traction Control (ATC), Air Disc Brakes (ADB), Electronic Stability



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

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

- » Partner with trailer customers for implementing 100% TABS, penetrating and expansion of Intelligent Trailer Program products and Air Disc Brakes for trailers.
- » Technical / homologation support for advanced technology products.
- » Leverage / expand its manufacturing footprint to ensure increased customer centricity.
- » Penetration road map for newer technologies like Advanced Driver Assistance Systems (ADAS), Reverse Parking Assistance System (RPAS), Driver Behaviour Monitoring System (DBMS).
- » Introduction of new product portfolio - Doors with Door Control System, Air Suspension Systems, Air Disc Brakes among others.

Anticipating evolutionary changes in the traditional aftermarket business models, the Company is striving to introduce new business and revenue models through e-Commerce. The Company is also looking to ramp up its sales, service, and distribution networks to effectively cater to fleets and mobility users across the country. The authorized service centre network is also expanding and currently, the Company has around 700 service centres and channel partner points with a pan-India presence to cater to customer requirements. These initiatives have resulted in improved service practices, availability of genuine parts, and generated additional revenue for the Company.

III Risks and Concerns

The Company has cash reserves to meet its obligations and does not foresee a need to borrow or raise capital. The Company has a strong credit management process and investment vetting processes. The Company has met all its financial obligations and would continue to do so. The Company is receiving all major dues from its customers albeit with minor delays and company has been accepting payments through arrangements with the banks.

The Company has a robust ERP system in place and all its locations are well networked. All reporting systems work seamlessly without any disruption and ensuring adequate controls. Apart from the above, the cyclical nature of the Indian commercial vehicle industry presents its own risk to the business.

Steel

The World Steel Association (worldsteel) has released its Short-Range Outlook (SRO) steel demand forecast for 2024 and 2025. Worldsteel forecasts that, this year demand will see a 1.7% rebound to reach 1,793 Mt. Steel demand is forecasted to grow by 1.2% in 2025 to reach 1,815 Mt.

The global economy continues to show resilience despite facing several strong headwinds, the lingering impact from the pandemic and Russia's invasion of Ukraine, current middle east conflict, high inflation and falling household purchasing power, rising geopolitical uncertainties, and forceful monetary tightening. As the end of this monetary tightening cycle is nearing, it is observed that tighter credit conditions and higher costs have led to a sharp slowdown in housing activity in most major markets and have hampered manufacturing sector globally. While it seems the world economy will experience a soft landing from this monetary tightening cycle, it is expected that the global steel demand growth will remain weak and market volatility will remain high on lagged impact of monetary tightening, high costs and high geopolitical uncertainties."

Our projections for the world, excluding China, suggest a broad-based growth in steel demand at a relatively strong level of 3.5% per annum over 2024-25.

- » India has emerged as the strongest driver of steel demand growth since 2021, and our projections suggest Indian steel demand will continue to charge ahead with 8% growth in its steel demand over 2024 and 2025, driven by continued growth in all steel using sectors and especially bolstered by continued strong growth in infrastructure investments. In 2025, steel demand in India is projected to be almost 70 million tonnes higher than in 2020.
- » Emerging parts of the world such as MENA and ASEAN are expected to show accelerating growth in their steel demand over 2024-2025 after a significant slowdown in 2022-2023.
- » The developed world is also expected to show a strengthening recovery with 1.3% in 2024 and 2.7% in 2025, as we expect to see steel demand finally showing a meaningful pick up in the European Union in 2025 and continued resilience in the US, Japan, and Korea.

Steel using sector trends.

It is observed that a residential construction downturn driven by high interest rates and high construction costs have dragged down steel demand across most major steel using regions.

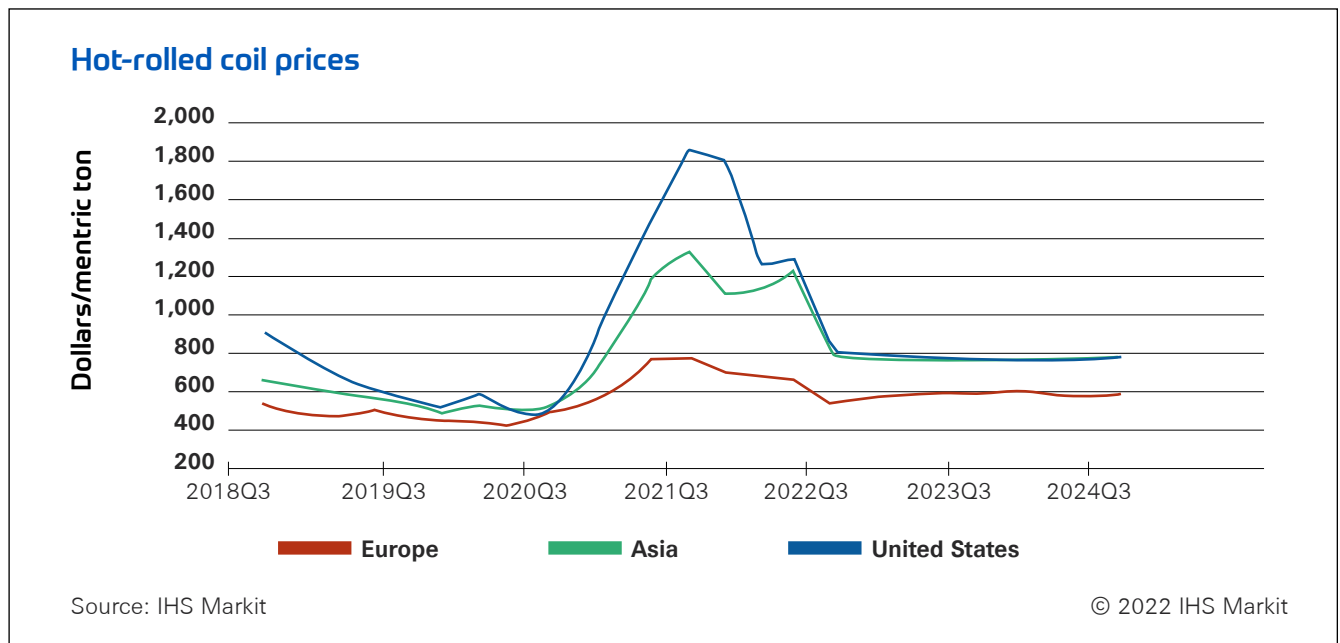
In 2023 we saw sharp drops in housing activity in the US, China, Japan and the EU, and weakness in housing activity is expected to stretch well into 2024 in most major markets on the lagged impact of monetary tightening. A meaningful recovery in residential construction is expected to begin only from 2025 onwards.

Weakness in global manufacturing activity on high costs and uncertainties, tight financing conditions and weak global demand also hampered global steel demand in 2023. Leading indicators suggest the start of a recovery in global manufacturing activity in 2024. Automotive was the notable exception to overall weakness in manufacturing, as

the sector finally showed the long-awaited strong recovery in 2023 on pent-up demand and easing supply chain constraints. Following a year of strong double-digit growth in all major auto producing countries, we expect to see the sector showing weak growth at best in 2024 in most of them.

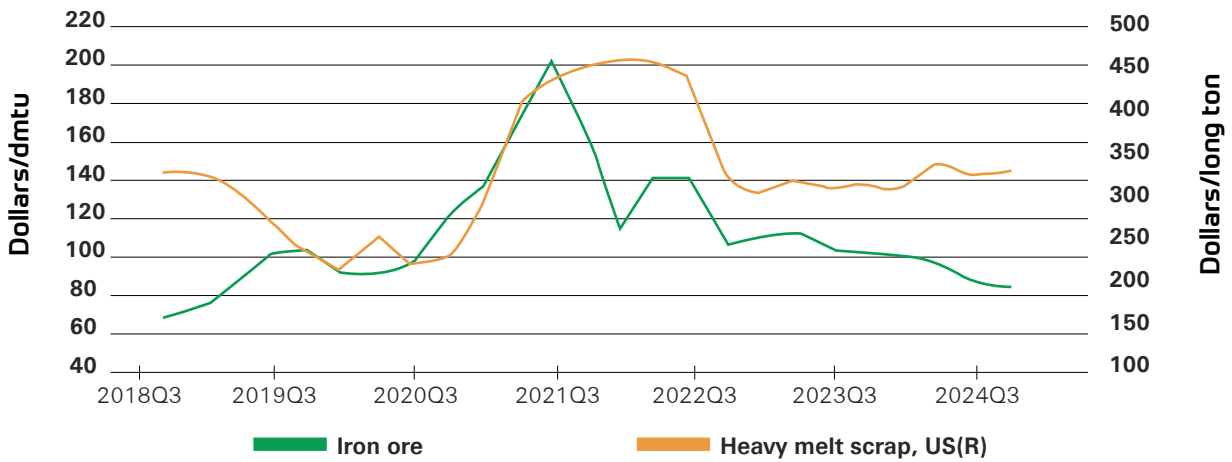
Strong investment activity in manufacturing facilities and public infrastructure have underpinned global steel demand in 2023. Investment in manufacturing facilities is driven by the ambition in major economies to develop strategic sectors and ensure supply security for critical components and materials against a backdrop of increasing geopolitical tensions. We believe that the green transition of the world economy, which requires an economic transformation of unprecedented magnitude and scope, is one of the major factors behind the strength in public infrastructure investments.

Steel Price Trending for Hot-Rolled Coil, Iron Ore, and Scrap





Iron ore and scrap prices



Source: IHS Markit

© 2022 IHS Markit

Supply

- » World crude steel production has declined across all regions over the first five months of the year, with India being a notable exception.
- » Steel production in the United States declined 2% YoY through May, largely reflecting production cuts at sheet mills amid a weak demand from the automotive sectors.

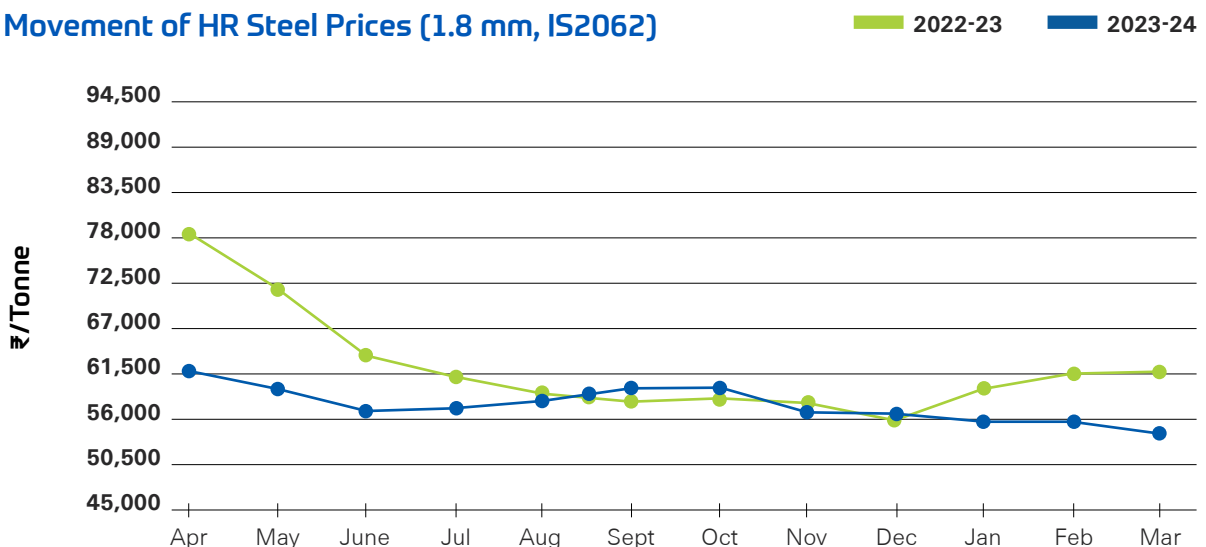
- » The near-term steel demand outlook has also softened considerably in Europe as energy prices soar and shortages loom.
- » In the United States, inflation and interest rate increases continue to surprise on the upside, weighing on steel demand expectations for the second half of the year and 2023.

Demand

- » Key steel consuming markets are facing increasing headwinds over the second half of the year, especially in mainland China, which accounts for more than 50% of global steel consumption.

- In March 2024, HR Steel prices varied between ₹ 53,375 - ₹ 54,750 per tonne.
- Prices in March 2024 were about 13% lower than last year, 3% lower than the previous month, and 13% lower than the peak witnessed in the last 12 months.

Movement of HR Steel Prices (1.8 mm, IS2062)



Base metals prices started relatively weak this year, with London Metal Exchange prices generally lower in January as compared to the previous month. This is a direct effect of global macroeconomic and geopolitical uncertainties. However, towards the end of January the negative mood receded with the prospect of lower interest rates from the US Federal Reserve Bank (which could boost market liquidity) and monetary policy injections in China – both supporting base metals prices in the second half of the year.

Consequences of a Russian aluminium ban

UK’s recent round of sanctions, which prohibited British citizens and companies from trading certain Russian metals, led to a spike in aluminium stocks of Russian origin. According to the LME’s Country of Origin reports, Russian primary aluminium stocks more than doubled in December. In view of a draw-down in Indian-origin aluminium, Russian stocks accounted for 90.4% of total LME aluminium inventories at the end of 2023, which was a new record high.

According to European Aluminium (EA), only 12% of Russian aluminium imports have so far been affected by EU sanctions. By contrast, the US has imposed a punitive 200% tariff on Russian aluminium and aluminium products. At the end of last year, UK decided to ban trade in Russian metals, including aluminium.

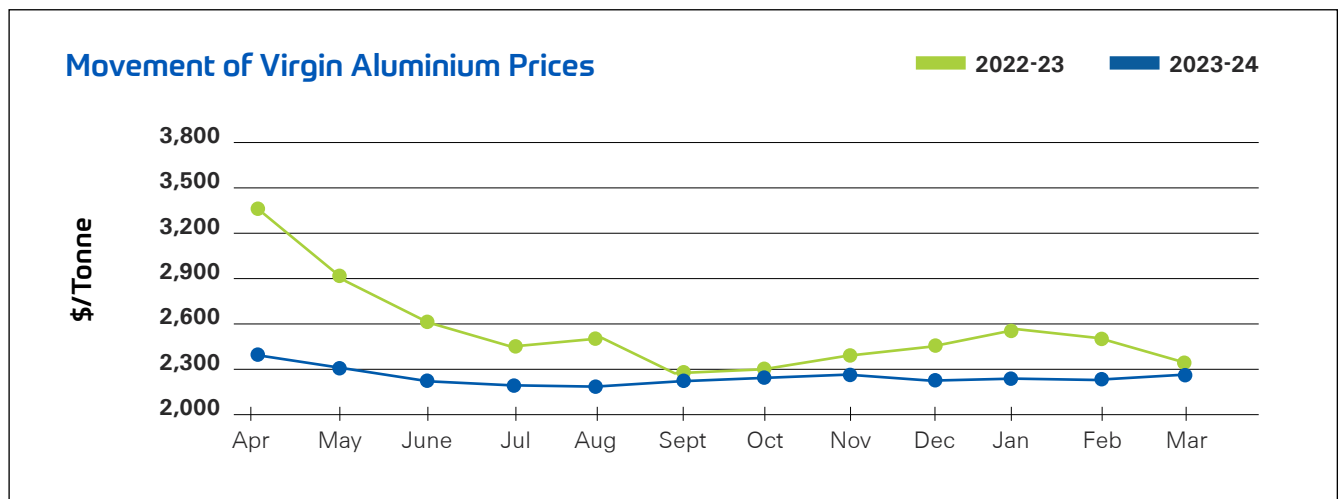
Due to high energy and labour costs, aluminium production in the EU is in steady decline and now accounts for only about 11% of its total demand. This, coupled with an

expected complete ban on Russian aluminium by the European Union and a ban by the LME too will inevitably boost the aluminium price in the short term as soon as the ban is imposed. Later this year the market could stabilise, but the LME price would not reflect the real demand/supply situation. Instead, Russian aluminium will then flow to the Asian markets (especially to China) at discounted prices, so that there will be no deficit in the supply of aluminium.

The aluminium price will be more balanced and regulated by premiums, as the all-in price (LME plus premium) is more relevant than just the LME price for traders.

Virgin Aluminium

- A. In March 2024, Virgin Aluminium’s price on average was \$ 2,222.40 a tonne.
- B. Prices in March 2024 were about 3% lower than last year, 2% higher than the previous month and 5% lower than the peak witnessed in April 2023.
- C. Automotive production uses 21% of aluminium. The latest data of two-wheeler production rose by 9.57% (vs.10.15% last year), three-wheelers grew by 16.95% (vs.13.43% last year), and passenger vehicle production grew by 6.93% (vs. 27.6% last year).
- D. Year-to-date, Aluminium bars, rods, billets and ingots tracked as the proxy for aluminium production increased by 2.22%, compared to the 7.39% growth observed last year.





Enterprise Risk Management:

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

During the year 2023-24, the Company had a very detailed road map including the creation of risk awareness, adopting the ISO standards in managing and monitoring the risks, and a detailed presentation was made to the risk management committee about current risk mitigation and future risk mitigation actions with timelines and accountable risk owner.

IV Internal control systems and their adequacy:

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

V Operations review

A. Manufacturing

During the year 2023-24, the Company had inaugurated a new state-of-the-art multi-divisional manufacturing plant at Oragadam, aligned with its growth strategy of manufacturing advanced technology products for Indian and global customers. New manufacturing lines for next generation e-Mobility products were commissioned in this plant to produce Hydraulic ESCs and e-Compressors for Tata Motors, VOLVO, Switch mobility, Pinnacle and Propel. This plant also manufactures ASP Cartridges to support localization programs.

Manufacturing capacities were scaled up for export of Single and Twin Cylinder Compressors and Air Supply Units to Europe and Braking System products for domestic market to capitalize growth opportunities. New assembly lines were established in our Jamshedpur and Lucknow plants for its manufacturing footprint strategy of producing close to key customer locations. New products such as Twin cylinder Compressor and Air Supply Units for European customers, Actuators, Steering angle sensors, APUs and ECUs to Indian OEMs were successfully launched. Significant gains in Productivity and Quality were realized through implementation of Smart Automation Robotic technologies, Testing Automation and leveraging Digitalisation in assembly and machining cells. Disclosures were continued to be filed within the group for indigenously developed process inventions leveraging lean and frugal engineering capabilities.

The Company has synchronised its planning cycle using the S&OP framework, with an effective order management process in ERP, and has implemented a safety stock management process to meet demand uncertainty in the short term as a part of the Company's footprint strategy and moving lines closer to customer. This is improving our agility in responding to short term demand changes and supporting the sustainability targets by reducing transport and carbon footprint. Keeping in mind the sustainability targets, the Company has further invested in additional returnable pallets. We are now a step closer to eliminating expendable packaging usage for OE customers (over 90% of our domestic OE business operates on returnable pallets). These measures have also helped to reduce our packing and freight costs by over 9% from the previous years. As a new initiative at the Oragadam plant, GRN process, material issue was automated through handheld RF devices eliminating keyboards. SAP standard Warehouse management has also been implemented in the Oragadam plant. BOM creation and change was automated from PLM to SAP to avoid manual interventions.

Value stream Analysis has been conducted for all critical product lines every 6 months to support material flow improvement. All sites have been assessed with Six Lean Lever Evaluation to improve Lean Maturity and drive Continuous Improvement Savings. Also, the Company had realized space productivity of 500 sqm during the year.

As part of sustainability initiatives, the energy efficiency program was rolled out involving all stakeholders in the operations as well as in other areas where 14% energy reduction resulted by implementing 89 projects across the sites.

Renewable energy: We have secured 5 MW of solar power/capacity through Group Captive Model which supports approx. 70 Lakh units per annum. We have also purchased 4 MW of solar power and 6 MWh of wind energy from third parties contributing renewable energy coverage of 55% for the Company. The Company has realised 4% savings in water - 4320 KL/annum through water conservation projects carried out at Ambattur and Jamshedpur. Also, as an initiative to eliminate landfill, the hazardous waste from Ambattur plant is sent to cement industry for co-processing; and the company is poised to implement the same across all its manufacturing facilities.

Total Employee Involvement (TEI) is the key pillar that engages employees across all sites and functions of the Company. In 2023, we won a total of 58 external awards in all competitions. Among these there were 12 at the National level, 10 at the regional level, and 36 at the State level conducted by CII, ACMA, QCFI, and others. Some of the significant awards include: the gold award for Ambattur plant in The Responsible Manufacturer (TRM) assessment and the Platinum Awards for the team from Ambattur in CII National level EHS Circle Competition. There was also a Platinum Award for the team from Ambattur in CII National level Low-Cost Automation competition and the First Prize for team Jamshedpur in the National Kaizen competition organized by ACMA.

B. Quality

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

The Company's quality systems are dedicated to achieving total customer satisfaction by enhancing product quality and adhering to global standards. This involves inculcation of the ZF DNA of Quality in GEMBA and fostering a culture shift among employees toward achieving zero PPM. Despite maintaining a 14 PPM rate in the fiscal year 2023-24, customers expect Zero PPM, zero field failures up to 1 lakh KM, and no unplanned dealer visits. Additionally, the Company aims for zero defect performance and a zero-tolerance for deviations.

Total Quality Management is deeply ingrained in the Company's culture, with total employee participation in involvement initiatives over the past two decades. Employees across all the plants were involved and have completed 266 quality control circle projects, 201 supervisory improvement team projects, and cross-functional team projects by applying statistical tools, including Six Sigma (DMAIC and DMADV) and Quick

Response Quality Control (QRQC) methodology during the year. Over 83262 suggestions have been implemented by all employees throughout all the plants, including trainees. Employee suggestion scheme is in force at all plants and employees implement suggestions under productivity, quality, cost, delivery, safety, and morale categories.

Implementing "VDA6.3" and "VDA6.5" process and product requirements, in conjunction with product safety standards and IATF 16949, has significantly reduced defects. Both project quality and product engineering quality have achieved 100% customer PPAP "First Time Right" for critical launches, ensuring a flawless launch. Dedicated efforts toward enhancing product quality have led to improved reliability and reduced warranty claims, facilitated by data-driven decision-making processes enabled by AI and ML algorithms.

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

We have won the following customer awards,

1. CVS Mahindra city won the PACCAR 10 PPM award for the year of 2022.
2. CVS Jamshedpur won the ZF DNA of Quality award at the divisional level for 2023.
3. CVS Mahindra city won the Winner Award in Problem solving contest conducted at CVS divisional level.
4. CVS Ambattur team won the Runner up award in Ashok Leyland Regional Supplier Samrat.
5. CVS Lucknow won the 1st prize for best poka-yoke controls in Tata motors competition.
6. CVS Ambattur Team won the 1st Prize in DICV Kaizania competition out of 96 suppliers.
7. CVS Ambattur won the Runner up award under the Best supplier category by JBM Group.



8. CVS Jamshedpur team won the winner award for best L3 controls in Tata Motors Quality.

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

1. CVS Ambattur Quality Team won the platinum award in the 18th National Six Sigma competition.
2. CVS Ambattur team won the platinum award in QCFI problem solving competition.
3. CVS Ambattur & CVS Mahindra city teams won Gold Award in the 11th QCFI poka-yoke competition.
4. CVS Lucknow team won the awards in excellence and consolation category respectively in 37th NCQC competition.
5. CVS Ambattur Quality team won the Runner up award in the 7th ACMA Regional poka-yoke competition.
6. CVS Lucknow & pant Nagar Teams won Gold & Silver awards in QCFI competition.
7. CVS JSR Team Won Runner up in 5Th Regional Quiz Competition organized by ACMA Eastern Region.

C. Cost management

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

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

D. Information Technology

The Company continues to focus on Data Privacy, Cyber Security, Digital Transformation through AI & Advanced Analytics solutions, and Digital Manufacturing platform & process automation in-line with the Global Framework and Policies of the Company.

ZF Group focusses towards being a technology platform provider for the Digital Core with 7x24 Cyber Security, Workplace, Cloud, Data & AI and being a "Data to Value" team player to co-create & co-decide with the business for continuous delivery & incremental Value Creation.

The solutions and ideas for digitalisation are registered & tracked on a Continuous Improvement platform and are prioritized based on the quantified business benefits.

AI/Advanced Analytics:

ZF Group is focussed on implementation of data & AI solutions, enabling data-driven decision making & driving data excellence with a vision to have AI as part of software running products and processes. The ZF Global AI Centre of Excellence is setup to bring in cohesion on topics regarding organization, people, technology, and ecosystem related to Data & AI and implement AI Standards, processes, organizational structures, and policies. Multiple AI based solutions are being evaluated in the areas of prediction algorithms, production optimisation, preventive maintenance, Video analytics & Computer Vision technologies etc.

Digital Manufacturing Platform (DMP):

The company is in the process of adopting the ZF's Cloud based Digital Manufacturing Platform (DMP), which is an Industrial IoT/Cloud based platform that acts as the central enabler to realize one global production network through digital solutions that enables manufacturing plants achieve higher flexibility, productivity, and efficiency.

The DMP enables to create transparency of production performance from the plant as well as down to machine level & enhancing maintenance operations through machine condition/energy monitoring and fault prediction.

DMP roadmap for the company is in place with two manufacturing plants already kicked-off & other plants to get onboarded into DMP in the next 2-3 years.

Citizen Development:

The Company leverages on the Global ZF IT Citizen Developer initiatives that enables Business and IT, to create digital solutions by themselves using a low code platform. The low code/no code platform helps business teams. Many business users have been trained on the Citizen developer and Citizen Data Scientist platforms to enable them to create custom business applications, automate workflows & analyse data on their own.

ERP:

In alignment with the company's strategic transformation towards becoming a digital, data-driven enterprise with optimized processes, Next-Generation ERP solution is being discussed and evaluated that leverages cutting-edge technology on SAP's S/4HANA platform.

Cyber Security & Data Privacy:

ZF Global Enterprise IT Security is focused on the Operational Enterprise IT-Security by Prevention, Detection and Defending/Mitigation of Cyber Risks. ZF Corporate & IT Security is constantly improving the Security Policies, Cyber capabilities, tools, and processes by Protection of the entire IT infrastructure (global network, cloud, servers, endpoints...), the Company has in place a 24x7 Security Operations Centre (SOC) that globally monitors the environment for security conditions, alarms, health of the security platform, and responding through the organization's various technical solutions. The SOC performs various activities including monitoring, incident response, malware analysis, threat hunting etc.,

IT & Corporate Security teams perform pen-tests and attacks with internal ethical hacker teams. Internally simulated phishing attacks are conducted periodically along with regular awareness sessions to all employees on the Dos & Don'ts best practices.

ZF Corporate Security team also supports TISAX (Trusted Information Security Assessment Exchange) assessment and certification of individual facilities/plants based on business needs and customer requests. One of the factories of the Company is currently undergoing TISAX assessment.

New Data Privacy policy is rolled out that covers the responsibilities and the data privacy principles, which are based on the GDPR. Pilots are already in progress on solutions towards Data Loss Prevention (DLP) solutions and blocking access to removable storage devices. Azure Information Protection (AIP) is setup to classify and protect documents and e-mails. Secure Mail Encryption is made available to encrypt confidential e-mails.

VI Human Resource Development

Company's growth story in India has seen a major milestone of expanding its business by opening a new manufacturing location, ZF Industrial Park in Oragadam, near Chennai on 14th Feb 2024. This factory will set a benchmark to our Diversity strategy focusing on inducting 80% diversity ratio. FY 2024 has been the year of transition and harmonization of policies with the region. Notable policies such as deputation policy, new joiners' relocation policy, permanent transfer policy, Internal job posting policy for internal talent mobility etc., has been rolled out for the division. The top priority for the Human Resources function is employee retention, and engagement initiatives like employee wellbeing programs and improving the employee experience with benchmark strategies, opening the right communication channels, tools promoting hybrid working, and smooth functioning of plant operations protecting customer interests.

Hello ZF Team! - A Global Employee Engagement survey was launched during April 2023 to be able to regularly measure employee engagement within whole company and to enable continuous improvement of working environment based on employee's feedback. The goal of the survey is to understand the factors driving employee engagement and to leverage insights gained by taking relevant and impactful actions that will support colleagues to do their best work. For employees, it is an opportunity to be heard and for managers, an opportunity to identify issues they may not have been aware of and to take actions to improve. The Company scored an engagement index of 79 which is above the global benchmark score of 75 with a response rate of 93% which shows active participation from employees to provide candid feedback.

The Company hired over 416 employees across all sites during this period to meet the HC growth for the Company. On the campus hiring, we have inducted 45 fresh engineers from campus as part of our Campus2Corporate program with 48% diversity onboard. The current average recruitment lead time of the lateral talent is around 35 days. The Company successfully blends mid-career recruitments with internally grown talent through a robust globally managed talent management process. Based on our continuous intervention on talent retention, the Company had maintained the attrition at 6.7% level which is a benchmark in similar industries.

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



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

As part of the collective bargaining process, our plant at Jamshedpur and Lucknow has signed a long-term wage settlement valid for 4 years from April 2023 onwards with our union associates. The year saw positive and cordial Industrial Relations at all the Companies sites thus maintaining a healthy Industrial Relations climate.

As of 31st March 2024, the Company had 2350 employees on its rolls.

VII Environment, Health & Safety

Every year, the first quarter is focused on EHS themes. This year we focussed on EHS & Sustainability initiatives with a theme approach in the key areas, where our operations play a bigger role to ensure safe, healthy & sustainable workplace. Based on the above context, we have taken a theme for this year: "REACH Zero", to target Resource waste zero, Ergonomic risk zero, Accident zero, Carbon emission zero & Hazard zero in our activities.

During this quarter, 47 awareness programs were organized across the sites with more than 3936 employees benefitted from it. As part of the campaign, 17 competitions like essay, drawing, quiz, and speech were organized where more than 1715 employees participated, and winners were recognized in the town hall meeting. Walkathon organised at Ambattur site with covering 3KM on creating awareness to public on need of sustainability practices in day-to-day life where more than 100 employees have participated.

At the Ambattur site employee's family members were called to the site. Following a talk on Traditional food habits, green home, Drug abuse & Safe home and various competitions were organized for employees' spouses, and kids related to the theme. There was an overwhelming response with the participation of approx. 490 family members. There was a concurrent health camp organized for the family members.

National safety day was celebrated across the sites on March 4th, starting with the pledge taken and engagement activities.

During the year, surveillance audits of ISO 14001(Environment management system) & ISO 45001(Occupational Health and Safety management system) were completed as part of the ZF corporate

audit scheme. The plants at Mahindra World City and Jamshedpur have completed the re-surveillance audit for ISO 50001 standards for implementing energy management systems and achieving continuous improvement in energy performance.

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

During the year, Ambattur plant won "Platinum award" (1st place) for the Overall Best EHS practicing Company from The Confederation of Indian Industry at National level competition.

Ambattur plant won "Platinum award" for the Culture of continuous EHS improvement driven through TEI-CII National competition.

Ambattur plant won 2nd place in ZF Global EHS idea pitching contest on noise reduction from 104 dBA to 74 dBA in deburring gun.

Ambattur plant won Dr. Santhanam award from Indian Association of Occupational Health (IAOH) for Outstanding Ergonomics Improvements through AI with Video analytics.

Won "Sustainability excellence" award from Tata motors on the Sustainability initiatives implemented with the ESG framework across the sites with demonstrated actions on increasing Renewable energy and Energy efficiency program.

Ambattur site won "The Responsible Manufacture award" with gold category from Kaizen Hensei. This award promotes industries to adopt ESG goals in manufacturing area under Green Awareness, Green operation, green supply chain, green product, labour practices and Brand governance.

VIII Community development and social responsibility

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

The Company views CSR as a powerful opportunity to help create a positive impact for the future by working together with Communities, Governments, and local bodies to deliver

qualitative social improvement. The Company identifies appropriate CSR projects in line with the Company's CSR policy and implements them.

The Company had identified various projects towards spending 2% of average net profits for the previous three years and was in the preliminary stages of implementation. However, due to the nature of the projects identified, could not spend 2% of the average net profits of the last three years during the year 2023-24 and have allocated in an ongoing project. The project would be completed during the next three years. This amount of Rs. 59 Lakhs on account of ongoing projects has been transferred to a separate account. The CSR Activities of the Company for the FY 2024 are mentioned in Annexure - 2 to the Director's Report. The company has identified four primary areas to focus its CSR activities.

Promoting road safety across India: Improve Road Safety by creating awareness among stakeholders like drivers and technicians from State Transport Undertaking at various states Gujarat, Karnataka, Kerala, Maharashtra, and Tamil Nadu.

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

Road Safety Awareness events carried out in 23 Locations from various States. 3 Dual Brake System Working Models provided to Driver/Technician Training Centre at Bengaluru, Ahmedabad, and Pune. Also 20 Workshop equipment's installed at various divisional workshop of GSRTC, MSRTC, KSRTC, KeSRTC and TNSTC.

50166 Bus fleets with 20 Divisional Workshop of 5 Corporation are the beneficiaries by above working models and workshop equipment to reduce the downtime of vehicles and reduce the road accidents.

Community Service: The company has embarked on a range of community service projects aimed at bolstering local communities. These initiatives encompass enhancements to the infrastructure of Primary Health Care Centres, modernization of hospital amenities, refurbishments of Government school buildings, improvements to sanitation facilities in the schools, and the execution of various projects centered on women's welfare, among others.

The Trauma & Emergency ward of Namakkal Medical College Hospital, Tamil Nadu, needed critical care equipment like C-Arm, Digital X-Ray Machine, Multichannel monitors, and Defibrillators, and the Company has provided them. The Primary Health Centres of Chengalpattu district, namely Vadakkuvayalur, Koovathur, Periyakayapakkam, Patel

Nagar, Reddypalayam, Nerumbur, Sadras, Maduranthagam, Ramapuram, Polambakkam were supported with equipment like Vaccine storage refrigerators, Semi-Automatic Biochemistry Analysers and Cell counters.

The Perambakkam Primary Health Centre in Thiruvallur district has been significantly upgraded, transforming its Operation Theatre into a modular facility complete with sophisticated interior design, cutting-edge surgical equipment, and infrastructure designed to maintain a zero-infection rate. This renovation ensures the centre is fully prepared for a diverse range of surgical emergencies. Additionally, the laboratory has been equipped with a state-of-the-art Fully Automated Biochemistry Analyser and Cell Counter, while the labour room has been enhanced with the addition of a GTG Machine, Foetal Dopplers, and a Defibrillator, furthering the centre's capability to provide top-notch medical care.

The Primary Health Centres of Zone-7 Ambattur of The Greater Chennai Corporation namely Oragadam, Menambedu, Venkatapuram, Korattur, Varadharajapuram, Athipet, Padi Round Building, Mugappair, & Veeramamunivar were provided with Portable Ultrasound Machine, Heavy Gauge Vertical Autoclave, Cell counter machine, semi-automated Biochemistry Auto Analyser, ECG Machine, Digital Blood pressure equipment, Glucometer, Cervical examination speculums, Microscope & Digital weighing machines.

The Voluntary Health Services, which is a Trust Hospital located at Tharamani, Chennai, is a tertiary care Hospital treating both at free of cost as well as bare minimum charge for the underprivileged people of the community. They needed a C-Arm equipment for complex orthopedic and neuro surgeries and so the Company provided them with the state-of-the-art C-Arm medical equipment.

In alignment with the Government of India's ambitious goal to eliminate TB by 2025, our Company has contributed a CBNAAT Medical device to the State TB Cell. This advanced diagnostic tool accelerates the detection of tuberculosis, facilitating broader screening and expedited treatment. The equipment has been installed at the Rajiv Gandhi Government General Hospital in Chennai, bolstering their capacity to combat this disease effectively.

The Government School in Barabanki, serving approximately 132 students from classes 6 to 8, previously had a dilapidated building and lacked proper toilet facilities, causing considerable inconvenience. In response, the Company has revitalized the school's infrastructure with comprehensive renovations, including plastering, flooring, and painting. Moreover, a new toilet block has been constructed, ensuring the students now have access to adequate sanitation facilities.



The Government District Hospital at Saraikela was provided with Hot & Cold-water Dispenser to support the patients of the Hospital.

The Government School at Transit Camp in Rudrapur, which educates 250 students up to the 8th grade, has been enhanced with the addition of a ****multipurpose hall****. This new facility is designed to host a variety of activities, including assembly sessions, yoga classes, cultural events, and more. Furthermore, the construction of a new toilet block has significantly improved the sanitation facilities available to the students, ensuring a better and more hygienic learning environment.

In the aftermath of the Michung Cyclone in December 2023, the Company stepped forward to offer aid by distributing essential flood relief materials. This humanitarian assistance included food supplies, blankets, and personal hygiene products in Chennai, all of which were delivered in coordination with the local Government authorities. This initiative underscores the Company's commitment to supporting communities during times of crisis.

Environment and Sustainability: The company has implemented a suite of renewable energy solutions, including the installation of Solar Power Systems, solar-powered traffic signals, streetlights, high mast lights, and traffic blinkers. Additionally, the Company has undertaken an environmental initiative to desilt a rainwater pond at the Test Track, further demonstrating its commitment to sustainable practices and ecological conservation.

Solar power systems have been installed in eight Primary Health Centres, a Women's Polytechnic College, and a school, based on necessity. The Primary Health Centres reported that, despite the December 2023 cyclone, they experienced no power interruptions, enabling them to continuously deliver healthcare services to underprivileged communities.

Installation of Solar based Traffic Signals and blinkers has enhanced road safety with uninterrupted power supply.

Company has also installed 365 Solar based streetlights and 20 Solar based High mast lights which has benefited the public, students at schools and women's polytechnic.

Employability & skill enhancement through partnerships with educational institutions:

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

SRM IST: CoE on Smart factory –

Hands on training for IOT and its application conducted on 16th and 17th October 2023 covering 20 Mechatronics students and a full trainer kit has been provided to them.

In-house training on IoT modules was conducted on January 4-5, 2024, to train the selected students in a "Train the Trainer program". This was conducted to upskill the students to possibly engage them as resource persons in the upcoming workshop on IoT.

4 IOT trainer kit made available to the students to do automation trials on various topics.

Total of 100 students covered in the various IOT workshops from October 2023 to March 2024.

Chennai Institute of Technology –

CoE set-up in Electronics hardware and embedded technology.

Summary of activities (Apr 2023 – Mar 2024):

- » Over 1100 students in 6 batches (1st and 2nd year) were trained in the fundamentals of embedded technology and IOT.
- » About 68 students from two batches of other colleges were also trained.
- » IOT Project expo involving 219 students (1st to 3rd year) was conducted.

ZF Veltech centre for IOT and Smart factory Initiatives

- » 15-day Internship program covering 12 students - exposure to industry grade raspberry Pi, data export through thingsboard and Node-RED (low-code development tool).
- » 3-day executive development programme on IOT organised from July 2023 – March 2024 covering 103 students and 6 faculties along with ZF employees.
- » Initiated 6 projects with students and pilot projects are in progress.
- » 2 Industry visits made to the Company to understand applications of IOT.

ZF Rajalakshmi Institute of Technology, Centre of Excellence on Advanced analytics

2 teams formed on the following topics.

1. Data collection from Vaahan portal for Aftermarket business entitlement.

5 students participated in this, and 2 reviews were completed from April to Sept 2023. Students regularly worked with ZF team to collect data, stratify them, and bring them to a meaningful dashboard. As a next step,

they are working with our business team to work on a predictive modelling.

2. 2nd team formed to build an app for Transport fleet management

11 students participated in this and focused on data collection and dashboard creation.

Data was taken from their own internal running bus route and the students presented the same to ZF team.

IX Financial Statement

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	Year ended 31.03.2024	Year ended 31.03.2023	Year ended 31.03.2024	Year ended 31.03.2023*
Revenue from Operations	378,370.85	344,458.60	381,564.74	344,424.53
Other Income	9,577.37	6,701.31	9,481.61	6,698.21
Total Income	387,948.22	351,159.91	391,046.35	351,122.74
Profit before interest depreciation and tax	65,891.45	53,731.74	66,123.85	53,733.88
Finance Costs	500.91	566.54	500.91	566.54
Depreciation	10,948.78	10,476.38	10,979.88	10,477.68
Profit before tax	54,441.76	42,688.82	54,643.06	42,689.66
Provision for taxation (including deferred tax and tax relating to earlier years)	13,963.82	10,921.48	13,998.41	10,922.48
Profit after tax	40,477.94	31,767.34	40,644.65	31,767.18
Other Comprehensive Income / (Loss) for the year net of tax	(58.63)	12.69	(58.63)	12.69
Total Comprehensive Income for the year Net of Tax	40,419.31	31,780.03	40,586.02	31,779.87

In the preparation of financial statements, the company has followed the Indian accounting standards (Ind AS) as notified under section 133 of companies act 2013 read with the companies (Indian Accounting Standards) Rules.



Key Financial Ratios

(₹ in lakhs)				
Particulars	2023-24	2022-23	Significant changes compared to previous year. i.e., 25% or more	Detailed explanation for the change
Current ratio	4.94	4.19	N. A	N. A
Debt-equity ratio	NA	NA	N. A	N. A
Debt service coverage ratio	54.91	51.53	N. A	N. A
Return on equity ratio	0.16	0.14	N. A	N. A
Inventory turnover ratio	14.70	15.00	N. A	N. A
Trade receivables turnover ratio	4.47	4.83	N. A	N. A
Trade payables turnover ratio	6.50	6.40	N. A	N. A
Net capitals turnover ratio	1.92	2.02	N. A	N. A
Net profit ratio	10.70	9.22	N. A	N. A
Return on capital employed	19.43	17.64	N. A	N. A
Return on investments	7.84	5.40	45%	*

* Return on investments has increased more than 25% due to increase in income generated from invested funds on account of better market conditions.

X Cautionary Statement

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

Business Responsibility and Sustainability Report Overview:

Section A – General Disclosures

Section B – Management and process disclosures

Section C – Principle-wise performance disclosure

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

Section A – General Disclosures

Details

1.	Corporate Identity Number (CIN) of the Listed Entity	L34103TN2004PLC054667
2.	Name of the company	ZF Commercial Vehicle Control Systems India Limited ('ZF CVCS')
3.	Year of incorporation	2004
4.	Registered office address	Plot No.3, (SP) III Main Road, Ambattur Industrial Estate, Chennai - 600 058.
5.	Corporate address	Plot No.3, (SP) III Main Road, Ambattur Industrial Estate, Chennai - 600 058.
6.	E-mail	cvcs.info.india@zf.com
7.	Telephone	+91 044 4224 2000
8.	Website	https://www.zf.com/india/en/home/home.html
9.	Financial year for which reporting is being done	2023-2024
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited, Mumbai and BSE Limited, Mumbai
11.	Paid-up Capital	INR 948.38 Lakhs
12.	Name of contact details of the person who may be contacted in case of any queries on the BRSR Report	M. Muthulakshmi Phone: +91 44 4244 9514 E-mail: muthulakshmi.m@zf.com
13.	Reporting boundary	Standalone (Only for ZF CVCS India Ltd)
14.	Name of assurance provider	The report is not assured by an external assurance provider.
15.	Type of assurance obtained	Not applicable

Products and Services

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

Sl. No.	Description of Main Activity	Description of Business Activity	% Of Turnover of the entity
1.	Manufacturing of Automotive components	Air assist and full air actuation and accessories systems	76.49%
2.	Spares	Spares	12.65%
3.	Software services / Research and development / Business services	Software services / Research and development / Business services	9.11%



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

Sl. No.	Product/Service	NIC Code	% Of total Turnover contributed
1.	Automotive components and spares	29301	100%

Operations

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

Location	Number of Manufacturing Unit(s)	Number of office(s)	Total
National	6	2	8
International	* ZF CVCS does not have any international locations		

The Company's manufacturing locations are located in:

- i. Chennai: Plot No. 3, (SP) III Main Road, Ambattur Industrial Estate, Chennai 600 058
- ii. Jharkhand: Large Sector, Adityapur Industrial Area, Gamharia, Seraikella-Kharsawan District, Jharkhand 832 108
- iii. Mahindra World City: Unit - 1 & Unit - 2 at: Plot No. AA8, Central Avenue, Auto Ancillary SEZ, Mahindra World City, Natham Sub-Post, Chengalpet, Kancheepuram District 603 002
- iv. Pantnagar: Plot No.11, Sector 4, SIDCUL, IIE Pantnagar, Udham Singh Nagar, Uttarakhand - 263 153
- v. Lucknow: KH 159-162, 164 Village Dhakauli Nawabganj, Barabanki Dewa Road, Somaiya Nagar, Barabanki, Lucknow, Uttar Pradesh 225 123
- vi. Oragadam: Plot C10&C11, SIPCOT Industrial Park Phase 2, Vaipur B-Block, Oragadam, Kancheepuram District PIN-602 105

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

19. Markets served by the entity:

The company operates in the following markets mentioned below:

a. Number of locations

Location	Number
National (No. of States)	The Company operates across 28 states and 8 union territories.
International (No. of Countries)	We export to 15 countries across the Americas, Europe and Africa.

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

37.86%

c. A brief on types of customers

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

Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Employees						
1.	Permanent (D)	1902	1581	83%	321	17%
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total employees (D + E)	1902	1581	83%	321	17%
Workers						
4.	Permanent (F)	448	442	99%	6	1%
5.	Other than Permanent(G)	2330	2019	87%	311	13%
6.	Total workers (F + G)	2778	2461	89%	317	11%

b. Differently abled Employees and workers:

Differently abled employees						
S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
1.	Permanent (D)	1	0	0	1	100%
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees	1	0	0	1	100%
Differently abled workers						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent(G)	9	7	78%	2	22%
6.	Total differently abled workers (F + G)	9	7	78%	2	22%

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	7	2	28.57 %
Key Management Personnel	3	2	66.67 %

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	12%	2%	14%	12%	2%	14%	6.6%	1%	7.6%
Permanent Workers	1%	0%	1%	1%	0%	1%	2%	0%	2%

Holding, subsidiary and associate companies (including joint ventures)

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

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



CSR

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

(ii) Turnover (in Rs.) – 3783.71 Cr.

(iii) Net worth (in Rs.) – 2788.65 Cr.

Transparency and Disclosure Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	No	Nil	Nil	-	Nil	Nil	-
Shareholders	Yes#	2	2	All complaints have been duly addressed and resolved	1	1	All complaints have been duly addressed and resolved
Employees and workers	Yes	Nil	Nil	-	Nil	Nil	-
Customers	Yes [§]	Nil	Nil	-	Nil	Nil	-
Value Chain Partners	Yes*	Nil	Nil	-	1	1	-
Other (please specify)	-	-	-	-	-	-	-

Note:

*Whistle blower policy:

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

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

[§]Annual Customer satisfaction survey for collating their feedback.

[#]Mechanism in place such as SEBI SCORES platform, stock exchanges. https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

26. Overview of the entity's material responsible business conduct issues:

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

Identifying and classifying the Environmental, Social, Economic and Governance topics material is vital to our business and our internal and external stakeholders. In FY 2022-23, we conducted an elaborate materiality assessment to identify, understand and prioritize our material topics that directly or indirectly impacted our organization and operations in the ESG space. This analysis, aided us in focusing on the most critical and relevant sustainability issues for our external and internal stakeholders and strategic partners, aligning with our goals and targets.

The approach, which weighed on the stakeholder inputs, both external and internal, is seen as a balanced and well-rounded methodology to arrive at the topic most critical to the organization. Key stakeholder groups important to the organization were identified and surveys were conducted, incorporating ESG-related criteria. In addition, we also performed peer-benchmarking and analyzed various ESG Rating agencies and standards within our sector to identify the specific materiality topics of importance to us. External Stakeholders groups included our customers, suppliers, investors and community representatives, while the Internal Stakeholder groups were employees across various levels and departments. We designed comprehensive surveys that addressed a wide range of ESG-related topics such as environmental factors, social accountability, ethical and transparent governance and economic performance. These surveys were tailored to gather perceptions specific to each stakeholder groups understanding and expectations. Once the surveys ended, we analyzed the data to identify the material topics. These findings were then plotted in a materiality matrix, visually illustrating the importance and impact of each material topic. This matrix helped us order and classify each issue into high, medium, and low priority categories. This ESG materiality matrix was presented by the senior management to the Board of Directors, bringing into the fore the key ESG issues based on the stakeholder participation and strategic priorities. Following a thorough review and discussion the board finalized the material topics, ensuring they accurately sum up the company's impact and purpose.

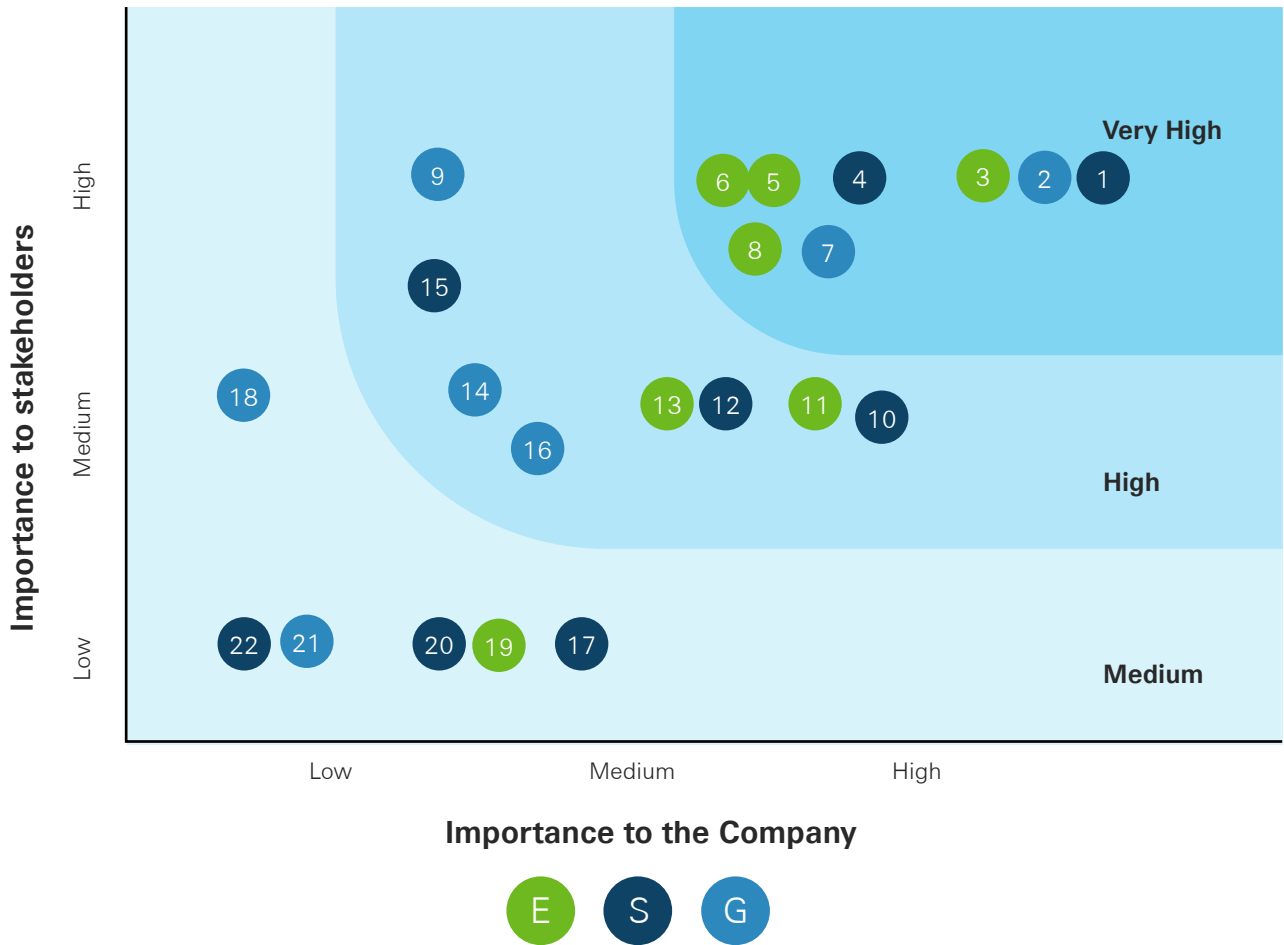
The understanding and prioritizing of the issues significant to us helped us in establishing our ESG goals and targets and utilize resources prudently and reinforce our long-term value. This in-depth understanding of our material topics aided us to set specific and impactful targets that effectively addressed the most relevant concerns for our stakeholders and business operations. Overall, a comprehensive materiality assessment involving surveys and interviews of both external and internal stakeholders allowed us to take informed decisions related to our sustainability strategy and helped our target-setting process. This ensured that our ESG initiatives were in line with our stakeholder expectations and industry best practices leading to significant quantifiable progress and positive outcomes in our sustainability journey.

S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Health & Safety	R	As an OEM organization, we accord top priority to Occupational Health and Safety and have zero tolerance towards any incidences related to it. Our goal is to build an accident-free organisation, so that our employees can work comfortably in a safe and healthy environment. The exposure of employees into the risk area makes them vulnerable to adverse incidents.	The organization provides periodic safety trainings to promote employee wellbeing and to ensure safety at the workplace. The Company, as part of Environment, Health & Safety management system, has introduced SHE FMEA (Safety, Health & Environment Failure Mode and Effect analysis). SHE FMEA is a methodology that identifies hazard and assess risk and is adopted to cover all activities & processes for the routine and non-routine activities in normal, exceptional & emergency situations and to identify the failure mode with respect to EHS. It also addresses the gaps because it is a quantitative risk assessment methodology.	Negative



S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Ethical Business Practices	O	Ethical business practices form the core of our business. The company's code of conduct clearly states the necessary compliance requirements and guidelines for internal stakeholders to perform the duties with highest standard of integrity and accountability.	<ul style="list-style-type: none"> Annual employee and director certification with the Code of Conduct Annual Ethics Training program Resolution of employee or third party complaints via Ethics Council investigations FCPA audits are periodically conducted at sites to determine compliance with applicable anti-bribery regulations Quarterly representations during global financial Audit 	Negative
3	Energy Management	O	Diligent Energy Management in all usage areas will enable reduction in energy costs and helps to conduct business in an efficient and sustainable manner.	Energy mapping in all areas and 8% energy savings in every year can be achieved by implementing the improvements.	Positive
4	Risk Management	O	Risk Management aids in identification, evaluation and mapping the risk based on severity to prevent, control and mitigate through means of properly defined framework.	The Board has constituted a Risk Management Committee to review the aspects of risk management periodically, to ensure that executive management reviews and controls risk through means of a properly defined framework. There are 52 potential risks identified and mitigation measures are periodically checked by the internal audit team and are communicated to the Board of Directors.	Negative
5	Water Stewardship	O	Water is a critical element in our operations and its seen as an opportunity to judiciously use our water resources and minimize our water costs.	We are in the process of identifying, monitoring and logging our water consumption. We are looking to implement various measures and strategies to reduce our yearly consumption of water by 2% from our current consumption	Negative

S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6	Emissions Management	O	The organization is committed towards reducing its corporate carbon footprint and aims to achieve this by reduction and substitution. It is currently in the process of evaluating their emissions and works to adhere to the national and international goals of reducing carbon emissions	Energy Efficiency and avoidance of energy consumption are our top priority. A secondary focus is the transformation of energy consumption from fossil fuels to renewable resources, or a corresponding technology shift.	Positive
7	Labour Practices and D&I	R	Labour Practices and D&I are fundamental to the success of the organization. Unrest in workforce can lead to disruption in the operations creating financial impacts. Additionally, companies infrastructure and other resources are prone to risk as a consequence of sabotage or criminal act.	There are periodic meetings held between the Union members and the site leaders. Weekly call is also arranged between the Site HR team and the Central team involving HR leader for operations. Monthly HR reviews are held which covers labour relations aspects, chaired by the India HR Leader. Further, to build a more inclusive business we have taken a target to improve our gender diversity to have 30% women across all our manufacturing sites by 2025. As a step closer to enabling this, the company has hired 70% women candidates of the total new hires from institutional hiring in the current financial year and have revised strategies focused on enabling diversity hiring .	Negative
8	Waste Management	R	Improper handling of the hazardous substance can result in deterioration of natural resources and environment. Ethical, reputational and legal risks arise owing to the adverse impacts on the flora and fauna caused by the ecosystem damage.	All manufacturing sites are ISO 14001 certified (environmental certification) for compliance. Hazardous waste is packed, stored in dedicated area and disposed in safe manner through government authorized agencies	Negative



Material issues for the Company

Very High

1. Employee Health & Safety
2. Ethical Business practices
3. Energy Management
4. Risk Management
5. Water Stewardship
6. Emissions Management
7. Labour practices and D&I
8. Waste Management

Medium

15. Supply Chain Mangement
16. Customer Privacy
17. Biodiversity & Land usage
18. Community Relations
19. Opportunities in green building
20. Board structure & management
21. Responsible invesment
22. Customer Management

High

9. Employee Engagement & talent development
10. Anti-competitive behaviour
11. Opportunities in clean technology
12. Policy Influence
13. Climate change vulnerability
14. Responsible Sourcing

Section B – Management and Process Disclosures

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

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

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

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Disclosures									
1. a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b) Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c) Web Link of the Policies, if available	ZF Friedrichshafen AG Group's Code of conduct policy covers the various principles of the 9 NGRBC's principles. Weblink: Code of Conduct: https://www.zf.com/master/media/corporate/m_zf_com/company/corporate_governance/compliance/coc_all_languages/1_ZF_Compliance_Code_of_Conduct_EN.pdf Business Partner Principles: https://www.zf.com/master/media/corporate/m_zf_com/company/corporate_governance/compliance/zf_bpc_en.pdf ZF CVCS Investor Relations: https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html#policiesandcodeofconduct_acc_657742_0								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies on sustainability extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y



4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	<p>The Company has installed product safety management systems to ensure the safety characteristics 1 and 2 part of International Automotive Task Force (IATF) 16949 are met.</p> <p>ISO 45001:2018 certified (Occupational Health and Safety): All Manufacturing Facilities except Oragadam</p> <p>ISO 14001:2015 certified (Environment Management System): All Manufacturing Facilities except Oragadam</p> <p>ISO 50001:2015 certified (Energy Management System): Manufacturing facilities in Chennai, Jharkhand and Lucknow</p> <p>The Company is also ISO 27001 to safeguard organisation data against security threats</p>
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	<p>The Company has committed to be carbon neutral by 2040 and use 100% renewable energy by 2025.</p> <ul style="list-style-type: none">» Zero Accident Commitment» To achieve carbon neutrality the company will aim to reduce its Scope 1 & 2 emissions.» Commitment to increase our use of Renewable energy by 5% Year on Year from the baseline year of 2019.» Commitment to reduce our water consumption at water stressed areas by 2% YoY and all the other locations by 1% from the baseline year 2019» Reduce waste by 5% Year on Year from the baseline year of 2019
6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.	<p>The organization has made significant progress towards its commitment of adopting renewable means of energy by increased solar energy usage. This has enabled us to increase our consumption of renewable energy from 14% to 45%.</p> <p>As a result of our well-rounded energy efficiency initiatives, we have been able to conserve 15.2% of energy in the current reporting period.</p> <p>To improve waste management at our plants, we have implemented Zero waste to landfill and incineration at our Ambattur plant and Mahindra World City Plants.</p> <p><i>The Company intends to continuously monitor the performance against specific commitments set out above and report in the forthcoming years against those targets.</i></p>
Governance Leadership and Oversight	
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	
Please Refer page seven	
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	<p>The Company monitors the implementation of the business responsibility policies through a leadership team chaired by the Managing Director. Regular discussions are conducted to discuss the Environment, Social and Governance aspects</p>
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	<p>Yes, the Company has a leadership team responsible for decision making on sustainability related topics. The team periodically discusses, reviews the issues and monitors the action plan. The team is chaired by the Managing Director along with the functional heads.</p> <p>Further the Risk management committee of the company is entrusted with the assessment of ESG risks and opportunities on periodic manner.</p>

Policy and management processes**10. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually (A)/ Half yearly(H)/ Quarterly(Q)/ Monthly (M) / Weekly(W))								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	H	A	M	Q	Q	M	A	W	M
Compliance with statutory requirements of relevance to the principles and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	H	A	M	Q	Q	M	A	W	M

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.

The internal audit team at the company conducts periodic reviews of the company policies.

Some policies e.g. Health and Safety and Quality are subject to both internal and external audits as a mandate for certification process (ISO 45001, ISO 14001, ISO 50001, etc.) to evaluate the ideal working of the policies.

The certification process was carried out by DNV which is an accredited third-party certification body. No independent assessment of policies has been completed as yet.

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

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



Section C – Principle Wise Performance Disclosure

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

ZF as a company earned the recognition and trust of its Products and services, compliance, and ethical corporate governance. The intention is to carry on conducting moral business with integrity and transparency. The ZF Code of Conduct is a crucial component in promoting ethical and responsible behavior among employees. It offers direction on principles of morally upright behavior in daily operations and when interacting with business partners. All suppliers and service providers are required under ZF’s Business Partner Principles to pledge to abide by all applicable laws and regulations wherever in the world. It is imperative for suppliers and service providers to guarantee the protection of human rights and dignity across all business operations.

SDG Linkages



Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of directors	7	During the year, the Board of Directors of the organisation spent approximately 30 hours on various familiarisation programmes comprising Policy formation & Policy Deployment, business, regulations, economy and environmental, social and governance parameters, Sustainability in Co2 emission control. In addition, a monthly Town Hall Meeting held with Managing Director, KMPs & Employees to share the developments in the business and future goals.	100%
Key managerial personnel	4	During the year, KMPs of the organisation spent approximately 30 hours on various familiarisation programmes comprising Policy formation & Policy Deployment, business, regulations, economy and environmental, social and governance parameters, Sustainability in Co2 emission control. In addition, a monthly Town Hall Meeting held with all the board members, KMPs & Employees to share the developments in the business and future goals.	100%
Employees other than BoD and KMPs	69	All employees of the organisation undergo various training programmes throughout the year. Owing to the pandemic, during the year, most trainings happened through blended learning which entailed virtual classroom initiatives, along with e-learning modules. Various key trainings were undertaken during the year such as: <ul style="list-style-type: none"> » Prevention of Sexual Harassment at the Workplace, » Code of Conduct, » Emotional Stability & Wellness » ZF Office 5S Training » 7 Step lean Methodology » JH Awareness training » Product Knowledge - Basic and Advanced » Low-Cost Automation » LOTO Awareness » SPC » FMEA » OS & QCPC 	100%

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
		<ul style="list-style-type: none"> » Internal Auditor Training Program ISO14001: 2015, ISO 45001:2008 » MSA » Bottleneck Change Management » Training on 7QC Tools » Leadership Initiative Program » Sustainability In Co2 Emission Control <p>Other trainings included induction programmes for new recruits, leadership training and modules on soft skills, programmes on mental and physical well-being, amongst several others. Total training man days per employee: 12.0</p>	
Workers	75	<p>For workmen, On the job training as well as off job trainings were given in various topics such as</p> <ul style="list-style-type: none"> » Product Knowledge » Awareness 5S Audit » Awareness on Quality Defects » Waste Management » QMS » TPM » TQM » PDI Operators Training » Lean Principles (Strengthening Shop Floor Activities) » Awareness on SHE » Awareness on ZF PS » Awareness on Q Prime » 7 QC Tools 	100%

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

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

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agency/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil

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

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



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

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

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

	FY 2023-24	FY 2022-23
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

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

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

	FY 2023-24	FY 2022-23
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil

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

Not applicable

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	69	60

9. Openness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses * as % of total purchases	19.93%	17.29%
	b. Number of trading houses where purchases are made from	186	175
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	48.61%	55.02%
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	16%	49%
	b. Number of dealers / distributors to whom sales are made	350	125
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	24%	36%

Parameter	Metrics	FY 2023-24	FY 2022-23
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	5.7%	4.7%
	b. Sales (Sales to related parties / Total Sales)	24.6%	29.1%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	29.8%	0%
	d. Investments (Investments in related parties / Total Investments made)	36.4%	100%

*Trading Houses refer to suppliers who act as traders and are involved in import of commodities from various countries

Leadership Indicators

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

Total number of awareness programmes held	Topics / principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
12	Various topics are covered under the training as follows, Heat treatment assessment systems, Reverse Failure Mode and Effects Analysis Overview, Digital Technical Workbook, Preparation for Launch Readiness, ZF Product and Process Change Management, Supply On Project Management, Cleanliness achieving technique, 8D & Problem-solving Techniques, AIAG VDA FMEA Overview.	100%

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

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

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



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

By providing our clients with exceptional products and services that increase vehicle efficiency and safety, the company hopes to make a positive impact in the lives of people and the environment. The company manufactures and distributes conventional braking products, advanced braking systems, and other related air assisted products and systems that help reduce environmental pollution, improve road safety, and save energy in medium and heavy commercial vehicles.

SDG Linkages



Essential Indicators

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

	FY 24 (Current financial year)	FY 23 (Previous financial year)	Details of improvements in environmental and social impacts
R&D	0.7%	-	Key initiatives both in our R&D operations and product improvement from a perspective using alternative fuels and efficiency optimisation were carried out in the current financial year
Capex	0.4%	3.3%	Please refer to our energy efficiency improvement effort in Principle 6 Essential Indicator 8

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

Yes. The Organization promotes sustainable sourcing and continually works towards increasing the value of purchases made from such suppliers. To support sustainable sourcing, we encourage our suppliers and vendors to adopt suitable practices in their operations. Integrated supply chain operations ensure sustainable and best use of available resources. Further, Business Partner Principles (ZF Group Business Partner Principles) covers specific guidelines that are agreed to by our suppliers as part of terms of business.

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

33.16% (by input value material sourced) from the perspective of ZF sustainable sourcing standards.

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

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

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Extended Producer Responsibility (EPR) is applicable to the Company's activities as the Company uses plastics for packaging purposes. Further the company has registered as the category of importer of plastic. Further the company has registered as the category of importer and brand owner of plastics. The waste collection plan is in line with the EPR plan submitted to Central Pollution Control Board.

Leadership Indicators

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

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency	Results communicated in public domain	If yes, provide the web-link.
Nil						

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

Name of Product / Service	Description of the risk / concern	Action Taken
Nil		

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

Indicate input material	Recycled or re-used input material to total material	
	FY 24 (Current financial year)	FY 23 (Previous financial year)
Aluminium	90%	90%
Iron Castings	50%	50%

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

Waste Details	FY 24 (Current financial year)			FY 23 (Previous financial year)		
	Reused	Recycled	Safely disposed	Reused	Recycled	Safely disposed
Plastics (including packaging)	Nil	Nil	Nil	Nil	Nil	Nil
E-waste	Nil	Nil	Nil	Nil	Nil	Nil
Hazardous waste	Nil	Nil	Nil	Nil	Nil	Nil
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

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

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



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

The company demonstrates a robust commitment to respecting and promoting the well-being of all employees including those within its extended value chain. They implemented comprehensive health and safety protocols to ensure a secure and hazard free workplace. In line with its commitment to fair labor practices, the company strictly adheres to labor laws and regulations ensuring fair wages, reasonable working hours, and the elimination of forced or child labor. The company promotes diversity and inclusion implementing policies that ensure equal opportunities for all employees regardless of gender race or background. Furthermore, the company provides various welfare programs aimed at improving the quality of life for its employees. Company covers employees and workers under various insurance benefits like Mediclaim Policy, Group personal Accidents policy & Employee Deposit linked insurance scheme to protect employee's family live hood. The company have employee representing committees like Ethics, POSH, Help desk, Welfare committee, Canteen Committee, Sports Committee to resolve grievance as per policies and certified standing orders of the company.

SDG Linkages



Essential Indicators

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

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	1581	1581	100%	1581	100%	0	-	1581	100%	1581	100%
Female	321	321	100%	321	100%	321	100%	0	-	321	100%
Total	1902	1902	100%	1902	100%	321	15%	1581	85%	1902	100%
Other than Permanent employees											
Male	0	0	-	0	-	0	-	0	-	0	-
Female	0	0	-	0	-	0	-	0	-	0	-
Total	0	0	-	0	-	0	-	0	-	0	-

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

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	442	442	100%	442	100%	0	-	442	100%	442	100%
Female	6	6	100%	6	100%	6	100%	0	-	6	100%
Total	448	448	100%	448	100%	6	100%	442	100%	448	100%
Other than Permanent workers											
Male	2019	2019	100%	2019	100%	0	-	0	-	0	-
Female	311	311	100%	311	100%	311	100%	0	-	0	-
Total	2330	2330	100%	2330	100%	311	100%	0	-	0	-

C. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the company	0.34%	0.86%

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

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	50%	Yes	100%	40%	Yes
ESI	NA	50%	Yes	NA	49%	Yes
Others – please specify	NA	NA	NA	NA	NA	NA

3. Accessibility of workplaces

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

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

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

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

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

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

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

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

	(If Yes, then give details of the mechanism in brief)
Permanent workers	Yes. We have employee representing committee like Ethics, POSH, HR help desk, Welfare committee, Canteen Committee, Sports Committee to resolve grievance as per policies and certified standing orders of the company.
Other than permanent workers	
Permanent employees	
Other than permanent employees	



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

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees/ workers in the respective category, who are part of the association(s) or Union (B)	% (B/A)	Total employees/ workers in the respective category (C)	No. of employees/ workers in the respective category, who are part of the association(s) or Union (D)	% (D/C)
Total Permanent Employees						
Male						NA*
Female						
Total						
Total Permanent Workers						
Male	442	442	100%	451	451	100%
Female	6	6	100%	6	6	100%
Total	448	448	100%	457	457	100%

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

8. Details of training given to employees and workers:

Category	Total (A)	FY 2023-24				Total (D)	FY 2022-23			
		On health and safety measures		On skill upgradation			On health and safety measures		On skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No.(F)	% (F / D)
Employees										
Male	1581	1581	100%	1549	98%	1703	1703	100%	1672	98%
Female	321	321	100%	309	96%	257	257	100%	244	95%
Total	1902	1902	100%	1864	98%	1960	1960	100%	1916	98%
Workers										
Male	2468	2468	100%	2419	98%	463	463	100%	454	98%
Female	319	319	100%	316	99%	6	6	100%	6	100%
Total	2787	2787	100%	2731	98%	469	469	100%	460	98%

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

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

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	1581	1581	100%	1467	1467	100%
Female	321	321	100%	257	245	100%
Total	1902	1902	100%	1724	1724	100%
Workers						
Male	442	442	100%	451	451	100%
Female	6	6	100%	6	6	100%
Total	448	448	100%	457	457	100%

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

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

Yes, the Company has health and safety management systems as per ISO 45001, the objective of Occupational Health and Safety Management System is reduction of occupational injuries and promoting physical and mental well-being, across all plants covering Design, Development and manufacturing activities.

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

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

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

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

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

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

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

Safety incident/number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one-million-person hour worked)	Employees*	0	0
	Workers	0.24	0.12
Total recordable work-related injuries	Employees	0	0
	Workers	2	1
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

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

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



The Company has also implemented ISO 14001 for Environmental Management system and ISO 45001 for Occupational health and safety management to ensure our workplaces are safer and healthy. This was rolled out in a systematic manner with a deep understanding of EMS of the scope and efficiency of the EMS. January to March was dedicated to EHS in an effort to enhance safety systems and raise EHS amongst employees. During the year, based on the theme "REACH Zero" to improve a safe and healthy for sustainable workplace.

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

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

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

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	0	0	-	0	0	-
Health & safety	0	0	-	0	0	-

14. Assessments for the year

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

All sites of ZF CVCS India were assessed by ZF Group EHS auditor. Additionally, Ambattur site, Mahindra city & Jamshedpur site were assessed for ISO 14001, ISO 45001 & ISO 50001.

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

All employees engaged in production are mandated to attend EHS induction and periodic training organised to ensure people are aware of safe practices. we do risk assessment (SHE FMEA) of all activities and high risk are addressed with mitigation measures. This financial year, as a proactive measure, The Company introduced an another mandatory EHS induction training to empower employees to report incidents and provide suggestions for improvement through safety kaizens on the shopfloor. Ergonomic improvements with the support of engineering controls were implemented across high and medium risk jobs resulting in improved productivity and operator morale. This was aimed at reducing employee fatigue. For example, medium fatigue stations were identified for 99.5% low risk jobs. The Company has also implemented ISO 14001 for Environmental Management system and ISO 45001 for Occupational health and safety management to ensure our workplaces are safer and healthy. This was rolled out in a systematic manner with a deep understanding of EMS of the scope and efficiency of the EMS. January to March was dedicated to 'Safety to enhance safety systems and raise safety awareness amongst employees. During the year, based on the theme "REACH Zero". Safety & Health awareness programs were organized with the quote 'Safety should start from home' at the Ambattur site for employees and family members to increase awareness on themes like safety at home, happy home and prevention of lifestyle diseases among women & women security. This was followed by competitions organised for employee spouses and kids related to the theme which received an overwhelming response. Approximately 500 family members participated in this event which was followed by a health camp organised for the family members.

Leadership Indicators

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

Yes. Company covers employees and workers under various insurance benefits like Mediclaim Policy, Group personal Accidents policy & Employee Deposit linked insurance scheme to protect employee's family livelihood.

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

As a company, we have no comprise in meeting and ensuring all statutory and legal requirements without any gaps. We have strong tools and review mechanism in place to ensure 100% compliances. Periodic review are done by Senior Management.

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

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 24 (Current financial year)	FY 23 (Previous financial year)	FY 24 (Current financial year)	FY 23 (Previous financial year)
Employees	0	1	0	0
Workers	0	0	0	0

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

Yes. Company provides transition assistance programs through an external vendor / professional consultants to support employees termination due to performance gaps and other than integrity grounds.

5. Details on assessment of value chain partner:

Details on assessment of value chain partners:	% of Tier 1 Suppliers and Customers (by value of business done with such partners) that were assessed
Health and safety practices	% of vendor -33.16(No physical assessment, but ESG self-assessment declaration made by supply chain partners where EHS is covered)
Working Conditions	% of vendor -33.16(No physical assessment, but ESG self-assessment declaration made by supply chain partners where EHS is covered)

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

None



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

The Company is a part of the Commercial Vehicle Solutions (CVS) division of the ZF Group. The vision of the company is to help shape the future of commercial transport systems in India. By leveraging synergies with ZF group the Company is uniquely positioned to offer the next generation of solutions and services for commercial vehicles and fleets in India and the world over. By means of its offerings, the Company aims to enhance their efficiency, safety, connectivity, intelligence, and automation. The company uses its capacity to innovate, integrate, and advance CV vehicle controls systems under the auspices of ZF's Vision for Next Generation Mobility. It also sets the pace to address the issues facing India's commercial transportation sector, generating sustainable value for stakeholders, customers, and employees. Through the utilization of commercial vehicle intelligence, the Company supports ZF Group's corporate strategy aimed at 'Next Generation Mobility'.

SDG Linkages



Essential Indicators

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

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

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

Stakeholder group	Whether identified as vulnerable & marginalised group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community meetings, Notice board, Website), Other	Frequency of engagement (Annually/ half-yearly/ quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Intranet Portal, Senior Leader's Communication / Talks/ Forums, Town Hall briefings, Emails, Regular Employee Communication Forums	Ongoing	Employee engagement activities, Training, awareness and welfare programmes, Brand communication, Health, Safety and Engagement initiatives
Customers	No	On a need basis through multiple channels like physical, digital, etc.	Ongoing	Product quality and availability, responsiveness to needs, aftersales service, responsible guidelines / manufacturing, climate change disclosures, life cycle assessment, Business related discussions, Awareness and training programmes, workshops and seminars
Suppliers and Vendors	No	Supplier and Vendor meets, Face-to-face and electronic correspondence, Supplier Audits	Ongoing	Quality, timely delivery and payments, ESG consideration (sustainability, safety checks, compliances, ethical behaviour), ISO and OHSAS standards, collaboration and digitalisation opportunities

Stakeholder group	Whether identified as vulnerable & marginalised group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community meetings, Notice board, Website), Other	Frequency of engagement (Annually/ half-yearly/ quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors / Shareholders	No	Email, Newspaper, Advertisement, Website, Annual General Meeting, shareholder meets, email, Stock Exchange (SE) intimations, investor / analysts meet / conference calls, Annual report, quarterly results and investor meetings / conferences, media releases, Company website	Ongoing	Share price appreciation, dividends, profitability and financial stability, robust ESG practices, climate change risks, cyber risks, growth prospects
Community	No	Meets (of community / local authority), community visits and projects, partnership with local charities, volunteerism, seminars / Conferences, Community surveys and consultations, CSR Initiatives, Community Events	Ongoing	Community development, Self-sustainability, Livelihood support, Disaster relief
Regulatory and government bodies	No	Strategic representation and meetings with government agencies. Representation through trade bodies	Ongoing	Obtaining permissions / licenses / clarifications/ waivers /business development approvals/vendor and logistical support /recoveries as per group requirement

Leadership Indicators

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

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

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

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

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

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



Principle 5: Businesses should respect and promote human rights

The company is committed to respecting and promoting human rights across all aspects of its operations. The company ensures that its policies and practices are aligned with international human rights standards by creating a work environment where every individual is treated with dignity and respect and by maintaining a zero-tolerance approach to any form of harassment or forced labor. By fostering a culture of respect and accountability, the company not only upholds human rights within its own operations but also influences its entire value chain to adhere to these principles.

SDG Linkages



Essential Indicators

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

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	1902	1902	100%	1724	1724	100%
Other than permanent	0	0	0%	0	0	0%
Total employees	1902	1902	100%	1724	1724	100%
Workers						
Permanent	448	448	100%	457	457	100%
Other than permanent	2330	2330	100%	3191	3191	100%
Total workers	2778	2778	100%	3648	3648	100%

2. Details of minimum wages paid to employees and workers

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	1581	0	0%	1581	100%	1467	0	0%	1467	100%
Female	321	0	0%	321	100%	257	0	0%	257	100%
Other than permanent										
Male	0	0	-	0	-	0	0	-	0	-
Female	0	0	-	0	-	0	0	-	0	-
Workers										
Permanent										
Male	442	0	0%	442	100%	451	0	0%	451	100%
Female	6	0	0%	6	100%	6	0	0%	6	100%
Other than permanent										
Male	2019	0	0%	2019	100%	2901	0	0%	2901	100%
Female	311	0	0%	311	100%	290	0	0%	290	100%

a. Details of remuneration/salary/wages

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD) Executive*	1	6,19,83,958	0	-
Key managerial personnel	2**	4,60,87,415	2@	39,95,541
Employees other than BoD and KMP	1792	12,33,825	361	8,46,774
Workers	440	4,52,808	7	4,84,143

*The remaining Board members receive only sitting fees and commission for attending meetings of the board/ committee.

** R S Rajagopal Sastry resigned from the position of Chief Financial Officer w.e.f. Close of business hours on 16th January 2024

@Sweta Agarwal appointed as Chief Financial Officer w.e.f. 10th January 2024

b. Gross wages paid to females as % of total wages paid by the entity, in the following format

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	13%	-*

* Reporting requirement applicable from current financial year

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

Yes. Ethics Committee, Notified Factory Welfare officer & Safety officer are responsible for addressing human rights impacts and issues inside the company to employees and to public.

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

Yes. We have employee representing committee like Ethics, POSH, Help desk, Welfare committee, Canteen Committee, Sports Committee to resolve grievance as per policies and certified standing orders of the company.

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

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed During the year	Pending resolution at the end of year	Remarks
Sexual harassment	Nil	Nil	-	Nil	Nil	-
Discrimination at workplace	Nil	Nil	-	Nil	Nil	-
Child labour	Nil	Nil	-	Nil	Nil	-
Forced labour/ Involuntary labour	Nil	Nil	-	Nil	Nil	-
Wages	Nil	Nil	-	Nil	Nil	-
Other human rights-related issues	Nil	Nil	-	Nil	Nil	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees / workers	Nil	Nil
Complaints on POSH upheld	Nil	Nil



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

Company has appointed representing senior and middle management employees as POSH committee with equal representation of Male and female to address and resolve issues related discrimination and harassment cases.

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

10. Assessments of the year

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

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

The company has detailed procedure in identifying & assessing High risk, High impacts activities & concerns to work on mitigation plan and the same has been reviewed religiously and periodically.

Leadership Indicators

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

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

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

No human rights due diligence has been conducted in the current reporting period.

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

Yes , the premise is accessible to differently abled visitors.

4. Details on assessment of value chain partners:

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

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

No assessment has been carried out.

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

The Company conducts its business as a manufacturer responsibly, ensuring compliance with legal requirements and internal standards worldwide. In the realm of environmental management, adhering to regulations is a fundamental concern. Legal developments are monitored and assessed, and measures are taken as needed at all sites to comply with local regulations.

SDG Linkages



Essential Indicators

The PPP conversion factor 22.88 is based on data published by World Bank for India for the year 2022 has been used across the entire principle 6 for the calculation intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) calculation.

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format

Parameter	FY 2023-24	FY 2022-23
From renewable sources		
Total electricity consumption (A) MJ	55,169,924	14,594,400
Total fuel consumption (B) MJ	-	-
Energy consumption through other sources (C) MJ	-	-
Total energy consumed from renewable sources (A+B+C) MJ	55,169,924	14,594,400
From non-renewable sources		
Total electricity consumption (D)	48,402,713	81,946,768
Total fuel consumption (E)	18,845,692	18,775,014
Energy consumption through other sources (F)	-	-
Total energy consumption (D+E+F)	67,248,405	100,721,781
Total energy consumed (A+B+C+D+E+F)	122,418,329	115,316,181
Energy intensity per rupee of turnover KJ/ Rupees (Total energy consumption/ turnover in rupees)	3.24	3.3
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	74.03	*
Energy intensity in terms of physical output Energy intensity– the relevant metric may be selected by the entity (GJ/MT)	2.26	*

*Reporting requirement is applicable from current financial year.

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

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

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

Not applicable.

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



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

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	18765	19796
(iii) Third-party water (municipal water supplies)	73490	66872
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	92255	86668
Total volume of water consumption (in kilolitres)	92255	86668
Water intensity per rupee of turnover (Total water consumption/ Revenue from Operations)	24.4	25.1
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	558.9	*
Water intensity in terms of physical output	1.7	*
Water intensity (optional) – the relevant metric may be selected by the entity	-	*

*Reporting requirement is applicable from current financial year.

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

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

4. Provide the following details related to water discharged

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
No treatment		
With treatment – please specify level of treatment		
(ii) To Groundwater		
No treatment		
With treatment – please specify level of treatment		
(iii) To Seawater		
No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

All ZF CVCS plants are ZLD* and hence there is no water discharge.

*Zero Liquid Discharge

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

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

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

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

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

Parameter	Unit	FY 2023-24	FY 2022-23
NOx	MT	0.812	0.819
SOx	MT	BDL*	BDL*
Particulate matter (PM)	MT	0.014	0.012
Persistent organic pollutants (POP)	MT	0	-
Volatile organic compounds (VOC)	MT	0	-
Hazardous air pollutants (HAP)	MT	0	-
Others – ozone-depleting substances (HCFC - 22 or R-22)	MT	0	-

*Below Detection Limits

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

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

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

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	1817.32	1503.42
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	9546.1 [#]	19348.54
Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric tonnes of CO ₂ equivalent/ INR Cr.	3	6
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjustment for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Metric tonnes of CO ₂ equivalent/ INR Cr.	68.7	*
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	Metric tonnes of CO ₂ equivalent/ Metric Tonnes	0.2	*

[#]There is significant reduction in the Scope 2 emissions for the current FY because of the organizations initiatives to utilize more renewable sources of energy.

*Reporting requirement is applicable from current financial year.



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

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

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

- » For FY 23-24 we have taken action to reduce diesel & LPG in canteen cooking in new plant Oragadam by converting into electrified kitchen.
- » We have prepared a roadmap to reduce GHG in the forthcoming years and increased the usage of renewable energy to reduce our emission intensity. In the current financial year the renewable energy consumption has increased from 14% to 40% there by reducing our Scope 2 emission.
- » We have also implemented the following energy conservation and efficiency projects:
 - ▶ Servo Motor for Grinding machine Spindles instead of VFD controlled Induction motors installed in 9 machines and Energy saved 196K units / annum.
 - ▶ Heat Pump for production washing machines instead of Electrical Heaters, implemented in 5 machines and Energy saved 72K units / annum.
 - ▶ Air Compressor Power reduced through Pneumatic Booster Circuit modification and Energy saved 120K units/ annum.
 - ▶ AHU power optimized through Electronically Commutated Fan and Energy Saved 18K units / annum.
 - ▶ Air Conditioning Energy in Vacuum Pump and Wheel Speed Sensor Assembly reduced by 22% through Energy Efficient Duct-able A/C in Ambattur Site.
 - ▶ System upgradation done in conventional CNC machines 4nos with new Energy efficient motor and reduced 204 K units per year.
 - ▶ Conventional 1000 CFM Dryer unit upgraded with energy efficient motor and Air End by that reduced 10% Air compressor energy.
 - ▶ CNC machines System upgradation with latest technologies done in 4 machines and energy consumption saved 198K units per year.
 - ▶ These measures resulted in substantial energy savings of about 10.29 lakhs units of power and cost resulting in Rs. 92.61 lakhs per annum.

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

Parameter	FY 2023-24	FY 2022-23
Total waste generated (in metric tonnes)		
Plastic waste (A)	198.87	119.17
E-waste (B)	0.233	6.4
Bio-medical waste (C)	0.0177	0.05066
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	119.932	48.6
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	4433.297	4175.8
Total (A+B + C + D + E + F + G + H)	4752	4350.10
Waste intensity per rupee of turnover (Total waste generated/ Revenue from Operations)	1.3	*
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	28.74	*
Waste intensity in terms of physical output	0.1	*
Waste intensity (optional) - the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	4433.297	4301.45
(ii) Re-used	-	-

Parameter	FY 2023-24	FY 2022-23
(iii) Other recovery operations	-	-
Total	4433.297	4301.45
For each category of waste generated, total waste disposed of by nature of disposal method (in metric tonnes)		
Category of waste	-	-
(i) Incineration	49.215	29.3
(ii) Landfilling	69.407	15.467
(iii) Other disposal operations	-	Recyclers (Aluminium, paper, GI, Plastics)
Total	118.6	44.767

*Reporting requirement is applicable from current financial year.

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

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

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

As part of zero waste to landfill & incineration, Ambattur plant signed a contract with waste recycler to reuse our hazardous waste to cement industry co-processing and also we will extend the same to Mahindra city in the FY 24-25. Further, the Company has adopted a strong waste management system that supports the operations of the Company to properly segregate waste at source.

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

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

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

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

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

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



Leadership Indicators

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

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

- (i) For each facility / plant located in areas of water stress, provide the following information:
- (ii) Name of the area: Chennai - Ambattur
- (iii) Nature of operations: Machining and assembly of braking solutions for automotive industry

	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water		18407
(ii) Groundwater		
(iii) Third party water	33235	
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)	33235	18407
Total volume of water consumption (in kilolitres)	33235	18407
Water intensity per rupee of turnover (Water consumed / turnover)	8.78	5.3
Water intensity (optional) – the relevant metric may be selected by the entity	0.6	*
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
No treatment	-	-
With treatment – please specify level of treatment	-	-
(ii) Into Groundwater		
No treatment	-	-
With treatment – please specify level of treatment	-	-
(iii) Into Seawater		
No treatment	-	-
With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties		
No treatment	-	-
With treatment – please specify level of treatment	-	-
(v) Others		
No treatment	-	-
With treatment – please specify level of treatment	29874	-
Total water discharged (in kilolitres)	29874	-

*Reporting requirement is applicable from current financial year.

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

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

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

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	125419	No Assessment was carried out in FY22-23
Total Scope 3 emissions per rupee of turnover	tCO ₂ e/INR Cr.	33.15	
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	tCO ₂ e/Metric Tonnes	2.32	

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

No assessment by external agency has been carried out

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

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

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

S.No	Type	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Renewable energy	Group captive solar power PPA signed	5MW of solar power in equity investment model for 25 years long term contract, it supports approx. 70 lakhs unit per annum to chennai plants	Increased in renewable energy for long term - 70 lakhs unit per annum
2.	Water recycles	Water recycled and used in process	Excess gardening water is taken into RO plant and used for processing which supports water purchase reduction	15KL of water recycled per day
3.	Zero waste to landfill	Hazardous waste disposed to alternate fule purpose	Hazardous waste from process as disposed to 3 rd party and reused in cement coprocessing process.	100% of hazardous waste reused for cement coprocessing at Ambattur plant - 10 tons
4.	Energy efficiency	Improve energy efficiency in HVAC	EC+ fans installed in HVAC to improve the energy efficiency more than 15%	more than 15%

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

Yes, the Company has Risk Assessment Process. The committee comprises of site leadership team with the process owner being the Regional Operations officer. The operating procedures involves identifying the existing processes, identify risk/ opportunities factor, analyse what are the potential effect for risk/ opportunities factor, evaluate severity, occurrence and risk number and then decide on the action to be taken and the frequency of review. Risks addressed include natural calamities, IT security risks, production related risks, supply chain related risks. The Company conducts an annual review of the complete risk assessment process in the entire operations activity.

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

No significant impact have been identified in the current reporting period. Various measures like Co2 reduction target, green electricity, Product Carbon Footprint calculation (PCF) are being implemented to prevent any adverse impact on the environment.

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

Not physically, The ESG impacts of value chain partners was covered as part of ESG assessment self-declaration.



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

The company publicly discloses its policy positions, advocacy activities, and the principles guiding its interactions with policymakers. This openness ensures that stakeholders are fully informed about the company’s efforts to influence public policy and the rationale behind its positions. The company also adheres to stringent compliance protocols to ensure that all advocacy activities are conducted within the legal framework and ethical guidelines. Moreover, the company is actively involved in several industry and trade associations, contributing significantly to these forums.

SDG Linkages-



Essential Indicators

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

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

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

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

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

Name of authority	Brief of the case	Corrective action taken
No case was filed by any stakeholder against ZF CVCS regarding unfair trade practices and anti-competitive behaviour during the financial year.		

Leadership Indicators

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

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of review by board (Annually/ half yearly/ quarterly / others – please specify)	Web-link, if available
1	ABS for Commercial Vehicles (2013)	Public event, Technology Demonstration at Test Track	No	NA	PressReader.com - Digital Newspaper & Magazine Subscriptions
2	Electronic Stability Control (ESC) - 2017	Public event, Technology launch at Test Track	No	NA	WABCO INDIA Show-cases Control Electronic Stability Control (globenewswire.com)
3	Intelligent Trailer Pro-gram (ITP) - 2018 (to promote trailer ABS)	Public event, Technology launch at Test Track	No	NA	Intelligent trailer program: Wabco launches Intelligent Trailer Pro-gram in India, Auto News, ET Auto (indiatimes.com)
4	Advanced Driver Assistance Systems like Lane Departure Warning, Collision Mitigation system, Collision Avoidance System, etc.	Representing ZF Group in AISC (Automotive Industry Standards Committee), CMVR TSC (Central Motor Vehicle Rules Technical Standing Committee), TED (Transport Engineering Department) to share technical know how for preparing various standards suitable for India	Yes	NA	NA
5	Technology Road Maps for India	Representing ZF Group at TSR Committee (Technical, Safety and Regulations committee) of Automotive Components Manufacturers Association (ACMA) to define and align technology roadmaps	Yes	NA	NA

Principle 8: Businesses should promote inclusive growth and equitable development

The company recognizes the importance of economic and social progress that benefits all stakeholders, including employees, customers, suppliers, and the communities in which it operates. By fostering inclusive business practices and partnerships, the company seeks to create opportunities for social economic advancement thereby contributing to a more equitable society.

SDG Linkages-





Essential Indicators

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

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

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

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

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

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

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

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	45.45%	39.7%
Directly from within India	82.71%	80.07%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

	FY 2023-24	FY 2022-23
Rural	42%	*
Semi-urban	Nil	*
Urban	7%	*
Metropolitan	51%	*

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

*Reporting requirement is applicable from current financial year.

Leadership Indicators

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

Details of negative social impact identified	Corrective action taken
Not Applicable	

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

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

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

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

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

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

Sr. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared	Basis of calculating benefit share
		Nil		

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

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

6. Details of beneficiaries of CSR projects:

Sr. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	50 Nos of Solar streetlights Single arm in nearby Village	more than 500	80%
2	1 No of High mast light	more than 500	80%
3	50KVA Solar power facility at the Women's Polytechnic College	more than 550	90%
4	20 Nos of Solar Light facility Double arm at the Women Polytechnic college	more than 550	90%
5	30 Nos of Solar Street light Single arm facility nearby Ramchandrapur & Uperbera	more than 400	100%
6	Installation of 15 nos of solar based streetlights at SIDCO Industrial estate and nearby Attipattu main road (60 Watts Single arm light, 7-meter pole)	more than 2000	50%
7	Installation of 2 High Mast solar lights at Ambattur 3 rd main road meeting junction 880 watts 8 lamps, 15 meters pole	more than 2000	50%
8	Installation of 1 no of solar based LED traffic signal at CTH Road, VGN Road Junction - 3-way Solar LED signal with L type cantilever pole	more than 5000	20%
9	Uppar Primary school - Toilets for kids and building infrastructure improvement	170 and above	90%
10	Hot and cold water dispenser Facility at District Sadar Hospital - 2nos	500 and above	100%
11	O2 Plant AMC, K.K Nagar, Chennai	5000 and above	100%
12	Computer(10 nos) for Computer lab and soldering lab for Govt Polytechnic	400	80%
13	Computer(10 nos) and advanced fitter and welding lab for Govt ITI	400	80%
14	Braking system working model and training to Driver Training institute of STUs	150 drivers and 100 technicians	50%
15	TSC equipments to STUs regional workshop	100 technicians and 200 students	50%



Sr. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
16	4 Nos. of Solar Street light Double Arm 8 meter height 160w and 1 No. High Mast light 160w at TANSIDCO Industrial Estate Construction of workers' hostel	more than 400	40%
17	ECO Park – Fencing	NA	NA
18	1 no. Hi-mast light Near Somaiya Nagar Tiraha (6 arm) (Existing Pole - to fix 6 arm light and solar panel system)	more than 500	80%
19	Smart TV at Uppar Primary school	130	90%
20	Upgradation of UPHC in Zone 7 - Total 9 UPHCs by support of medical equipment to : Oragadam-Ambattur, Menambedu, Venkatapuram, Korattur, Varadharajapuram, Athipet, Padi, Mugappair, Veeramamunivar - ECG Machine - 4 nos., Auto clave 3 nos, Semi Auto Analyzer 1 no, CBC Cell counter 1 no, BP Appartus 45 Nos. Glucometer Unit 45 nos, Glucometer strips pack of 50 strips 450 nos, Glucometer strips pack of 25 strips 900 nos, Speculum 90 nos, Digital weight machine 9 nos.	20000 and above	100%
21	Cyclone Relief support to Tamilnadu	5000	100%
22	Installation of High Frequency C- Arm system (1 No), Multi Para Monitor (10 Nos), Defibrillator (Biphasic) (2 Nos) & Digital X-Ray Fixed (1 No) to Government to Medical College Hospital, Namakkal	35000 and above	50%
23	Re-plantation of Michaug cyclone damaged trees at proving Ground, Chennai	more than 400	80%
24	Solar Power (10KVA) at Government High School, Arikkambedu (Near our Ambattur plant)	more than 3000	20%
25	Solar Traffic Blinker Lights at Ambattur area.	more than 400	80%
26	30 Nos. Solar Powered Corridor lamps light 90W LED in Government Higher Secondary School, Athipet	more than 500	80%
27	Installation of 2 no's of High mast and 15 solar street lights at Govt. Women's Polytechnic chowk & Thana Gamharia	more than 100	10%
28	Desilting of rainwater pond, stone pitching, handrail at Mini Eco Park, Test Track, Meppadu	NA	NA

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

The Company's responsible corporate governance, compliance, and exceptional products and services have garnered recognition and trust from its customers. The goal is to uphold the company's dedication and the high regard it has achieved going forward. The Company sees customers as essential partners or members of the marketplace team, crucial for the Company's growth and success.

SDG Linkages-



Essential Indicators

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

We have a dedicated Key account team for each customer having regular interaction with the customers on day today activities on QCD and receives customer requirements /Feedback/ Complaints and work closely with them to support / solve the issues.

For new Product development & application projects, we will have a separate weekly call with the Product Development team of customer and publish the progress and Key actions on both the sides. A dedicated commercial excellence team is there to address the commercial settlement with the customer.

Apart from this, on yearly basis the company conducts a customer satisfaction survey annually to capture both complaints and feedback. The responses are then grouped into attributes like Supplier relationship management,

logistics, quality, innovation, competitiveness and programme projects to analyse the responses and score the performance. This analysis is then used for identifying the reasons for the deterioration of scores, if any, and to address the correct course of action.

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

	As a % to total turnover
Environmental and social parameters relevant to the product	0%
Safe and responsible usage	22%*
Recycling and/or safe disposal	0%

*SBA and Air Processing (Air Drier, DDU, ASP) will have indication of safe usage due to loaded spring assembled inside which are mandatory in nature. We provide 100% of safety instruction on mandatory requirements.

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

	FY 2023-24		Remarks	FY 2022-23		Remarks
	Receive during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	-	-	Nil	-	-
Advertising	Nil	-	-	Nil	-	-
Cyber-security	Nil	-	-	Nil	-	-
Delivery of essential services	Nil	-	-	Nil	-	-
Restrictive trade practices	Nil	-	-	Nil	-	-
Unfair trade practices	Nil	-	-	Nil	-	-
Other	-	-	-	-	-	-

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

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

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

Yes, ZF CVCS has a global framework and policy on cyber security. This policy covers Corporate Security Incident & Emergency Management, Cyber Security Crisis Response Process, Crisis management, Information security management policy, etc.

Link to Policy

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

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

Not applicable



7. Provide the following information relating to data breaches:

a. Number of instances of data breaches	No data incidents and/or breaches were reported (as per WIG 20-0234 CRISIS and Incident management) to Corporate Security (GCSA) / IT Infrastructure and Operations (FIIC) / India IT BRM head (FIBK), since April 2023 till Mar2024
b. Percentage of data breaches involving personally identifiable information of customers -	
c. Impact, if any, of the data breaches -	

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

Details could be found as follows:

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

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

Customer Helpline (AM): 1800 - 102 - 4770

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

The Company has maintained its position as a trusted partner in the value chain due to its focus on quality delivery of customer services as prime positioning. The Company conducts roughly 50 to 60 awareness training sessions each month on products for Authorised Service Centres, Wholesale Distributors, State Transport Undertaking offices, fleet operators, army workshop / office on the products and services. Apart from this we have conducted 23 Driver training session in the last financial year on road awareness & safety.

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

The Company is involved in continuous communication with the customers to inform any risk of disruption of any essential services. Dedicated sales and customer support teams located at customer end have consistent communication to keep the customers abreast of any issues in the supply chain.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)

If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/ No) - Yes, to prevent any kind of personal injury during dismantling of products containing heavily compressed springs necessary warning information is clearly indicated on product labels in Bold red colour. eg. Spring Brake actuators, DDSBA, DDU, Air Drier etc.

Report on Corporate Governance

1. Company's philosophy on code of governance

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

Our corporate governance is reinforced through the Company's Code of Conduct and Ethics, corporate governance guidelines and committee charters. Our Board and Management processes, various audits including ZF Group's Corporate Audit, and Internal Control Systems reflect the corporate governance framework principles. This report gives a comprehensive look at how our governance adheres to the governance framework.

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

2. Board of Directors

2.1 Composition and category of Directors:

As on 31st March 2024, the Board of Directors (the Board) comprised of 7 Directors as follows:-

- » Mr. M Lakshminarayan, Non-Executive & Independent Director as Chairman@
- » Mr. P Kaniappan, Managing Director
- » Mr. Mahesh Chhabria, Independent Director
- » Ms. Amrita Verma Chowdhury, Independent Director#
- » Ms. Rashmi Urdhwaresh, Independent Director*
- » Dr. Christian Brenneke, Non-Executive Non-Independent Director
- » Mr. Phillipe Colpron, Non-Executive Non-Independent Director

- Appointed w.e.f. 27th October 2023

* - Appointed w.e.f. 20th March 2024

@ - Ceased w.e.f. from close of the business hours on 31st March 2024

In addition to the above Directors, the following Directors were appointed on the Board of the Company with effect from 22nd May 2024,

- » Mr. Akash Passey as an Additional Director in the capacity of a Non-Executive Non-Independent Director and Chairman of the Company.
- » Mr. Neeraj Sagar as a Non-Executive Independent Director for a term of five consecutive years.

During the financial year 2023-24, since the Board had a regular Non-Executive & Independent Director as Chairperson, the required composition of Independent Directors was atleast one third of the total strength of the Board, as per Regulation 17(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations). The Company complied with the above Listing regulations during the financial year 2023-24 and as on 31st March 2024, the Independent Directors comprised of more than 50% of the Board's total strength which includes two Women Independent Directors.

As the Chairman of the Company is a Non-Executive & Non-Independent Director with effect from 1st April 2024, the required composition of Independent Directors is atleast one half of the total strength of the Board and the Company is also in compliance of the same as on the date of this report.

2.2 Board meetings and attendance:

The Company, in consultation with the Directors, prepares and circulates a tentative annual calendar for the meetings of the committees/Board to assist the Directors for planning their schedules to participate in the meetings. During the year 2023-24, the Board met Five times and the gap between two meetings did not exceed 120 days. Attendance as on 31st March 2024 is as follows:



Attendance Particulars

Name of the Director	AGM held on 27th July 2023	Board Meetings					No. of meetings held during Tenure	Present	% of attendance in Board meeting
		1 24 th May 2023	2 27 th July 2023	3 27 th October 2023	4 30 th January 2024	5 27 th March 2024			
Mr. M. Lakshminarayan (*)					L		5	4	80
Mr. P. Kaniappan							5	5	100
Mr. Mahesh Chhabria							5	5	100
Dr. Lakshmi Venu (**)	L	L		L	NA	NA	3	1	33
Ms. Amrita Verma Chowdhury (#)	NA	NA	NA	NA			2	2	100
Ms. Rashmi Urdhwareshe (##)	NA	NA	NA	NA	NA		1	1	100
Mr. Philippe Colpron		L				L	5	3	60
Dr. Christian Brenneke						L	5	4	80
% of attendance	83	80	100	83	83	71			



- Physically Present



- Attended through VC

L - Leave of absence

NA - Leave of absence

(*) Ceased w.e.f. close of business hours on 31st March 2024

(**) Resigned w.e.f. close of business hours on 30th October 2023

(#) Appointed w.e.f 27th October 2023

(##) Appointed w.e.f 20th March 2024

2.3 Directorships and committee memberships in other companies

Name of Director	No. of Directorship in other Companies*	Membership of Committees in other Companies incl. ZF CVCS #	Chairmanship of Committees in other Companies including ZF CVCS !
Mr. M. Lakshminarayan	9	6	2
Mr. P. Kaniappan	4	2	-
Mr. Mahesh Chhabria	9	7	3
Ms. Amrita Verma Chowdhury	11	4	-
Ms. Rashmi Urdhwareshe	10	4	1
Mr. Philippe Colpron \$	2	-	-
Dr. Christian Brenneke	-	1	-

* : includes private companies.

: includes committees where the director is also chairman.

\$: includes directorship in foreign companies.

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

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

Director	Name of the Listed Company	Designation
Mr. M Lakshminarayan	TVS Electronics Limited	Independent Director
	ASM Technologies Limited	Independent Director
	Sansera Engineering Limited	Independent Director
	Suprajit Engineering Limited	Independent Director
Mr. Mahesh Chhabria	Kirloskar Oil Engines Limited	Director
	Kirloskar Industries Limited	Managing Director
	Kirloskar Ferrous Industries Limited	Director
	Kirloskar Pneumatic Company Limited	Director
Ms. Amrita Verma Chowdhury	Shoppers Stop Limited	Independent Director
	Simmonds Marshall Limited	Independent Director
	Mahindra Lifespace Developers Limited	Independent Director
Ms. Rashmi Urdhwaeshe	NESCO Limited	Independent Director
	Uno Minda Limited	Independent Director
	Bimetal Bearings Limited	Independent Director
	Sterling tools Limited	Independent Director

None of the Directors is a member in more than 10 board level committees or Chairman of more than 5 such committees of listed companies, as specified under Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

2.4 Inter-se relationship between directors:

None of the directors are related to each other.

March 2024. The annual report contains a declaration to this effect signed by the Managing Director and Company Secretary of the Company as compliance officer for the Code.

2.5 Access to information and updating to directors:

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

2.7 Appointment of directors:

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

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

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

All the Directors and Senior management personnel have affirmed compliance with the Code for the year ended 31st

2.8 Criteria Of Independence

Based on the disclosures received from all the Independent Directors and in the opinion of the Board, the Independent Directors fulfil the criteria of independence as specified in the Companies Act, 2013, the rules notified thereunder as well as Listing Regulations and are independent of the Management.

2.9 Details of Familiarization Programmes

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



2.10 Skills / expertise / competencies of the Board of Directors

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

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

2.11 Resignation of Dr. Lakshmi Venu

Dr. Lakshmi Venu, who was an Independent Director of the company has resigned effective from the close of business hours of 30th October 2023 due to her preoccupation. There is no other reason for her resignation from the company except the one stated here. The Company places on record its deep sense of appreciation for her guidance and invaluable contributions.

3. Audit Committee

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

Other objectives of the audit committee are as follows:

- 1) To recommend for appointment, remuneration and terms of appointment of auditors of the company;
- 2) To approve payment to statutory auditors for any other services rendered by the statutory auditors;
- 3) To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 4) To examine the financial statement and auditor's report thereon;
- 5) To approve transactions of the company with related parties and modifications thereof including those for which the omnibus approval is provided;
- 6) To scrutinize intercorporate loans and investments;
- 7) To undertake valuation of undertakings or assets of the Company, wherever it is necessary;
- 8) To evaluate internal financial controls and risk management systems;
- 9) To monitor the end use of funds raised through public offers and related matters.
- 10) To review the utilization of loans and / or advances to or investments in subsidiaries, if any.
- 11) To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may discuss any related issues with the internal and statutory auditors and the management of the company.
- 12) To investigate any activity within its terms of reference of the Companies Act, 2013 or referred to it by the Board and for its purpose, shall have full access to information contained in the records of the Company and external professional, legal or other advice, if necessary;
- 13) To seek information from any employee;
- 14) To secure attendance of outsiders with relevant expertise, if it considers necessary;
- 15) To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 16) To review, with the management, the annual financial statements and auditor's report thereon before Submission to the board for approval, with particular reference to:
 - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b. changes, if any, in accounting policies and practices and reasons for the same;
 - c. major accounting entries involving estimates based on the exercise of judgment by management;
 - d. significant adjustments made in the financial statements arising out of audit findings;
 - e. compliance with listing and other legal requirements relating to financial statements;
 - f. disclosure of any related party transactions; and
 - g. modified opinion(s) in the draft audit report.
- 17) To review, with the management, the quarterly financial statements before submission to the board for approval;
- 18) To review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 19) To review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 20) To review the adequacy of internal audit function, including the structure of the internal audit



department, staffing and seniority of the official heading the department, structure coverage and frequency of internal audit;

- 21) To discuss with internal auditors any significant findings and follow up there on;
- 22) To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 23) To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 24) To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors;
- 25) To review the functioning of the Whistle Blower mechanism;
- 26) To approve appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- 27) Conducting any other function as is mentioned in the terms of reference of the Audit Committee from time to time. The auditors of the Company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.
- 28) To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

3.1 Composition, name of members and the chairman of the Audit Committee as on 31st March, 2024 is as follows:

Name of the directors	Status
Mahesh Chhabria	Non-executive, Independent director
M Lakshminarayan	Non-executive, Independent director
Amrita Verma Chowdhury	Non-executive, Independent director

Mr. Mahesh Chhabria, Independent Director, is the Chairman of the Audit Committee. Ms. Muthulakshmi M, Company Secretary of the Company acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee was present at the time of the Annual General Meeting held on 27th July 2023. Composition of the committee is in accordance with the requirements of Regulation 18 of the Listing Regulation and Section 177 of the Companies Act, 2013. The particulars of meetings and attendance by the members of the committee during the year under review are given in the table below:

Audit committee meeting								
Name of the Director	Committee meeting details					Held during tenure	Present	% of attendance of individuals
	24 th May 2023	27 th July 2023	27 th October 2023	29 th January 2024	27 th March 2024			
Mahesh Chhabria						5	5	100
M Lakshminarayan						5	5	100
Amrita Verma Chowdhury @	NA	NA	NA			2	2	100
Dr. Lakshmi Venu*	L		L	NA	NA	3	1	33
% of attendance	66	100	66	100	100			

- Physically Present - Attended through VC L - Leave

@ member w.e.f. 31st October 2023

*ceased to be member w.e.f. close of business hours of 30th October 2023










4. Nomination and Remuneration Committee:

The Board has constituted a Nomination and Remuneration Committee in terms of Section 178 of the Companies Act, 2013 and composition, name of members and the chairperson of the Committee as on 31st March 2024 are as follows:

Name of the directors	Status
Amrita Verma Chowdhury*	Non-executive, Independent director
M Lakshminarayan	Non-executive, Independent director
Mahesh Chhabria	Non-executive, Independent director
Dr. Christian Brenneke	Non-executive, Non-Independent director




* Chairperson and Member w.e.f. 31st October 2023

Nomination and Remuneration committee meeting

Name of the Director	Committee meeting details			Held during tenure	Present	% of attendance of individuals
	24 th May 2023	27 th October 2023	29 th January 2024			
Mahesh Chhabria				3	3	100
M Lakshminarayan				3	3	100
Amrita Verma Chowdhury@	NA	NA		1	1	100
Dr. Christian Brenneke		L		3	2	66
Dr. Lakshmi Venu*	L	L	NA	2	0	0
% of attendance in meeting	75	50	100			

@ member w.e.f. 31st October 2023

* Ceased as member w.e.f. close of business hours of 30th October 2023

  - Physically Present  - Attended through VC L - Leave

4.1 Brief description of the Terms of reference:

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

- 1) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and/or removal and ensure that succession plans for board and senior management personnel are in place.
- 2) To carry out evaluation of every director's performance.
- 3) To formulate the criteria for determining qualifications, positive attributes and independence of a director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- 4) To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance.
- 5) To recommend to the Board, all remuneration, in whatever form, payable to Directors, key managerial personnel and senior management.
- 6) To determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.



- 7) To evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and to identify suitable candidates for appointment as independent director.
- 8) To devise a policy on diversity of board of directors.
- 9) Recommend to the board, all remuneration, in whatever form, payable to senior management.

4.2 Nomination and Remuneration Policy:

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

4.3 Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgement.

4.4 Remuneration to Non-Executive Directors:

Remuneration by way of sitting fee for attending the meetings of Board and committees and commission on profit not exceeding the limit specified in the Companies Act, 2013 is paid to independent directors of the Company. No remuneration including sitting fee and commission on profit is paid to non-executive and non-independent directors of the Company. There is no separate provision for payment of severance fees.

4.5 Particulars of remuneration paid to the Managing Director during the financial year 2023-24

(Rs. in lakhs)

Name of the Director	Salary	Contribution to PF and other funds	Perquisites & Allowances	Performance Bonus	Total
Mr. P Kaniappan	252.81	14.15	8.21	344.67	619.84

4.6 Particulars of sitting fees and commission paid/payable to non-executive independent directors and directors during the financial year 2023-24.

Name of the Director	Sitting fees (₹)	Commission (₹)@	Total (₹)
M Lakshminarayan	3,40,000	30,00,000	33,40,000
Dr. Lakshmi Venu*	40,000	14,55,000	14,95,000
Mahesh Chhabria	3,00,000	35,00,000	38,00,000
Amrita Verma Chowdhury**	1,00,000	10,73,000	11,73,000
Rashmi Urdhwareshe***	20,000	82,000	102,000
TOTAL	8,00,000	91,10,000	99,10,000

(*) Resigned w.e.f. close of business hours of October 30, 2023

(**) Appointed w.e.f. 27th October 2023

(***) Appointed w.e.f. 20th March 2024

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

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

The Board at its meeting dated 24th May 2024, has considered and approved the commission payable to non-executive independent directors amounting to Rs. 30 Lakhs to Mr. M. Lakshminarayan, Rs. 35 Lakhs to Mr. Mahesh Chhabria, Rs. 14.55 Lakhs to Dr. Lakshmi Venu, Rs. 10.73 Lakhs to Ms. Amrita Verma Chowdhury and Rs. 0.82 Lakhs to Ms. Rashmi Urdhwarashe respectively. Other non-executive directors, Mr. Philippe Colpron and Dr. Christian Brenneke have waived the sitting fees payable to them.

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












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



5. Stakeholders Relationship Committee:

The Board constituted a Stakeholder Relationship Committee in terms of Section 178 of the Companies Act, 2013 and composition, name of members and the chairman of the Stakeholders Relationship Committee as on 31st March 2024 are as follows:

Name of the directors	Status
M Lakshminarayan	Non-executive, Independent director
P Kaniappan	Executive-Non-Independent director
Philippe Colpron	Non-executive, Non-Independent director

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

Stakeholders Relationship Committee meeting							
Name of the Director	Committee meeting details				Held during tenure	Present	% of attendance of individuals
	24 th May 2023	27 th July 2023	27 th October 2023	29 th January 2024			
M Lakshminarayan					4	4	100
P Kaniappan					4	4	100
Philippe Colpron			L		4	3	75
% of attendance in meeting	100	100	66	100			

 - Physically Present  - Attended through VC **L** - Leave



The Committee oversees and reviews all matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The committee also looks into the redressal of investors' grievances pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. The Company, as a matter of policy, disposes investor services complaints within a stipulated time. Complaints received and redressed during the year 2023-24

No. of Complaints received during the year	2
No. of complaints resolved during the year	2
No. of complaints pending unresolved as on 31.03.2024	-

5.2 All the complaints were resolved and, as on 31st March 2024, no complaint was pending.

6. Risk Management Committee

6.1 Composition, name of members and the chairman of the Risk Management Committee as on 31st March 2024:

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

@ ceased as member w.e.f. Close of business hours on 16th January 2024

! appointed as member w.e.f. 30th January 2024

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

Risk Management committee meeting					
Name of the Director	Committee meeting details				
	22 nd September 2023	12 th March 2024	Held during tenure	Present	% of attendance of individuals
Dr. Christian Brenneke		L	2	1	50
Philippe Colpron	L	L	2	0	0
Mahesh Chhabria			2	2	100
P Kaniappan			2	2	100
V Ramanathan			2	2	100
R S Rajagopal Sastry*		NA	1	1	100
Sweta Agarwal!	NA		1	1	100
% of attendance in meeting	83	66			

- Physically Present - Attended through VC **L** - Leave

* Ceased as member w.e.f. Close of business hours on 16th January 2024

! appointed as member w.e.f. 30th January 2024

6.2 Brief description of the Terms of reference:

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



7. Corporate Social Responsibility Committee (CSR Committee)

The Board constituted a Corporate Social Responsibility Committee in terms of Section 135 of the Companies Act, 2013. Composition, name of members and the chairman of the Committee, as on the March 31, 2024 as follows:-

Name of the directors	Status
P Kaniappan	Managing Director
M Lakshminarayan	Non-executive, Independent director
Amrita Verma Chowdhury*	Non-executive, Independent director

* appointed w.e.f 31st October 2023

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

Corporate Social Responsibility committee meeting				
Name of the member	24 th May 2023	Held during tenure	Present	% of attendance of individuals
P Kaniappan		1	1	100
M Lakshminarayan		1	1	100
Lakshmi Venu*	L	1	0	0
Amrita Verma Chowdhury@	NA	1	NA	NA
% of attendance in meeting	66			

@ member w.e.f. 31st October 2023

* Ceased as member w.e.f. close of business hours of 30th October 2023

- Physically Present - Attended through VC L - Leave

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

8. Separate Meeting of Independent Directors

As required under Regulation 25 (3) of SEBI (LODR) Regulations 2015 separate meeting of Independent Directors of the company was held on 27th March, 2024.

9. Senior Management

Particulars of senior management including the changes therein since the close of the previous financial year

Name	Functions
Ramanathan Visvanathan	Sales
Ravikumar M. S.	Operations
Muruganandam Chelladurai	Quality
Joseph Panakkal	Human Resources
Sweta Agarwal	Chief Financial Officer
Rupesh Manni	Driveline Technology
Sachin Deshmukh #	Chassis Structure
Balaji Chidambaram	Chassis Control
Jameel Baig	Bus &Trailer Solutions
Venugopal Krishnamoorthy	Strategy & Market Int.
Ponraj Pandian	Program Purchasing

Name	Functions
Ganesamoorthy Arumugam	Engineering
Ramachandra Puttanna	Aftermarket
Muthulakshmi M	Company Secretary
Hariprasad Rayapalyam	Legal
Sunitha Rajagopalan*	Communications

*Has resigned from the company with effect from close of business hours on May 10, 2024.

"Sachin Deshmukh is not an employee of the company, but he holds the position of Senior Managerial Personnel for the 'Chassis Structure' product line."

10. Reconciliation of Share Capital Audit Report

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

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

Year	Location	Date	Time
2020-21	AGM Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)	24.09.2021	02.00 P.M
2021-22		27.07.2022	03.00 P.M
2022-23		27.07.2023	03.00 P.M

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

AGM Date	Item of Business
24.09.2021	<p>1. Re-appointment of Dr. Lakshmi Venu (DIN: 02702020), as a Non-Executive and Independent Director for a term of five consecutive years from 19th May, 2021 to 18th May, 2026, pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, on such remuneration including sitting fees and profit-related commission as may be decided by the Board of Directors from time to time.</p> <p>2. Pursuant to the provisions of Section 185 of the Companies Act, 2013 and other applicable provisions, approval of members be and is hereby accorded to the Board of Directors of the Company to provide Inter-Corporate Loans / Deposits, lending through a Cash pooling arrangement, through any bank to ZF India Private Limited, WABCO Digital Solutions Private Limited and ZF Wind Power Coimbatore Pvt. Ltd. notwithstanding that the entire lending under this arrangement put together at any point in time shall not exceed Rs.100 Crores on such terms and conditions as the Board of Directors may deem fit, provided that the said transaction(s) so carried out shall be at arm's length basis, in the ordinary course of business and in the interest of the Company.</p> <p>The Board is further authorised to finalise the terms and conditions as may be considered necessary, expedient or desirable and execute such agreements, documents and writings to give effect to the above resolution and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution which the Board can delegate to any one or more of director(s) / officers of the Company.</p>
27.07.2022	Nil
27.07.2023	Nil



11.3 Details of special resolutions passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot during the financial year 2023-24:

Postal Ballot No.	Particulars of Special Resolution	Date of Passing of the Resolution	Voting Pattern	
			Votes cast in favour	Votes cast against
5	Approving the appointment of Mrs. Amrita Verma Chowdhury (DIN 02178520) as a Non-Executive Independent Director for a term of 5 (Five) consecutive years effective 27 th October 2023	06.01.24	1,71,30,773 (98.71%)	2,24,576 (1.29%)
6	Approval for the appointment of Ms. Rashmi Urdhwareshe (DIN 08668140) as a Non-Executive Independent Director for a term of 5 (Five) consecutive years effective 20 th March 2024	09.03.24	1,73,53,960 (99.80%)	34,719 (0.20%)

Mr. K Sriram, a Practising Company Secretary, (Membership No. F6312 / CP No.2215), was appointed as the Scrutinizer to scrutinize the postal ballot process by voting through electronic means only (remote e-voting) in a fair and transparent manner.

Procedure for postal ballot: The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the Rules framed thereunder and read with the General Circular nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020 and subsequent circulars issued in this regard, the latest being 9/2023 dated September 25, 2023, respectively issued by the Ministry of Corporate Affairs and Regulation 44 of SEBI Listing Regulations.

Details of special resolution proposed to be conducted through postal ballot:

As on date of this report, there is no proposal to pass any special resolution through Postal Ballot.

12. Unclaimed Shares

Pursuant to Regulation 39 of the Listing Regulation, equity shares aggregating to 572 shares of Rs.5/- each held by 10 equity shareholders were laying unclaimed (hereinafter referred to as "unclaimed shares") as required under the SEBI Regulations. Those shareholders who do not possess original share certificate with them, are requested to contact the Share Transfer Agent, M/s. Integrated Registry Management Services Private Limited to obtain their shares either in dematerialized form or physical form as desired by the shareholder.

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

Details of Unclaimed suspense account	No. of Shareholders	No. of Shares
No. of shares in Unclaimed Suspense Account at the beginning of the year as on 01/04/2023	14	693
No. of shareholders who approached the Company for transfer of shares from suspense account during the year	2	57
No. of shareholders to whom shares were transferred from suspense account during the year ended 31/03/2024	0	0
Shares transferred to the IEPF Authority account during the year ended 31/03/2024	4	121
Aggregate number of shareholders and the outstanding shares lying in the suspense account on 31/03/2024	10	572

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

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

Those shareholders who do not possess original share certificate with them, are requested to contact the Share Transfer Agent, M/s Integrated Registry Management Services Private Limited to obtain their shares only by dematerialized form by the shareholder (Vide Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8). The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Details of IEPF Authority Account	No. of Shareholders	No. of Shares
No. of shares in the IEPF Authority Account at the beginning of the year as on 01/04/2023	793	48,931
No. of shareholders who approached the Company for transfer of shares from IEPF Authority Account during the year	22	2210
No. of shareholders of whose shares were transferred from unclaimed Suspense Account to the IEPF Authority Account during the year	2	64
No. of shareholders whose shares were transferred to the IEPF Authority Account during the year	39	3106
No. of shares transferred from the IEPF Authority Account during the year to the shareholders	13	1442
Aggregate number of shareholders and the outstanding shares lying in the IEPF Authority Account as on 31/03/2024	821	50,659

14. Means of communication

14.1 Quarterly results:

The Quarterly, Half Yearly and Annual Results are regularly submitted to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) as well as uploaded on the Company's website and are published in newspapers.

14.2 Newspapers wherein results normally published:

The results are normally being published in any one of the English newspapers, namely "Business Standard", and the Tamil version in "Makkal Kural".

14.3 Website:

The Company has in place a functional web site addressed as https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

The unaudited results, quarterly compliance report on corporate governance and the quarterly shareholding pattern as filed with the Stock Exchanges are published in Company website. The Company makes use of its website for publishing official news releases and presentations, if any, made to institutional investors / analysts.

15. General shareholder information

15.1 Annual General Meeting:

Date and time/Venue

22nd July 2024 at 15.00 hrs. (IST)
through Video Conferencing (VC)/
Other Audio Visuals Means (OAVM)



15.2 Financial year 1st April to 31st March

Financial calendar 2024-25 (Tentative)

Financial reporting for the quarter ending
30th June 2024
30th September 2024
31st December 2024
31st March 2025

Annual General Meeting

Financial calendar
on or before 14th August 2024
on or before 14th November 2024
on or before 14th February 2025
on or before 30th May 2025

July / August / September 2025

15.3 Particulars of dividend payment

The Board of Directors had recommended a dividend of ₹ 17/- per share for the year 2023-24, absorbing a sum of ₹ 3,224.49/- lakhs and subject to the approval of the shareholders in the ensuing annual general meeting. This dividend will be paid on or before 20th August 2024 to the shareholders as on record date.

15.4 Listing on Stock Exchanges:

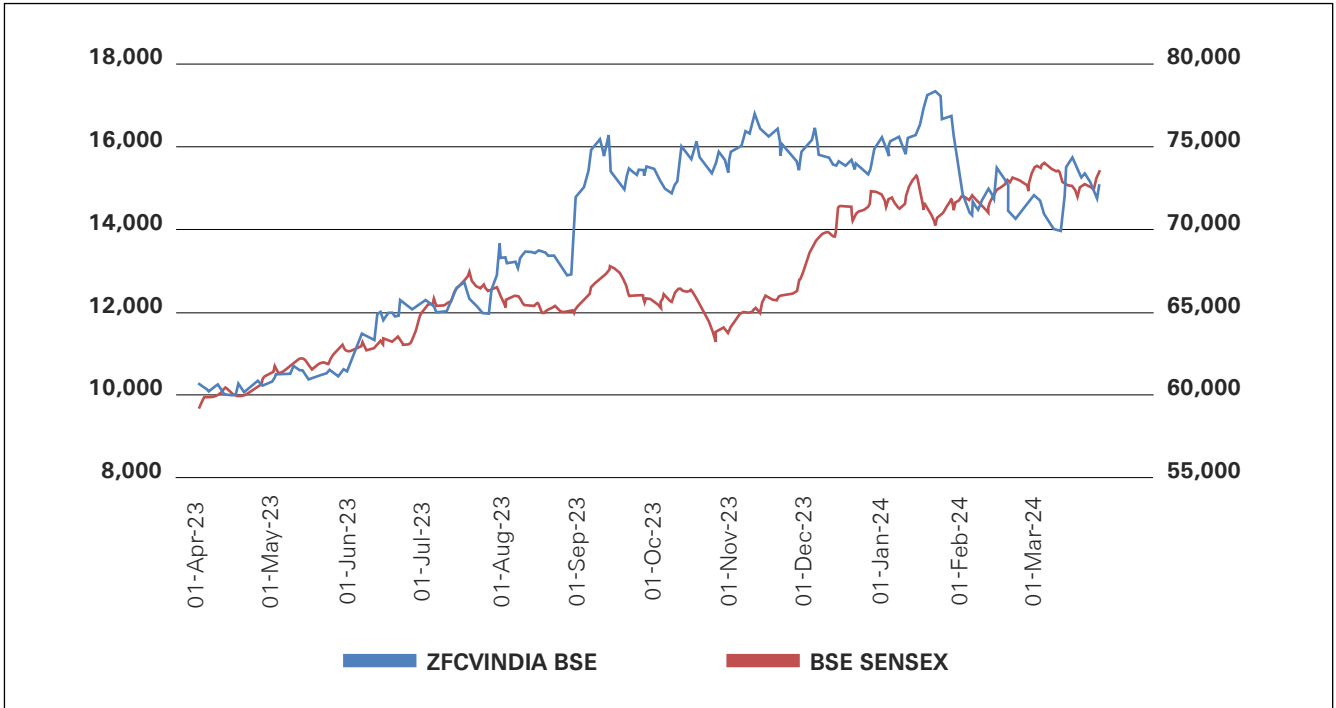
Name of the stock exchange	Stock code
BSE Ltd. (BSE)	533023
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	
National Stock Exchange of India Ltd. (NSE)	ZFCVINDIA
Exchange Plaza, C-1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051	
ISIN allotted by depositories (Company ID Number)	INE342J01019
(Note: Annual listing fees for the year 2024-25 have been duly paid to the above stock exchanges).	

15.5 Market Price Data:

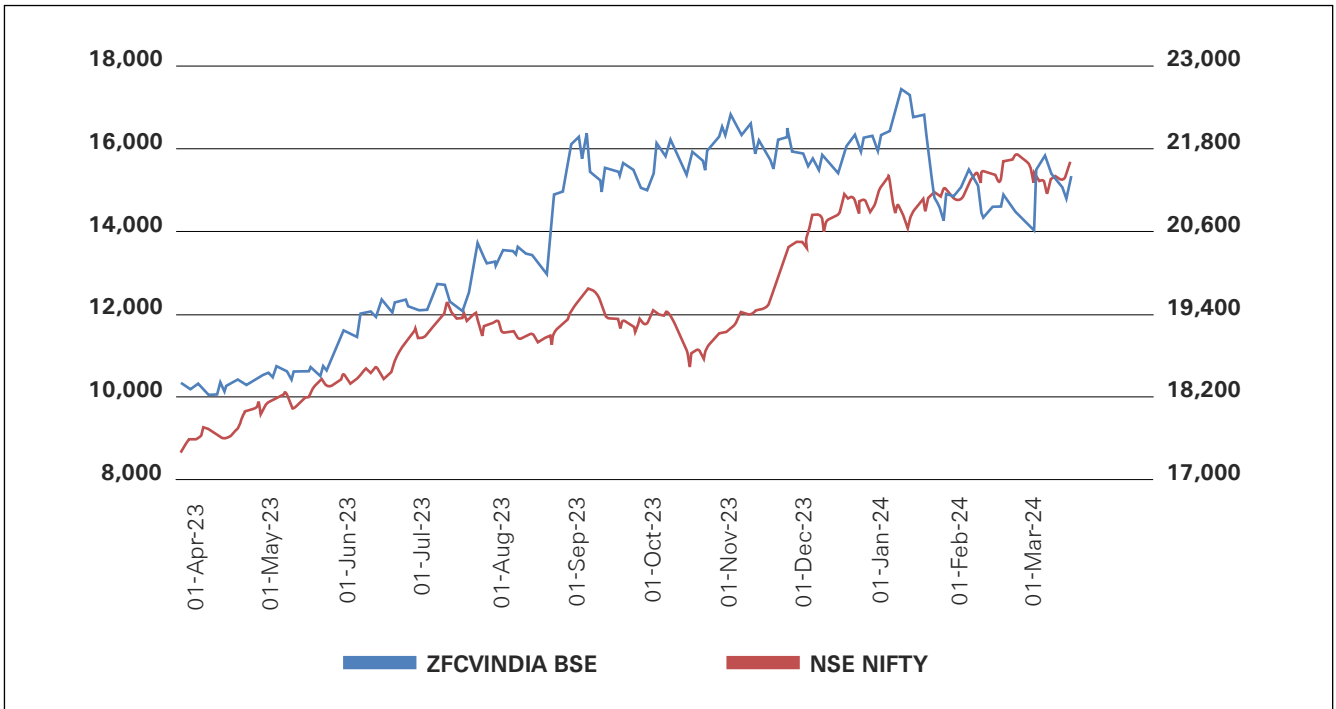
Month	National Stock Exchange of India Limited		BSE Limited	
	Share Price (Rs.)		Share Price (Rs.)	
	High	Low	High	Low
April - 2023	10,683.25	9,919.95	10,669.45	9,933.20
May - 2023	11,367.95	10,152.00	11,343.95	10,060.05
June - 2023	12,599.00	10,512.05	12,588.00	10,504.65
July - 2023	13,100.00	11,684.05	13,025.00	11,684.00
August - 2023	14,187.45	12,700.00	14,495.00	12,605.50
September - 2023	16,766.00	13,820.20	16,731.00	13,899.95
October - 2023	16,600.00	14,620.00	16,558.25	14,650.50
November - 2023	16,945.00	15,262.05	16,964.95	15,251.00
December - 2023	16,702.55	14,901.10	16,699.65	14,929.00
January - 2024	17,700.00	15,600.00	17,661.00	15,619.60
February - 2024	16,188.40	13,977.45	16,143.45	14,000.00
March - 2024	15,888.95	13,790.80	15,999.80	13,790.00

15.6 Performance of ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED shares against the Performance of BSE Sensex and NSE CNX Nifty

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED Vs BSE Sensex performance



ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED Vs NSE CNX Nifty performance





15.7 Share Transfer Agents (STA) and Share Transfer System:

- a) For share related matters, Members are requested to correspond with the Company's Registrar and Transfer Agents – M/s. Integrated Registry Management Services Private Limited as the Registrars & Share Transfer Agents (STA). Integrated Registry Management Services Private Limited is registered with SEBI as the Share Transfer Agent (STA) in Category II.
- b) All matters connected with the share transfer, both physical and electronic, dividends and other matters are handled by the STA located at the address mentioned in point 15.13 in this report. Hence, all requests for transfer and/or dematerialisation of securities held in physical form, should be lodged with the office of the Company's Registrar & Share Transfer Agent or at the registered office of the Company for dematerialisation.
- c) All requests for dematerialization of securities are processed and the confirmations are given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondences on change of address, mandates etc., are processed by the STA within the time stipulated by SEBI.
- d) Shareholders are requested to note that SEBI has mandated that the Company cannot process any request for transfer of shares received in physical mode. Adequate communications in this regard have been sent to all shareholders holding shares in physical mode. Hence it is requested that all shareholders holding shares in physical mode shall demat their shares to avoid any issues in future.
- e) Pursuant to Regulation 40(9) of the Listing Regulation, certificates, on yearly basis, is issued by a Company Secretary in practice for due compliance of share transfer formalities by the Company.
- f) Pursuant to Regulations 76 of SEBI (Depositories and Participants) Regulations, 2018, certificates from a Company Secretary in practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company is obtained.
- g) The Company, as required under Listing Regulation, has designated the following e-mail IDs, namely einward@integratedindia.in (share transfer agent)/ muthulakshmi.m@zf.com (compliance officer) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- h) Shareholders are requested to correspond with the STA at the address mentioned in point 15.13 in this report for any change of names and queries pertaining to the shareholding and dividends etc.

15.8 Distribution of Shareholding as on 31st March 2024:

Shareholding (Range)	No. of Shares	%	No. of Members	%
Upto 5000	12,56,980	6.63	24,861	99.70
5,001 - 10,000	117,474	0.62	18	0.07
10,001 - 20,000	380,603	2.01	24	0.10
20,001 - 50,000	443,833	2.34	14	0.06
50,001 - 1,00,000	546,933	2.88	8	0.03
1,00,001 & above	16,221,761	85.52	11	0.04
Total	18,967,584	100.00	24,936	100.00

15.9 Dematerialization of shares and liquidity:

The entire promoter shareholding is in dematerialised form. As on 31st March 2024, out of 47,41,900 shares held by persons other than promoters, 46,76,759 of shares have been dematerialized and dematerialized shareholding of Public as on 31st March 2024 accounts for 98.63%.

15.10 The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's equity.

15.11 Details regarding plant locations is available in Corporate Information section / Business Responsibility and Sustainability Report.

15.12 Address for investors Correspondence:

i	For transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company	▶	Integrated Registry Management Services Private Limited 2 nd Floor, Kences Towers No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017
ii	for any query on non-receipt of annual report	▶	Tel: 044 2814 0801 044 2814 0803
iii	for investors grievance & Email general correspondence	▶	einward@integratedindia.in cvcs.info.india@zf.com

16. Other Disclosures

- 16.1 The materially significant related party transactions entered during the year as disclosed elsewhere in the report did not have potential conflict with the interests of company at large.
- 16.2 There were no instances of non-compliances by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets during the last three years.
- 16.3 The Company has a established vigil mechanism (Whistle Blower Policy) in place and no personnel is denied the access to the audit committee.
- 16.4 Commodity price risks / foreign exchange risk and hedging activities: The Company has not entered into any commodity hedging transactions during the year 2023-2024.
- 16.4 Disclosure by senior management personnel: The senior management personnel have made disclosures to the board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the company at large.
- 16.5 The Managing Director (CEO) and Chief Financial Officer (CFO) of the company have certified to the board on financial and other matters in accordance with the Regulation 17(8) of the Listing Regulation pertaining to CEO/CFO certification for the financial year ended 31st March 2024.
- 16.6 The following policies approved by the Board of Directors of the Company were uploaded and are available in the Company's website at the web link: https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html
- » Code of Business conduct and ethics by the Board Members & Senior Management
 - » Corporate Social Responsibility Policy
 - » Related Party Transaction Policy
 - » Nomination and Remuneration Policy
 - » Whistle Blower Policy
 - » Policy for Prohibition of Insider Trading
 - » Policy on Criteria for Determining Materiality of Events
 - » Dividend Distribution Policy
 - » Corporate Governance Policy
 - » Policy on Familiarisation of Independent Directors and Other Programs
 - » Policy for determining Material Subsidiaries
 - » Policy for Preservation and Archival of Documents



- 16.7 The Auditors were paid an amount of ₹ 58.20 lakhs as remuneration for the year 2023-24 including its wholly owned subsidiary which includes total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part. Details are provided in note to the financial statements.
- 16.8 Compliance with mandatory / non-mandatory requirements:
The Company has complied with all applicable mandatory requirements in terms of Listing Regulation. The nonmandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.
- The Company has complied with all the mandatory requirements of Corporate Governance as specified in sub paragraph (2) to (10) of Part C of Schedule V of the SEBI Listing Regulations and disclosures on compliance with corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation 46 have been included in the relevant sections of this report.
- 16.9 Certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is disclosed.
- 16.10 The Board has accepted all the recommendation of its committees which is mandatorily required, in the relevant financial year.
- 16.11 Pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has established an appropriate mechanism for dealing with complaints in relation to Sexual Harassment of Women at Workplace. For disclosure regarding the number of complaints filed, disposed of and pending, please refer to the Board's Report and also in Business Responsibility and Sustainability Report.
- 16.12 Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount: refer to the relevant section in Board's Report.
- 16.13 Material Subsidiaries: The Company has no material subsidiaries as on report date.

17. Request to shareholders

Shareholders are requested to follow the general safeguards/procedures as detailed hereunder in order to serve them efficiently and avoid risks while dealing in securities of the Company.

a. Demat of Shares:

Shareholders are requested to convert their physical holding to demat / electronic form through any of the depository participants (DPs) to avoid any possibility of loss, mutilation etc. of physical share certificates and also to ensure safe and speedy transaction in securities. Registration of Electronic Clearing Service (ECS) Mandate: ECS helps in quick remittance of dividend without possible loss / delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective DPs. Vide Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8, SEBI has mandated the issue the securities in dematerialized form only (Gazette Notification no. SEBI/ LAD-NRO/GN/2022/66 dated January 24, 2022) while processing the service requests such as Issue of duplicate securities certificate, Claim from Unclaimed Suspense Account, Renewal / Exchange of securities certificate, Endorsement, Sub-division / Splitting of securities certificate, Consolidation of securities certificates/folios, Transmission and Transposition.

- b. Consolidation of Multiple Folios:
Shareholders, who have multiple folios in identical names are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
- c. Registration of Nominations:
Nomination in respect of shares - Section 72 of the Companies Act, 2013 provides facility for making nominations by shareholders in respect of their holding of shares. Pursuant to Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 issued by SEBI on March 16th, 2023, It shall be mandatory for all the physical shareholders to furnish the details of Nomination in the prescribed form. Such nomination facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will etc. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13 to the Company or STA. This form will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's for making nominations.
- d. Updation of address:
Shareholders are requested to update their addresses registered with the Company, directly through the STA to receive all communications promptly. Shareholders, holding shares in electronic form are requested to deal only with their depository participant (DP) in respect of change of address and furnishing bank account number, etc and it shall be mandatory for all the Physical shares holders to furnish Postal address with PIN, Mobile number E-mail address with RTA (Vide Circular. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37)
- e. KYC Details
SEBI Vide Circular. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 made it mandatory for all holders of physical securities in listed company to furnish PAN, KYC details and Nomination. Shareholders, holding shares in physical form shall furnish PAN, KYC details and Nomination to RTAs.
- f. SMS Alerts:
Shareholders are requested to note that National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their Depository participants (DPs). No charge will be levied by NSDL / CDSL on DPs providing this facility to shareholders. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely www.nsdl.co.in and www.cdslindia.com, respectively.
- g. Timely encashment of dividends:
Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation/ losing their right of claim owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund (IEPF). As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons. Shareholders who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March, 2016 and for any financial year thereafter may contact the Company and surrender their warrants for payment. Shareholders are requested to note that the dividend not claimed for a period of seven years from the date they first became due for payment shall be transferred to IEPF under Section 125 of the Companies Act, 2013. Shareholders are also requested to note that as per the Companies Act, 2013, unclaimed shares pertaining to unclaimed dividends for continuous period of seven years would be transferred to the IEPF Authority account.



18. Particulars of unclaimed dividend

Web based applications - SEBI / NSE / BSE In line with the circular No. CIR/OIAE/2/2011 dated 3rd June 2011 from SEBI, the investors' complaints are now centrally monitored through web-based complaints redressal system called SCORES. The Company processes the investor complaints through this system and updates status periodically. In line with the circular No. NSE/LIST/C/2011 dated 29th September 2011 from the National Stock Exchange of India Ltd. (NSE) the Company now uploads its quarterly shareholding pattern, corporate governance report, financial results, corporate announcements through a web-based application designed for corporates by NSE called as NEAPS and BSE called as BSE filing centre. Information in respect of unclaimed dividends due for remittance into IEPF is given below:

Financial year	Date of Declaration	Date of transfer to special account	Date of transfer to IEPF
2016-17	18.09.2017	18.10.2017	18.10.2024
2017-18	27.07.2018	27.08.2018	27.08.2025
2018-19	14.08.2019	13.09.2019	13.09.2026
2019-20 (I)	19.03.2020	18.04.2020	18.04.2027
2020-21	24.09.2021	28.10.2021	28.10.2028
2021-22	27.07.2022	29.08.2022	29.08.2029
2022-23	27.07.2023	30.08.2023	30.08.2030

Declaration pursuant to clause D of Schedule V and 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding adherence to the Code of Business Conduct and Ethics by of board of directors and senior management.

To

The Shareholders of ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

On the basis of the written representations received from Members of the Board and Senior Management Personnel in terms of the clause D of Schedule V and 34(3) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby certify that both the members of the board and the senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board of directors for the year ended 31st March 2024.

For and on behalf of the Board

Chennai
24th May 2024

P KANIAPPAN
Managing Director
DIN: 02696192

Certificate on Non-disqualification of Directors

(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members of ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

[CIN: L34103TN2004PLC054667]

Plot No.3 (SP), III Main Road,

Ambattur Industrial Estate, Chennai - 600058

We hereby certify that, in our opinion, none of the below named Directors who are on the Board of Directors of **ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED** ("the Company") as on 31st March 2024, have been debarred or disqualified from being appointed or continuing as directors of companies, by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

Sl. No.	Name of the Director	Nature of Directorship	Director's Identification Number
1.	Mr. Muthuswami Lakshminarayan	Chairman, Non-executive, Independent	00064750
2.	Mr. Periakaruppa Nadar Kaniappan	Managing Director	02696192
3.	Mr. Philippe Colpron	Non-Executive, Non-Independent	08344534
4.	Mr. Christian Oliver Brenneke	Non-Executive, Non-Independent	08344547
5.	Mr. Mahesh Ramchand Chhabria	Non-Executive, Independent	00166049
6.	Ms. Amrita Verma Chowdhury	Non-Executive, Independent	02178520
7.	Ms. Rashmi Urdhwaresh	Non-Executive, Independent	08668140

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

1. Information relating to the directors available in the official website of MCA;
2. Disclosures/ declarations/ confirmations provided by the said directors to the Company;
3. Registers, records, forms and returns filed/maintained by the Company;
4. Information, explanation and representations provided by the Company, its officers and agents.

Management's responsibility

The management of the Company is responsible to ensure the eligibility of a person for appointment/ continuation as a Director on the Board of the Company.

Our responsibility

Our responsibility is to express an opinion on this, based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the process followed by the management of the Company with regard to appointment / continuation of a person as a Director of the Company.

For **S KRISHNAMURTHY & CO.,**

Company Secretaries,

[Firm Unique Identification No. P1994TN045300]

(Peer Review Certificate No 739/2020)

K SRIRAM,

Partner

Membership No.: **F6312**

Certificate of Practice No. **2215**

UDIN:F006312F000441001

Chennai

24th May 2024



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

TO THE MEMBERS OF
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED (FORMERLY KNOWN AS WABCO INDIA LIMITED)

1. This certificate is issued in accordance with the terms of our engagement letter dated April 5, 2024.
2. We have examined the compliance of conditions of Corporate Governance by ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) ("the Company"), for the year ended March 31, 2024, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2024.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Restriction on use

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing

For B S R & Co LLP
Chartered Accountants
Firm's Registration No: I01248W/W-100022

K Sudhakar

Partner

Membership No: 214150

UDIN:242141 50BKETBC1 354

Chennai
24th May 2024



Independent Auditor’s Report

To
**The Members of ZF Commercial Vehicle Control Systems
India Limited (formerly known as WABCO India Limited)**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) (the “Company”) which comprise the standalone balance sheet as at 31 March 2024, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

See Note 2.2(c) and 18 to the standalone financial statements

Basis for Opinion

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

Key Audit Matter

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

The key audit matter	How the matter was addressed in our audit
The Company’s revenue is derived primarily from sale of goods. Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer. The Company uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised at a time which is different from transfer of control especially for sales transactions occurring on and around the year end. Therefore, ascertainment of timing of the revenue recognition has been identified as a key audit matter.	<p>In view of the significance of the matter, we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> » Assessed the appropriateness of the Company’s revenue recognition accounting policies in line with Ind AS 115 (“Revenue from Contracts with Customers”) including adequacy of disclosures. » Obtained an understanding and evaluated the Company’s sales process including design and implementation of key controls and tested the operating effectiveness of such controls in relation to the timing of revenue recognition on a sample basis, with special reference to controls over revenue cut offs at period end. » Performed detailed testing of the sales transactions on a sample basis to test that the revenues and trade receivables are recorded appropriately, in the period in which the control is transferred, taking into consideration the terms and conditions of the customer orders, including the shipping terms. » Tested, on a sample basis, whether revenue transactions near to the reporting date have been recognised in the appropriate period by verifying the transactions selected with relevant underlying documentation (customer order, transporter document, customer portal, etc). » Performed analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and to identify unusual transactions. » Obtained independent confirmations from the Company’s customers on sample basis.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's reports thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- » Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- » Conclude on the appropriateness of the Management and Board of Directors' use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If



we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our

knowledge and belief were necessary for the purposes of our audit.

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 and that the back-up on a daily basis of the books of account and other relevant books and papers in electronic mode has not been kept on servers physically located in India considering that such back-ups on a daily basis are kept on servers outside India.
 - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its

- financial position in its standalone financial statements - Refer Note 35(A) to the standalone financial statements.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 43(iv) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries .
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 43(v) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies) , including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
- As stated in Note 44 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- f. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility except that audit trail was not enabled at the database level for accounting software to log any direct data changes. For accounting software for which audit trail feature is enabled, the audit trail facility has been operating throughout the year for all relevant transactions recorded in the software and we did not come across any instance of audit trail feature being tampered with during the course of our audit.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

K Sudhakar

Partner

Place: Chennai

Membership No.: 214150

Date: 24 May 2024

ICAI UDIN:24214150BKETAY8503



Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) for the year ended 31 March 2024

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit has been physically verified by the management during the year. For goods-in-transit, subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has not made any investment in firms or limited liability partnership during the year. The Company has not granted loans, secured or unsecured, to firms, limited liability partnership or any other parties during the year. The Company has granted loans to and made investments in companies and other parties during the year, in respect of which the requisite information is as below.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to entities as below:

Particulars	(INR in Lakhs)
	Loans
Aggregate amount during the year Subsidiaries*	1,000.00
Balance outstanding as at balance sheet date Subsidiaries*	1,000.00

*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the investments made during the year and the terms and conditions of the grant of loans during the year are, prima facie, not prejudicial to the interest of the Company. There were no guarantees provided or security given to any party during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of loans given and investments made by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with. There are no guarantee and security given by the Company during the year.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax ('GST'), Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been generally regularly deposited by the Company with the appropriate authorities.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute, except as set out in Appendix I.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or



disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year . Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company , the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company .
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company , we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary as defined under the Act. The Company does not hold any investment in any associate or joint venture as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary as defined under the Act. The Company does not hold any investment in any associate or joint venture as defined under the Act.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) . Accordingly , clause 3(x)(a) of the Order is not applicable .
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable .
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable .
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi) (c) of the Order is not applicable .
- (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to

our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act.

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

K Sudhakar
Partner

Place: Chennai
Date: 24 May 2024

Membership No.: 214150
ICAI UDIN:24214150BKETAY8503



Appendix I as referred to under para (vii)(b) of Annexure A to the Independent Auditor's Report to the members of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) for the year ended 31 March 2024

Name of the statute	Nature of the dues	Amount (INR in lakhs)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income taxes	2,526.68	2012-13, 2013-14, 2015-16, 2016-17, 2017-18, 2020-21 and 2021-22	Commissioner of Income tax (Appeals), Chennai
Income Tax Act, 1961	Income taxes	55.12	2011-12 and 2013-14	High Court of Madras
Central Excise Act, 1944	Excise Duty	160.79	2015-16 and 2016-17	Joint Commissioner of Central Excise, Chennai
Central Excise Act 1944	Excise duty	52.15	2012-13 to 2015-16	Customs , Excise and Service Tax Appellate Tribunal, Chennai
The Finance Act, 1994	Service Tax	0.88	2008-09	Commissioner of Central Excise (Appeals), Chennai
Central Goods and Services Tax , 2017	Goods and services Tax	9.59	2016-17	Joint Commissioner of CGST, Uttarakhand
Central Goods and Services Tax , 2017	Goods and services Tax	7.89	2017-18	Commissioner (Commercial Taxes), Jharkhand

* net of amount paid under protest, wherever applicable

Annexure B to the Independent Auditor's Report on the standalone financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) for the year ended 31 March 2024

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) ("the Company") as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely

preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

K Sudhakar
Partner

Place: Chennai
Date: 24 May 2024

Membership No.: 214150
!CAI UDIN:24214150BKETAY8503

Standalone Balance Sheet

as at 31 March 2024

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

	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	49,947.04	43,158.30
Capital work-in-progress	3.2	8,250.87	7,682.79
Right of use assets	3.1	14,313.83	14,238.82
Investment property	3.3	1,493.81	-
Intangible assets	3.1	1,116.74	1,155.01
Financial assets			
(i) Investments	4.1	275.00	100.00
(ii) Other financial assets	4.2	1,725.98	1,839.52
Deferred tax asset (net)	6.1	2,898.81	2,204.40
Non-current tax assets (net)	6.2	6,282.64	3,965.27
Other non-current assets	5	3,859.80	3,961.76
Total non-current assets		90,164.52	78,305.87
Current assets			
Inventories	7	16,698.70	15,520.54
Financial assets			
(i) Investments	4.1	2,328.66	10,013.88
(ii) Trade receivables	8	93,456.28	75,786.19
(iii) Cash and cash equivalents	9	10,890.36	8,577.33
(iv) Bank balances other than (iii) above	9.1	118,290.86	108,292.53
(v) Loans	4.3	1,000.00	-
(vi) Other financial assets	4.2	-	225.09
Other current assets	5	4,105.52	5,260.27
Total current assets		246,770.38	223,675.83
Total assets		336,934.90	301,981.70
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	948.38	948.38
Other equity	11	277,916.82	239,963.30
Total equity		278,865.20	240,911.68
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	12	6,132.78	6,172.59
Provisions	13	1,984.26	1,576.79
Total non-current liabilities		8,117.04	7,749.38
Current liabilities			
Financial liabilities			
(i) Lease liabilities	12	710.86	361.92
(ii) Trade payables	14	-	-
- total outstanding dues of micro enterprises and small enterprises		1,569.99	1,540.88
- total outstanding dues of creditors other than micro enterprises and small enterprises		35,836.39	34,327.53
(iii) Other financial liabilities	15	4,367.55	7,771.10
Other current liabilities	16	4,692.71	6,238.44
Provisions	13	2,528.12	2,004.98
Current tax liabilities (net)	17	247.04	1,075.79
Total current liabilities		49,952.66	53,320.64
Total equity and liabilities		336,934.90	301,981.70
Material accounting policies.	2.2		
Notes to the standalone financial statements are an integral part of the standalone financial statements.			

For and on behalf of the Board of Directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

Akash Passey
Chairman and Director
DIN: 01198068

M. Muthulakshmi
Company Secretary

Place: Chennai
Date: 24 May 2024

P Kaniappan
Managing Director
DIN: 02696192

Sweta Agarwal
Chief Financial Officer

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

K Sudhakar
Partner
Membership no.: 214150
Place: Chennai
Date: 24 May 2024



Standalone Statement of Profit & Loss

for the year ended 31 March 2024

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

	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
Income			
Revenue from operations	18	378,370.85	344,458.60
Other income	19	9,577.37	6,701.31
Total income		387,948.22	351,159.91
Expenses			
Cost of materials consumed	20	232,415.38	219,676.11
Changes in inventories of finished goods and work-in-progress	21	(309.42)	29.86
Employee benefits expense	22	46,396.59	37,670.83
Finance costs	23	500.91	566.54
Depreciation and amortisation expense	24	10,948.78	10,476.38
Other expenses	25	43,554.22	40,051.37
Total expenses		333,506.46	308,471.09
Profit before tax		54,441.76	42,688.82
Tax expense	28		
- Current tax		14,643.47	11,282.67
- Deferred tax		(679.65)	(361.19)
		13,963.82	10,921.48
Profit for the year		40,477.94	31,767.34
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability / (asset)	29	(73.39)	15.88
Income tax relating to items that will not be reclassified to profit or loss	28	14.76	(3.19)
Other comprehensive income / (loss) for the year, net of tax		(58.63)	12.69
Total comprehensive income for the year, net of tax		40,419.31	31,780.03
Earnings per equity share of INR 5 each			
Basic earnings per share (INR)	30	213.41	167.48
Diluted earnings per share (INR)	30	213.41	167.48
Material accounting policies.	2.2		
Notes to the standalone financial statements are an integral part of the standalone financial statements.			

**For and on behalf of the Board of Directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)**

Akash Passey
Chairman and Director
DIN: 01198068

P Kaniappan
Managing Director
DIN: 02696192

M. Muthulakshmi
Company Secretary

Sweta Agarwal
Chief Financial Officer

Place: Chennai
Date: 24 May 2024

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

K Sudhakar
Partner
Membership no.: 214150
Place: Chennai
Date: 24 May 2024

Standalone Statement of Cash Flows

for the year ended 31 March 2024

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

	Notes	31 March 2024	31 March 2023
A. Cash flow from/(used) in operating activities:			
Profit before tax		54,441.76	42,688.82
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation expense	24	10,948.78	10,476.38
Profit on sale of financial instruments (net)	19	(651.18)	(549.26)
Impairment allowance / reversal for bad and doubtful debts / advances	25	289.98	689.43
Interest income	19	(8,686.30)	(5,251.64)
Finance costs	23	500.91	566.54
Net (gain) / loss on sale of property, plant and equipment	25 / 19	22.82	(21.80)
Net foreign exchange differences (unrealised)		(102.65)	(42.87)
Operating profit before working capital changes		56,764.12	48,555.60
Adjustments for :			
(Increase)/ decrease in inventories		(1,178.16)	(1,043.28)
(Increase)/ decrease in trade receivables		(17,756.63)	(10,092.44)
(Increase)/ decrease in other financial assets		193.63	(431.07)
(Increase)/ decrease in other assets		798.62	2,260.80
Increase / (decrease) in trade payables, provisions and other liabilities, including financial liabilities		(1,762.85)	1,743.09
Cash generated from operations		37,058.73	40,992.70
Income tax paid		(17,789.59)	(11,118.09)
Net cash flow from/(used) in operating activities		19,269.14	29,874.61
B. Cash flow from/(used) in investing activities:			
Purchase of property, plant, equipment and intangible assets (including capital work in progress, capital advances and capital creditors)		(17,820.17)	(12,781.64)
Proceeds from sale of property, plant and equipment		27.08	25.86
Payment for acquiring right of use assets		(307.56)	-
Purchase of investment property		(1,432.85)	-
Purchase of mutual fund units		(61,996.90)	(42,997.85)
Proceeds from sale of mutual fund units		70,333.30	73,343.96
Investment in equity instruments pending allotment		-	(175.00)
Loans given to related party		(1,000.00)	-
(Purchase of) / proceeds from maturity of bank deposits (net)		(9,518.52)	(48,333.58)
Interest received		8,155.93	3,813.84
Net cash flows from/(used) in investing activities		(13,559.69)	(27,104.41)
C. Cash flow from/(used) in financing activities:			
Dividend paid		(2,465.79)	(2,276.11)
Payment of lease liabilities		(456.97)	(409.92)
Payment of interest on lease liabilities		(488.80)	(420.94)
Net cash flows from/(used) in financing activities		(3,411.56)	(3,106.97)
Net increase / (decrease) in cash and cash equivalents [A+B+C]		2,297.89	(336.77)
Cash and cash equivalents at the beginning of the year		8,577.33	8,824.63
Effect of movements in exchange rates on cash held		15.14	89.47
Cash and cash equivalents as at end of the year		10,890.36	8,577.33
Components of cash and cash equivalents			
i) Cash on hand		-	0.02
ii) On current accounts		10,890.36	8,577.31
Cash and cash equivalents as per balance sheet (refer note 9)		10,890.36	8,577.33
Material accounting policies (note 2.2)			
Notes to the standalone financial statements are an integral part of the standalone financial statements.			

For and on behalf of the Board of Directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

Akash Passey
Chairman and Director
DIN: 01198068

M. Muthulakshmi
Company Secretary

Place: Chennai
Date: 24 May 2024

P Kaniappan
Managing Director
DIN: 02696192

Sweta Agarwal
Chief Financial Officer

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

K Sudhakar
Partner
Membership no.: 214150
Place: Chennai
Date: 24 May 2024



Standalone Statement of Changes in Equity

for the year ended 31 March 2024

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

a. Equity share capital

Equity shares of INR 5 each issued, subscribed and fully paid	No. of shares	Amount
Balance as at 1 April 2022	18,967,584	948.38
Changes in equity share capital during the year	-	-
Balance as at 31 March 2023	18,967,584	948.38
Changes in equity share capital during the year	-	-
Balance as at 31 March 2024	18,967,584	948.38

b. Other equity

For the year ended 31 March 2024

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
Balance as at 1 April 2023	24,776.38	5.00	215,181.92	-	239,963.30
Profit for the year	-	-	40,477.94	(58.63)	40,419.31
Other comprehensive income (Note 29)	-	-	(58.63)	58.63	-
Total	24,776.38	5.00	255,601.23	-	280,382.61
Dividend	-	-	(2,465.79)	-	(2,465.79)
Balance as at 31 March 2024	24,776.38	5.00	253,135.44	-	277,916.82

For the year ended 31 March 2023

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
Balance as at 1 April 2022	24,776.38	5.00	185,678.00	-	210,459.38
Profit for the year	-	-	31,767.34	12.69	31,780.03
Other comprehensive income (Note 29)	-	-	12.69	(12.69)	-
Total	24,776.38	5.00	217,458.03	-	242,239.41
Dividend	-	-	(2,276.11)	-	(2,276.11)
Balance as at 31 March 2023	24,776.38	5.00	215,181.92	-	239,963.30

Material accounting policies (Note 2.2)

Notes to the standalone financial statements are an integral part of the standalone financial statements.

For and on behalf of the Board of Directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
 (formerly known as WABCO INDIA LIMITED)

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

Akash Passey
 Chairman and Director
 DIN: 01198068

P Kaniappan
 Managing Director
 DIN: 02696192

M. Muthulakshmi
 Company Secretary

Sweta Agarwal
 Chief Financial Officer

K Sudhakar
 Partner
 Membership no.: 214150
 Place: Chennai
 Date: 24 May 2024

Place: Chennai
 Date: 24 May 2024

Notes to the standalone financial statements

1. Corporate Information

ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) ("Company", "ZF CVCS India") was incorporated originally on November 18, 2004. The Company is a public limited company domiciled in India and has its securities listed on BSE Limited and National Stock Exchange of India Limited in India. The registered office of the Company is located at Plant 1, Plot No.3, (SP), III Main Road, Ambattur Industrial Estate, Chennai - 600 058, India. The Company's holding company is WABCO Asia Private Limited and ultimate holding company is ZF Friedrichshafen AG.

Effective from 7 March 2022, the name of the Company has been changed from WABCO India Limited to ZF Commercial Vehicle Control Systems India Limited.

The Company is primarily engaged in the manufacture of air brake actuation systems for commercial vehicles. The Company is also engaged in rendering of software development and other services.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of directors at the meeting held on 24 May 2024.

2.1 Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Sec 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

The standalone financial statements have been prepared on a historical cost basis, except for certain financial assets, financial liabilities and defined benefit plan assets measured in accordance with Ind AS 19 (refer accounting policy on the same).

The standalone financial statements are presented in INR (the functional currency of the Company) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

2.2 Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied for all the years presented, unless otherwise stated.

(a) Current vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

The Company classifies all other assets as non-current.

A liability is current when:

- » It is expected to be settled in normal operating cycle;
- » It is held primarily for the purpose of trading;
- » It is due to be settled within twelve months after the reporting period; or
- » There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is



Notes to the standalone financial statements

based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- » In the principal market for the asset or liability; or
- » In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use of selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- » Level 1- Quoted (unadjusted) market price in active markets for identical assets or liabilities.
- » Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- » Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as investments and deposits

measured at fair value, and for non-recurring measurement.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes to the standalone financial statements.

(c) Revenue recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Goods and Services Tax (GST) is the tax collected on the commodities sold by the Company on behalf of the government, accordingly, it is excluded from revenue. Revenue recognised by the Company is net of price revision and claims. The specific revenue recognition criteria described below, must also be met before revenue is recognised.

a. Sale of products / goods

Revenue from sale of goods is recognised when control of the goods is transferred to the Customers. The normal credit term is in the range of 15 to 90 days upon delivery except for some customers who are on advance payment term. Revenue from the sale of goods is measured at the transaction price, net of returns and allowances, trade discounts and volume rebates.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash

Notes to the standalone financial statements

consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Volume rebates / discounts

Arrangements with most Original Equipment Manufacturer ('OEM') customers include a provision for volume rebates / discounts. In those instances where there is a valid expectation from the customers to receive a discount, the amount of variable consideration which is included in the transaction price may be constrained, and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the arrangement will not occur in a future period. The Company applies the most likely amount method for determining the discount.

b. Revenue from sale / rendering of services Revenue from software services

Revenue from sale of services is recognized as and when related costs are incurred and services are performed in accordance with the terms of specific contracts.

Revenue from research and development services

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

Revenue from business support services and other service income

Revenue from sale of services is recognized as related costs are incurred and services are performed in accordance with the terms of specific contracts. Revenue from test track usage income is recognised as and when the services are performed in accordance with contractual terms.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration for work completed but not billed as the billing is conditional upon completion of another milestone.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(ii) Interest income

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- » the gross carrying amount of the financial asset; or
- » the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest



Notes to the standalone financial statements

rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Foreign currency transactions and balances

The Company's standalone financial statements are presented in INR which is also the functional currency of the Company. Transactions in foreign currencies are initially recorded in the functional currency using the spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary item are recognised in standalone statement of profit or loss.

(e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes cost incurred in bringing each product to its present location, condition and are accounted for as follows:

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work-in-progress: Cost includes cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs.

Stores and spare parts: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(f) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources

embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the standalone statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty

Provisions for warranty related costs are recognized as and when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty related costs is reviewed annually. A provision is recognized for expected warranty claims on products sold, based on past experience of the level of repairs and returns. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about returns. The Company generally offers 12 - 24 months of warranty for its products.

(g) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. It includes a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. It also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

(h) Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, is recognised as income in equal amounts over the expected useful life of the related asset.

Notes to the standalone financial statements

(i) Taxes

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside standalone statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets

and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(k) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty / tax credit availed) less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost of an item of property, plant and equipment comprises its purchase price, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Advance paid towards the acquisition of property, plant and equipment are shown under non-current assets.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. The cost of property, plant and equipment not ready for intended use before such date is disclosed under capital work-in-progress.



Notes to the standalone financial statements

Freehold land is carried at historical cost less any accumulated impairment losses.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied and the same is depreciated based on their specific useful lives. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure, are charged to the standalone statement of profit and loss for the period during which such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the standalone statement of profit and loss when the asset is derecognized.

The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the life of the principal asset.

Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule II of the Companies Act, 2013. The useful life estimate for major classes of assets is as follows:

Asset block	Useful life of the asset (years)
Buildings	10-30
Plant and machinery	10-21
Tools, Dies & Jigs	3-5
Computers	3
Office & other equipments	5-13
Furniture and fixtures	10
Vehicles	6

The Company, based on assessment made by technical expert and management estimate, depreciates certain items of building, plant and machinery over estimated useful lives and residual value which are different

from the useful life and residual values prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Intangible assets

Intangible assets with finite useful lives that are acquired separately, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Costs incurred towards purchase of computer software and licenses are amortised using the straight-line method over a period based on management's estimate of useful lives of such computer software and licenses being 2 / 3 years, or over the license period of the software, whichever is shorter.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost of the asset can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in standalone statement of profit and loss when the asset is derecognised.

Notes to the standalone financial statements

Impairment of property, plant & equipment and intangible assets carried at cost

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets or cash-generating units (CGU) recoverable value and its value in use. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending only for change in assumptions or internal/external factors. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(l) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. 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 item) is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated

with the expenditure will flow to the Company and the cost of the item can be measured reliably.

Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule II of the Companies Act, 2013.

Transfers to (or from) investment property are made only when there is a change in use. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. It also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(n) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.



Notes to the standalone financial statements

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- » fixed payments, including in-substance fixed payments;
- » variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- » amounts expected to be payable under a residual value guarantee; and

- » the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term.

(o) Retirement and other employee benefits

i. Defined benefit plan

» Provident Fund

Eligible employees of Company received benefits from a provident fund, which was a defined benefit plan. Under the plan, both the eligible employee and the Company made monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The provident fund contributions are made to employee provident fund organisation.

During the previous year, the Company contributed a portion to the WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') and a remaining portion was contributed to the employee provident fund organisation and government administered pension fund. The Provident Fund Trust invested funds available in specific designated

Notes to the standalone financial statements

instruments as permitted by extant Indian laws and regulations. The rate at which the annual interest is payable to the beneficiaries by the provident fund trust was administered by the government. The Company had an obligation to make good the shortfall, if any, between the return from the investments of the Provident fund Trust and the notified interest rate.

During the previous year ended 31 March 2023, the Company has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') to Employees' Provident Fund Organisation ('EPFO') based on the Company's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO.

» **Gratuity and Pension**

Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on separation at 15 days of last drawn basic salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The Company also operates a pension plan for select employees, the eligibility and the terms and conditions of payment are at the discretion of the Company. Gratuity and pension liabilities are defined benefit obligations and are provided for on the basis of an actuarial valuation done as per the projected unit credit method as at the end of each financial year.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

ii. **Other employment benefits**

» **Compensated absence**

Short term compensated absences are provided for based on estimates. Long term compensated

absences in the nature of defined benefit plan are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. Re-measurement gain or loss is taken to the standalone statement of profit and loss and are not deferred. Past service costs are recognised in profit or loss on the earlier of:

- » The date of the plan amendment or curtailment, and
- » The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the changes in the net defined benefit obligation as an expense in the standalone statement of profit and loss as service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

iii. **Defined contribution plan**

Defined contribution plan includes contribution to employee state insurance scheme, employee provident fund (from the period of surrender of the Trust as mentioned above) and employee pension scheme. The Company has no obligation other than the contribution payable under the above schemes. The Company recognises the contribution payable to the above schemes as an expenditure when the employee renders related service. If the contribution payable to the schemes for services received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If on the other hand the contribution already paid exceeds the contribution due for the services received before the Balance Sheet date, then the excess is recognised as an asset to the extent that the prepayment will lead to reduction in future payment or cash refund.

iv. **Termination benefits - Voluntary retirement**

The Company has a scheme of voluntary retirement applicable to certain employees. The amount payable under such scheme is recognised earlier of when the employee accepts the offer or when a restriction of the entity's ability to accept the offer takes effect.



Notes to the standalone financial statements

(p) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- » amortised cost;
- » FVOCI – debt investment;
- » FVOCI – equity investment; or
- » FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- » it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- » its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- » it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- » its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- » the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- » how the performance of the portfolio is evaluated and reported to the Company's management;
- » the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- » how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- » the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Notes to the standalone financial statements

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- » contingent events that would change the amount or timing of cash flows;
- » terms that may adjust the contractual coupon rate, including variable-rate features;
- » prepayment and extension features; and
- » terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.



Notes to the standalone financial statements

iii. Derecognition

The Company derecognises a financial asset when:

- » the contractual rights to the cash flows from the financial asset expire; or
- » it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(q) Dividend to shareholders

Final dividend distributed to equity shareholders is recognised in the period in which it is approved by the members of the Company in the Annual General Meeting. Interim dividend is recognised when approved by the Board of Directors at the Board Meeting. Both final dividend and interim dividend are recognised in the Standalone Statement of Changes in Equity.

(r) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

(s) Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes to the standalone financial statements

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

3.1 Property plant and equipment, Right of use assets and Intangible assets

Reconciliation of carrying amount	Property, plant and equipment					Right of use assets			Intangible Assets			
	Freehold Land	Buildings	Plant and Machinery, Tools, Dies & Jigs	Furniture and fixtures	Office and other equipments	Vehicles	Total	Leasehold land	Buildings	Total	Computer software and licenses	Total
Cost												
Balance as at 1 April 2022	1,829.06	9,845.30	70,042.86	594.15	7,838.41	584.17	90,733.95	8,258.00	1,993.59	10,251.59	3,394.21	3,394.21
Add: Additions	-	-	5,005.67	1,304.33	1,587.39	-	7,897.39	-	6,577.93	6,577.93	991.16	991.16
Less: Disposals / Derecognition	-	-	245.15	0.42	10.09	65.63	321.29	-	1,782.23	1,782.23	-	-
Balance as at 31 March 2023	1,829.06	9,845.30	74,803.38	1,898.06	9,415.71	518.54	98,310.05	8,258.00	6,789.29	15,047.29	4,385.37	4,385.37
Balance as at 1 April 2023	1,829.06	9,845.30	74,803.38	1,898.06	9,415.71	518.54	98,310.05	8,258.00	6,789.29	15,047.29	4,385.37	4,385.37
Add: Additions	-	4,516.32	8,050.17	333.67	3,183.68	29.63	16,113.47	307.56	786.66	1,094.22	677.43	677.43
Less: Disposals / Derecognition	-	-	113.50	-	706.09	-	819.59	-	195.58	195.58	-	-
Less: Reclassification to investment property	-	-	-	-	-	-	-	74.27	-	74.27	-	-
Balance as at 31 March 2024	1,829.06	14,361.62	82,740.05	2,231.73	11,893.30	548.17	1,13,603.93	8,491.29	7,380.37	15,871.66	5,062.80	5,062.80
Accumulated depreciation and impairment losses												
Balance as at 1 April 2022	-	3,148.32	38,286.11	294.91	4,634.61	282.75	46,646.70	86.30	1,634.81	1,721.11	2,445.85	2,445.85
Add: Charge for the year	-	470.87	6,345.94	121.59	1,786.88	97.00	8,822.28	72.91	796.68	869.59	784.51	784.51
Less: Disposals / Derecognition	-	-	245.15	0.13	9.60	62.35	317.23	-	1,782.23	1,782.23	-	-
Balance as at 31 March 2023	-	3,619.19	44,386.90	416.37	6,411.89	317.40	55,151.75	159.21	649.26	808.47	3,230.36	3,230.36
Balance as at 1 April 2023	-	3,619.19	44,386.90	416.37	6,411.89	317.40	55,151.75	159.21	649.26	808.47	3,230.36	3,230.36
Add: Charge for the year	-	491.53	6,536.16	233.16	1,964.18	49.80	9,274.83	85.70	860.43	946.13	715.70	715.70
Less: Disposals / Derecognition	-	-	102.25	-	667.44	-	769.69	-	195.58	195.58	-	-
Less: Reclassification to investment property	-	-	-	-	-	-	-	1.19	-	1.19	-	-
Balance as at 31 March 2024	-	4,110.72	50,820.81	649.53	7,708.63	367.20	63,656.89	243.72	1,314.11	1,557.83	3,946.06	3,946.06
Carrying amounts												
As at 31 March 2023	1,829.06	6,226.11	30,416.48	1,481.69	3,003.82	201.14	43,158.30	8,098.79	6,140.03	14,238.82	1,155.01	1,155.01
As at 31 March 2024	1,829.06	10,250.90	31,919.24	1,582.20	4,184.67	180.97	49,947.04	8,247.57	6,066.26	14,313.83	1,116.74	1,116.74

Note: All the title deeds of immovable properties are held in the name of the Company. The Company has not revalued its property, plant and equipment, intangible assets and right of use assets.



Notes to the standalone financial statements

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

3.2 Capital work-in-progress

Capital Work In Progress ('CWIP') comprises expenditure for the plant and machinery, tools, dies & jigs and buildings in various stages of installation.

	31 March 2024	31 March 2023
Opening balance	7,682.79	2,026.10
Additions	18,791.83	13,596.53
Capitalisation / adjustments	(16,790.90)	(7,939.84)
Reclassification to investment property	(1,432.85)	-
Closing balance	8,250.87	7,682.79

Ageing schedule

	As at 31 March 2024					As at 31 March 2023				
	Amount in CWIP for a period of					Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total					
Projects in progress	6,720.51	1,358.20	172.16	-	8,250.87	7,313.00	328.90	29.31	11.58	7,682.79
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	6,720.51	1,358.20	172.16	-	8,250.87	7,313.00	328.90	29.31	11.58	7,682.79

Note: The Company does not have any capital work in progress which is overdue or has exceeded its cost compared to its original plan and hence, capital work in progress completion schedule is not applicable.

3.3 Investment property

Description	Land	Buildings	Plant and Machinery, Tools, Dies & Jigs	Office and other equipments	Total
A. Reconciliation of carrying amount					
Gross carrying amount					
Balance as at 1 April 2022	-	-	-	-	-
Add: Additions	-	-	-	-	-
Balance as at 31 March 2023	-	-	-	-	-
Balance as at 1 April 2023	-	-	-	-	-
Add: Additions	-	997.08	233.40	202.37	1,432.85
Add: Reclassification from right of use assets (refer note 3.1)	73.08	-	-	-	73.08
Balance as at 31 March 2024	73.08	997.08	233.40	202.37	1,505.93
Accumulated depreciation					
Balance as at 1 April 2022	-	-	-	-	-
Add: Depreciation for the year	-	-	-	-	-
Balance as at 31 March 2023	-	-	-	-	-
Balance as at 1 April 2023	-	-	-	-	-
Add: Depreciation for the year	0.19	5.52	2.45	3.96	12.12
Balance as at 31 March 2024	0.19	5.52	2.45	3.96	12.12
Carrying amounts					
As at 31 March 2023	-	-	-	-	-
As at 31 March 2024	72.89	991.56	230.95	198.41	1,493.81

Investment property comprises land and building that are leased to the wholly owned subsidiary and fellow subsidiary. Further information about these leases are included in Note 34. A portion of land from right of use of assets have been transferred (see Note 3.1) to investment property, since the said portion of land was no longer used by the Company and as such it was decided that the said land would be leased out.

Notes to the standalone financial statements

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

The company has no restrictions on the realisability of its investment property.

	31 March 2024	31 March 2023
B. Amounts recognised in profit or loss		
Rental income from the investment property	21.67	-
Less: Depreciation	(12.12)	-
Profit	9.55	-

C. Fair value hierarchy and valuation technique

The fair value of investment properties amounted to INR 1,493.81 lakhs (March 31, 2023: INR Nil). These disclosures are based on external information available with the Company.

4.1 Investments

	31 March 2024	31 March 2023
Non-Current - unquoted		
Investment in subsidiary - measured at cost		
1,000,000 (previous year: 1,000,000) equity shares of INR 10 each fully paid up in ZF CV Control Systems Manufacturing India Private Limited	100.00	100.00
Investment in others - measured at cost		
1,750,000 (previous year: Nil) equity shares of INR 10 each fully paid up in Enerparc Solar Power 3 Private Limited	175.00	-
	275.00	100.00
Current - unquoted		
Investments at fair value through profit or loss (fully paid)		
Investments in Mutual Funds	2,328.66	10,013.88
	2,328.66	10,013.88
Aggregate value of unquoted investments	2,603.66	10,113.88
Aggregate amount of impairment in value of investments	-	-

4.2 Other financial assets

	31 March 2024	31 March 2023
Non-Current		
Non-current bank balances (refer note below)	304.52	274.52
Security deposits	1,421.46	1,565.00
	1,725.98	1,839.52
Current		
Investment in equity instruments pending allotment		
- Enerparc Solar Power 3 Private Limited	-	175.00
Others *	-	50.09
	-	225.09

Note: Represents deposits placed with banks as margin money towards guarantees provided by the banks on behalf of the Company.

* For amount outstanding from related parties and the terms and conditions relating to that, refer Note 37.

4.3 Loans

	31 March 2024	31 March 2023
Current		
(unsecured, considered good)		
Loans to related parties*	1,000.00	-
	1,000.00	-

The Company provided loan to its subsidiary (ZF CV Control Systems Manufacturing India Private Limited) for its principal business activities which carries interest rate of 12 months T Bill Rate (RBI) plus spread of 113 bps. Repayment of loan is as per the terms of the agreement.



Notes to the standalone financial statements

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

Information about the Company's exposure to credit risk and market risk are disclosed in note 40.

* For amount outstanding from related parties and the terms and conditions relating to that, refer Note 37.

5 Other assets

	31 March 2024	31 March 2023
Non-Current		
Capital advances (Unsecured considered good)*	985.42	1,190.54
Capital advances (Unsecured considered doubtful)	120.16	98.26
Less: Provision for doubtful advances	(120.16)	(98.26)
	985.42	1,190.54
Amount paid under protest	1,842.81	1,842.81
Net defined benefit asset – pension plan (refer note 33)	1,031.57	928.41
	3,859.80	3,961.76
Current		
Advances to vendors (Unsecured considered good)*	1,365.63	1,987.93
Advances to vendors (Unsecured considered doubtful)	578.80	621.08
Less: Provision for doubtful advances	(578.80)	(621.08)
	1,365.63	1,987.93
Grant receivable (export incentive)	280.22	455.95
Prepaid expenses	1,502.75	1,097.20
Balance with government authorities	956.92	1,719.19
	4,105.52	5,260.27

* For amount outstanding from related parties and the terms and conditions relating to that, refer Note 37.

6.1 Deferred tax assets (net)

Nature - (Liability) / Asset	Balance Sheet		Statement of Profit and Loss	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Deferred tax assets				
Provision for doubtful trade receivables and advances	689.26	690.59	(1.33)	161.52
Provision for employee benefits and others	1,207.81	1,106.66	101.15	(354.87)
Provision for warranty	490.33	402.31	88.02	(60.20)
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	76.45	-	76.45	-
Others	434.96	215.54	219.42	(9.77)
Total (A)	2,898.81	2,415.10	483.71	(263.32)
Deferred tax liabilities				
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	-	210.70	(210.70)	(549.34)
Others	-	-	-	(71.98)
Total (B)	-	210.70	(210.70)	(621.32)
Deferred tax expenses / (income) (B-A)			(694.41)	(358.00)
Net deferred tax (liabilities) / assets (A-B)	2,898.81	2,204.40		

Reconciliation of deferred tax assets / (liabilities) - (net)

	31 March 2024	31 March 2023
As on 1 April	2,204.40	1,846.40
Tax income/(expense) during the period recognised in profit and loss	679.65	361.19
Tax income/(expense) during the period recognised in OCI	14.76	(3.19)
As on 31 March	2,898.81	2,204.40

Notes to the standalone financial statements

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

6.2 Non-current tax assets (net)

	31 March 2024	31 March 2023
Advance income tax (net of provision for tax)	6,282.64	3,965.27
	6,282.64	3,965.27

7 Inventories

(lower of cost and net realisable value)

	31 March 2024	31 March 2023
Raw materials *	12,091.51	11,270.09
Work-in-progress	301.96	564.21
Finished goods	3,239.28	2,667.61
Stores and spare parts	1,065.95	1,018.63
	16,698.70	15,520.54
*includes goods in transit	3,819.75	2,311.67

During the year ended 31 March 2024: INR 38.68 lakhs (31 March 2023: INR 25.18 lakhs) was recognised as an expense for inventories carried at net realisable value.

8 Trade receivables

	31 March 2024	31 March 2023
Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	95,215.97	77,530.78
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	95,215.97	77,530.78
Less: Loss allowance (expected credit loss allowance)	(1,759.69)	(1,744.59)
	93,456.28	75,786.19

Trade receivables Ageing schedule

As at 31 March 2024

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	83,874.81	9,779.49	373.47	323.45	158.37	706.38	95,215.97
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	83,874.81	9,779.49	373.47	323.45	158.37	706.38	95,215.97



Notes to the standalone financial statements

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

As at 31 March 2023

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	68,081.67	7,328.12	925.11	507.62	116.43	571.83	77,530.78
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	68,081.67	7,328.12	925.11	507.62	116.43	571.83	77,530.78

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. For amount outstanding from related parties and the terms and conditions relating to that, refer Note 37. Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days depending on the type of the customer.

9 Cash and cash equivalents

	31 March 2024	31 March 2023
Cash on hand	-	0.02
Balances with banks:		
- On current accounts	10,890.36	8,577.31
	10,890.36	8,577.33
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:		
i) Cash on hand	-	0.02
ii) On current accounts	10,890.36	8,577.31
	10,890.36	8,577.33

9.1 Other bank balances

	31 March 2024	31 March 2023
Deposits with banks with original maturity of more than three months but less than twelve months	118,208.94	107,699.13
Earmarked balances with banks	81.92	593.40
	118,290.86	108,292.53
Earmarked balances with banks primarily relate to unclaimed dividends and unspent corporate social responsibility account		
Break up of financial assets carried at amortised cost		
Trade receivables (note 8)	93,456.28	75,786.19
Cash and cash equivalents (note 9)	10,890.36	8,577.33
Bank balances other than cash and cash equivalents (note 9.1)	118,290.86	108,292.53
Loans (note 4.3)	1,000.00	-
Other financial assets (note 4.2)	1,725.98	2,064.61
Total financial assets at amortised cost	225,363.48	194,720.66

Notes to the standalone financial statements

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

10 Equity share capital

	31 March 2024	31 March 2023
Authorised capital		
20,000,000 equity shares of INR 5 each (31 March 2023: 20,000,000)	1,000.00	1,000.00
	1,000.00	1,000.00
Issued, subscribed and fully paid-up capital		
18,967,584 equity shares of INR 5 each (31 March 2023: 18,967,584)	948.38	948.38
	948.38	948.38

Terms / rights attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared from time to time, subject to preferential right of preference shareholders to payment of dividend. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	Number of shares	Amount
At 1 April 2022	18,967,584	948.38
Issued during the year	-	-
At 31 March 2023	18,967,584	948.38
Issued during the year	-	-
At 31 March 2024	18,967,584	948.38

Shares held by holding company or their subsidiaries or associates

Out of equity shares issued by the Company, shares held by its holding Company or their subsidiaries or associates are as below:

Name of the Shareholder	31 March 2024		31 March 2023	
	Number of shares	Amount	Number of shares	Amount
WABCO Asia Private Limited, Singapore (Holding Company)	14,225,684	711.28	14,225,684	711.28

Apart from the above, there are no shares held by the Ultimate Holding Company, or their subsidiaries or associates.

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31 March 2024		31 March 2023	
	In numbers	% holding in the class	In numbers	% holding in the class
Equity shares of INR 5 each fully paid				
WABCO Asia Private Limited, Singapore (Holding Company)	14,225,684	75.00%	14,225,684	75.00%
SBI Large & Midcap Fund	1,629,747	8.59%	1,710,909	9.02%

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



Notes to the standalone financial statements

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

Details of shares held by promoters

	As at 31 March 2024		As at 31 March 2023		% of change during the year
	No. of shares	% of total of shares	No. of shares	% of total of shares	
WABCO Asia Private Limited, Singapore (Holding Company)	14,225,684	75.00%	14,225,684	75.00%	0.00%
	14,225,684	75.00%	14,225,684	75.00%	0.00%
	As at 31 March 2023		As at 31 March 2022		% of change during the year
	No. of shares	% of total of shares	No. of shares	% of total of shares	
WABCO Asia Private Limited, Singapore (Holding Company)	14,225,684	75.00%	14,225,684	75.00%	0.00%
	14,225,684	75.00%	14,225,684	75.00%	0.00%

There are no bonus shares or buy-back of shares or shares issued for consideration other than cash during a period of five years immediately preceding financial year ended March 31, 2024.

11 Other equity

	31 March 2024	31 March 2023
General reserve	24,776.38	24,776.38
Other reserves		
Capital reorganisation reserve	5.00	5.00
Retained earnings	253,135.44	215,181.92
	277,916.82	239,963.30

General reserve - Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Capital reorganisation reserve - Amount represents a reserve created during the demerger of brakes division from Sundaram Clayton Limited.

Retained Earnings - The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013.

11.1 Dividends

The following dividends were declared and paid by the Company during the year:

	31 March 2024	31 March 2023
INR 13 per equity share (31 March 2023: INR 12)	2,465.79	2,276.11
	2,465.79	2,276.11

Notes to the standalone financial statements

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

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities.

	31 March 2024	31 March 2023
INR 17 per equity share (31 March 2023: INR 13)	3,224.49	2,465.79
	3,224.49	2,465.79

12 Lease liabilities

	31 March 2024	31 March 2023
Non - Current		
Lease liabilities	6,132.78	6,172.59
	6,132.78	6,172.59
Current		
Lease liabilities	710.86	361.92
	710.86	361.92

13 Provisions

	31 March 2024	31 March 2023
Non-current		
Provision for employee benefits		
Provision for compensated absences	1,206.14	871.91
Other provisions		
Provision for warranties	778.12	704.88
Total	1,984.26	1,576.79
Current		
Provision for employee benefits		
Provision for compensated absences	196.78	199.52
Provision for gratuity (net of fair value of plan assets)	1,161.25	911.86
Other provisions		
Provision for warranties	1,170.09	893.60
Total	2,528.12	2,004.98
Provision for warranties		
At the beginning of the year	1,598.48	1,837.91
Created during the year	1,201.93	1,118.98
Utilized / reversed during the year	(852.20)	(1,358.41)
At the end of the year	1,948.21	1,598.48

The estimated provision for warranty obligations is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is the balance unexpired period of the respective warranties on the various products which range from 12 to 24 months.



Notes to the standalone financial statements

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

14 Trade payables

	31 March 2024	31 March 2023
Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises ('MSME')	1,569.99	1,540.88
- Total outstanding dues of creditors other than micro enterprises and small enterprises	35,836.39	34,327.53
	37,406.38	35,868.41

For amount outstanding to related parties and the terms and conditions relating to that, refer Note 37
Refer note 36 for details of dues to Micro and small enterprises.

Trade payables Ageing Schedule

As at 31 March 2024

	Unbilled dues	Not due	Outstanding for following periods from due date of payment					Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years		
MSME	-	1,532.49	36.45	-	0.03	1.02	1,569.99	
Others	5,131.78	22,384.29	7,350.07	291.06	134.99	544.20	35,836.39	
Disputed - MSME	-	-	-	-	-	-	-	
Disputed - Others	-	-	-	-	-	-	-	
	5,131.78	23,916.78	7,386.52	291.06	135.02	545.22	37,406.38	

As at 31 March 2023

	Unbilled dues	Not due	Outstanding for following periods from due date of payment					Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years		
MSME	-	1,528.85	9.35	0.17	0.14	2.37	1,540.88	
Others	4,614.93	22,069.90	6,656.48	340.12	151.62	494.48	34,327.53	
Disputed - MSME	-	-	-	-	-	-	-	
Disputed - Others	-	-	-	-	-	-	-	
	4,614.93	23,598.75	6,665.83	340.29	151.76	496.85	35,868.41	

15 Other financial liabilities

	31 March 2024	31 March 2023
Capital creditors		
- Total outstanding dues of micro enterprises and small enterprises ('MSME')	41.32	84.24
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,312.15	1,913.64
Price adjustments (refer note below)	2,982.68	5,741.88
Unpaid dividends	31.40	31.34
	4,367.55	7,771.10

Refer note 36 for details of dues to Micro and small enterprises.

Note: Price adjustments is recognised when there is a reasonable certainty that the amounts will be settled. The estimate takes into account the expected claim and the historical information regarding settlement of such claims. The outstanding liability represents the amounts that are yet to be settled in relation to the products that were sold.

Notes to the standalone financial statements

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

Break up of financial liabilities carried at amortised cost

	31 March 2024	31 March 2023
Trade payables (note 14)	37,406.38	35,868.41
Lease liabilities (note 12)	6,843.64	6,534.51
Other financial liabilities (note 15)	4,367.55	7,771.10
	48,617.57	50,174.02

16 Other current liabilities

	31 March 2024	31 March 2023
Advance from customers*	630.86	442.31
Statutory dues payable	1,259.37	1,492.22
Liability towards corporate social responsibility	99.70	677.34
Employee payables	2,702.78	3,626.57
	4,692.71	6,238.44

* For amount outstanding to related parties and the terms and conditions relating to that, refer Note 37

17 Current tax liabilities (net)

	31 March 2024	31 March 2023
Provision for taxation (net of advance income tax)	247.04	1,075.79
	247.04	1,075.79

18 Revenue from operations

	31 March 2024	31 March 2023
(i) Revenue from contract with customers		
Sale of products (A)		
Air assist and full air actuation systems	289,581.23	269,782.89
Spares	47,751.95	42,916.88
	337,333.18	312,699.77
Sale/rendering of services (B)		
Software services	23,932.12	17,303.42
Research and development services	4,487.99	3,328.00
Business support services	5,997.94	5,815.79
Other service income	3,497.55	2,507.53
	37,915.60	28,954.74
(ii) Other operating revenue (C)		
Scrap sales	1,889.66	1,618.04
Government grant (Export incentives - Refer note below)	244.29	384.79
Test track usage income	988.12	801.26
	3,122.07	2,804.09
Total (A+B+C)	378,370.85	344,458.60

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



Notes to the standalone financial statements

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

Disaggregated information

Timing of revenue recognition

	31 March 2024	31 March 2023
Goods / services transferred at a point in time	340,210.96	315,119.07
Services transferred over time	37,915.60	28,954.74
	378,126.56	344,073.81

Contract balances

	31 March 2024	31 March 2023
Trade receivables (refer note 8)	93,456.28	75,786.19
Contract liabilities (refer note 16)	630.86	442.31

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days.

Contract assets are recognized over time based on the progress of completion of the service as per the terms of the contract, as the customer simultaneously receives and consumes the benefits provided by the Company. Upon completion and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price

	31 March 2024	31 March 2023
Revenue as per contract price	379,954.01	349,180.34
Adjustments		
Discounts and price adjustments	(1,827.45)	(5,106.53)
Revenue from contract with customers	378,126.56	344,073.81

19 Other Income

	31 March 2024	31 March 2023
Gain on sale of investments (net)	651.18	549.26
Gain on foreign currency transactions	210.45	875.51
Interest income	8,686.30	5,251.64
Rental income from investment property	21.67	-
Net gain on sale of property, plant and equipment	-	21.80
Others	7.77	3.10
	9,577.37	6,701.31

Notes to the standalone financial statements

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

20 Cost of materials consumed

	31 March 2024	31 March 2023
Inventories at the beginning of the year	11,270.09	10,527.95
Add: Purchases	233,236.80	220,418.25
Less: Inventories at the end of the year	12,091.51	11,270.09
Cost of raw material and components consumed	232,415.38	219,676.11

21 Changes in inventories of finished goods and work-in-progress

	31 March 2024	31 March 2023
Opening stock		
Work-in-progress	564.21	299.13
Finished goods	2,667.61	2,962.55
	3,231.82	3,261.68
Closing Stock		
Work-in-progress	301.96	564.21
Finished goods	3,239.28	2,667.61
	3,541.24	3,231.82
	(309.42)	29.86

22 Employee benefits expense

	31 March 2024	31 March 2023
Salaries, wages and bonus	39,923.77	33,061.07
Contribution to provident and other funds	2,975.57	1,634.25
Staff welfare expenses	3,497.25	2,975.51
	46,396.59	37,670.83

23 Finance costs

	31 March 2024	31 March 2023
Interest expense on lease liabilities	488.80	420.94
Interest on others	12.11	145.60
	500.91	566.54

24 Depreciation and amortization expense

	31 March 2024	31 March 2023
Depreciation of property, plant and equipment (note 3.1)	9,274.83	8,822.28
Depreciation on right of use assets (note 3.1)	946.13	869.59
Amortization of intangible assets (note 3.1)	715.70	784.51
Depreciation on investment property (note 3.3)	12.12	-
	10,948.78	10,476.38



Notes to the standalone financial statements

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

25 Other expenses

	31 March 2024	31 March 2023
Consumption of stores and spares	4,762.77	5,235.54
Power and fuel	2,706.05	2,492.75
Rent	810.22	843.40
Repairs to buildings	442.05	325.78
Repairs to machinery	1,120.45	1,124.49
Repairs others	24.76	17.75
Insurance	303.48	181.95
Rates and taxes	874.05	231.98
Professional fees (refer note (a) below for payment to auditors)	5,330.07	5,966.73
Travelling and conveyance	1,453.99	1,261.05
Freight, delivery and shipping charges	7,675.45	7,615.69
Research and development expenses	1,389.22	618.86
Impairment allowance / reversal for bad and doubtful debts / advances	289.98	689.43
Directors' sitting fees	6.60	17.53
Information technology expenses	3,122.07	2,021.88
Expenditure on corporate social responsibility (refer note 26)	518.53	384.40
Royalty	9,943.17	8,891.41
Net loss on sale of property, plant and equipment	22.82	-
Warranty	1,500.36	930.79
Other expenses (including commission to independent directors)	1,258.13	1,199.96
	43,554.22	40,051.37

(a) Auditor's remuneration* (included in professional fees)

	31 March 2024	31 March 2023
As auditor:		
Statutory audit	42.40	39.60
Tax audit	2.20	2.00
Limited review of quarterly results	3.30	3.00
Certification	1.10	1.00
In other capacity:		
Taxation matters	-	-
Reimbursement of expenses	1.70	1.50
	50.70	47.10

* Excludes Goods and Services Tax

26 CSR expenditure

	31 March 2024	31 March 2023
Details of CSR expenditure:		
a) Amount required to be spent by the Company during the year	518.53	384.40
b) Amount spent during the year (in cash):		
(i) Construction / acquisition of asset	-	-
(ii) On purposes other than (i) above	469.17	260.21
c) Shortfall at the end of the year	49.36	124.19
d) Total of previous years shortfall	-	-
e) Reason for shortfall - The Company is in the process of identifying suitable projects towards which the shortfall of the expenditure could be spent.		
f) Details of related party transactions	-	-

Notes to the standalone financial statements

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

g) The movements in the provision for unspent CSR (relating to ongoing project) is as follows:

Particulars	31 March 2024		31 March 2023	
	With Company	In Separate CSR Unspent account	With Company	In Separate CSR Unspent account
Opening balance	124.19	553.15	253.76	581.78
Amount required to be spent during the year	518.53	-	384.40	-
Transfers	(124.19)	124.19	(253.76)	253.76
Amount spent during the year	(469.17)	(626.99)	(260.21)	(282.39)
Closing balance	49.36	50.35	124.19	553.15

Note: The expenditure incurred has been approved by the Board of Directors.

27 Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate INR 4,969.70 lakhs (31 March 2023: INR 4,929.33 lakhs). The capital expenditure incurred during the year for research and development purposes aggregate INR 862.50 lakhs (31 March 2023: INR 228.75 lakhs).

28 Income tax expense

	31 March 2024	31 March 2023
A. Amounts recognised in profit or loss		
Current Tax:		
Current year	14,643.47	11,282.67
Deferred Tax:		
Relating to the origination and reversal of temporary differences	(679.65)	(361.19)
Tax expense	13,963.82	10,921.48
B. Amounts recognised in other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit liability / (asset)	(14.76)	3.19
	(14.76)	3.19
C. Reconciliation of effective tax rate		
Profit before tax	54,441.76	42,688.82
Company's domestic tax rate	25.168%	25.168%
Tax using the Company's domestic tax rate	13,701.90	10,743.92
Tax effect of:		
- Non deductible expenses	124.43	111.74
- Others	137.49	65.82
	13,963.82	10,921.48

29 Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2024

	FVTOCI	Total
Re-measurement gains (losses) on defined benefit plans	(58.63)	(58.63)
	(58.63)	(58.63)

During the year ended 31 March 2023

	FVTOCI	Total
Re-measurement gains (losses) on defined benefit plans	12.69	12.69
	12.69	12.69



Notes to the standalone financial statements

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

30 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2024	31 March 2023
Profit after tax	40,477.94	31,767.34
Weighted average number of shares		
- Basic	18,967,584	18,967,584
- Diluted	18,967,584	18,967,584
Earning per share of INR 5 each		
- Basic	213.41	167.48
- Diluted	213.41	167.48

31 Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key Judgements estimates and assumptions

In the process of applying the Company's accounting policies, management has made the following key judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the standalone financial statements:

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in standalone financial statements. Loss contingencies that are considered possible are not provided for but disclosed as contingent liabilities in the standalone financial statements. Contingencies the likelihood of which is remote are not disclosed in the standalone financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable. The management estimates likely outcome of any pending cases and other contingencies based upon the Company's / expert's interpretation of applicable tax laws, relevant judicial pronouncements.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about defined benefit obligations are given in note 33.

Notes to the standalone financial statements

Allowance for inventories

An allowance for inventory is recognised where the realisable value is estimated to be lower than the inventory carrying value. The inventory allowance is estimated taking into account various factors and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessments, made adequate allowance in the books.

32 Employee Benefits Obligation

Defined Benefit Plan

a. Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972 ('Act'). Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as company take on uncertain long term obligations to make future benefit payments.

1) Liability risks

i) Asset-Liability Mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

ii) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

iii) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

b. Provident Fund

In respect of employees covered under Company's Employees Provident Fund Trust contributions to the Company's Employee Provident Fund Trust are made in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government. In the case of contribution to the Trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation, determined based on an actuarial valuation, as an expense. The details of the defined benefit plan based on actuarial valuation report are as follows:



Notes to the standalone financial statements

Liability risks:

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

During the previous year ended 31 March 2023, the Company has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') to Employees' Provident Fund Organisation ('EPFO') based on the Company's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO. Hence, there is no liability risk existing as on 31 March 2024 and 31 March 2023.

33 Defined Benefit Plan

	Gratuity		Pension Plan		Provident Fund Plan (refer note 33.2)	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Current service cost	468.62	467.40	-	-	-	224.59
Net interest expense / (income)	53.77	53.67	(68.38)	(53.71)	-	(307.90)
Components of defined benefit cost recognised in profit or loss	522.39	521.07	(68.38)	(53.71)	-	(83.31)
Re-measurement on the net defined benefit liability comprising:						
Actuarial (gains)/losses changes arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gains)/losses changes arising from changes in financial assumptions	106.22	(425.15)	46.39	(108.28)	-	-
Actuarial (gains)/losses changes arising from experience adjustments	(8.37)	454.14	(81.17)	24.30	-	-
Return on plan assets (excluding amounts included in net interest expense)	10.32	70.87	-	-	-	-
Components of defined benefit cost recognised in other comprehensive income	108.17	99.86	(34.78)	(83.98)	-	-
	630.56	620.93	(103.16)	(137.69)	-	(83.31)

The current service cost and the net interest expense for the year are included in the 'employee benefit expense' in profit or loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the financial position arising from the Company's obligation in respect of its defined benefit plans is as follows:

Notes to the standalone financial statements

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

	Gratuity		Pension Plan		Provident Fund Plan (refer note 33.2)	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Present value of defined benefit obligation	3,867.24	3,270.09	2,138.08	2,128.37	-	-
Fair value of plan assets	2,705.99	2,358.23	3,169.65	3,056.78	-	-
Net assets/(liabilities) from defined benefit obligation	(1,161.25)	(911.86)	1,031.57	928.41	-	-

Movements in the present value of the defined benefit obligation were as follows:

	Gratuity		Pension Plan		Provident Fund Plan (refer note 33.2)	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Opening defined benefit obligation	3,270.09	2,943.73	2,128.37	2,176.72	-	15,636.19
Current service cost	468.62	467.40	-	-	-	224.59
Employee contributions	-	-	-	-	-	330.68
Transfers	-	-	-	-	-	(15,652.91)
Interest cost	231.01	213.27	156.77	147.91	-	-
Actuarial (gains)/losses changes arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gains)/losses changes arising from changes in financial assumptions	106.22	(425.15)	46.39	(108.28)	-	-
Actuarial (gains)/losses changes arising from experience adjustments	(8.37)	454.14	(81.17)	24.30	-	-
Benefits paid	(200.33)	(383.30)	(112.28)	(112.28)	-	(538.55)
Closing defined benefit obligation	3,867.24	3,270.09	2,138.08	2,128.37	-	-

Movements in the fair value of the plan assets were as follows:

	Gratuity		Pension Plan		Provident Fund Plan (refer note 33.2)	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Opening fair value of plan assets	2,358.23	2,202.99	3,056.78	2,967.43	-	14,559.42
Investment / Interest Income	177.24	159.60	225.15	201.63	-	307.90
Employer's Contributions	381.17	449.81	-	-	-	418.72
Employee's Contributions	-	-	-	-	-	330.68
Return on plan assets (excluding amounts included in net interest expense)	(10.32)	(70.87)	-	-	-	-
Transfers	-	-	-	-	-	(15,078.17)
Benefits paid	(200.33)	(383.30)	(112.28)	(112.28)	-	(538.55)
Closing fair value of plan assets	2,705.99	2,358.23	3,169.65	3,056.78	-	-

33.1 The major categories of plan assets of the fair value of the total plan assets are as follows:

	Gratuity		Pension Plan		Provident Fund Plan (refer note 33.2)	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Investments details:					-	-
Investment with insurer / others	2,705.99	2,358.23	3,169.65	3,056.78	-	-
Total	2,705.99	2,358.23	3,169.65	3,056.78	-	-



Notes to the standalone financial statements

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

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	Gratuity		Pension Plan		Provident Fund Plan (refer note 33.2)	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Discount rate	7.20%	7.50%	7.10%	7.35%	NA	NA
Future salary increases	5.00%	5.00%	NA	NA	NA	NA
Attrition rate	5.00%	5.00%	NA	NA	NA	NA
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14	NA	NA	NA	NA

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Gratuity plan:	31 March 2024		31 March 2023	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(168.16)	196.64	(141.09)	164.91
Future salary increases	199.05	(172.94)	167.44	(145.48)
Attrition rate	7.43	(7.70)	1.50	(1.55)
Mortality rate	0.52	(0.52)	0.10	(0.10)

Provident Fund plan (refer note 33.2):	31 March 2024		31 March 2023	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	NA	NA	NA	NA

Pension:	31 March 2024		31 March 2023	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(81.06)	93.18	(81.19)	93.46

The following payments are expected contributions to the defined benefit plan in future years:

	Gratuity		Pension	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Within the next 12 months (next annual reporting period)	413.10	364.11	189.34	189.34
Between 2 and 5 years	1,246.06	991.74	736.23	736.23
Beyond 5 years	7,422.90	6,632.05	3,208.11	3,367.48
Total expected payments	9,082.06	7,987.90	4,133.68	4,293.05

The average duration of the defined benefit plan obligation at the end of the reporting period for gratuity plan is 10.00 years (31 March 2023: 10.00 years) and pension plan is 7.00 years (31 March 2023: 7.00 years).

33.2 During the previous year ended 31 March 2023, the Company has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust (Provident Fund Trust) to Employees' Provident Fund Organisation (EPFO) based on the Company's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO. Consequent to this surrender, the liability of the Company is restricted to the monthly contributions paid by the Company to EPFO. Accordingly, there was no actuarial valuation exercise carried out as on 31 March 2024 and 31 March 2023.

Notes to the standalone financial statements

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

34 Leases

A. Leases as lessee

The Company has taken various premises including offices, warehouses and other assets under lease for which lease period is 3-10 years and are renewable by mutual consent on agreed upon terms.

	31 March 2024	31 March 2023
Lease liabilities		
Maturity analysis - contractual undiscounted cash flows		
Not later than one year	1,197.78	876.66
Later than one year and not later than five years	4,263.65	3,683.32
More than five years	3,390.38	4,466.70

The depreciation charge for right of use assets, interest expenses on lease liabilities, expenses relating to short term leases and low-value assets and current and non-current classification of lease liability are included in note 24, 23, 25 and 12 respectively. Cash flows on payment of lease liabilities including interest on lease liabilities are disclosed in the standalone cash flow statements.

B. Leases as lessor

The Company leases out its investment property. All leases are classified as operating leases from a lessor perspective, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 3.3 sets out information about the operating leases of investment property.

Rental income recognised by the Company during the year ended 31 March 2024 was INR 21.67 lakhs (31 March 2023: Nil).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	31 March 2024	31 March 2023
Less than one year	82.26	-
One to two years	82.26	-
Two to three years	82.26	-
Three to four years	82.26	-
Four to five years	61.70	-
More than five years	-	-
Total	390.74	-

35 Commitment and Contingencies

A) Contingent Liabilities

In respect of all the matters mentioned below, based on the legal advice obtained, the management is of the view that the claims are not tenable and the same can be successfully contested. Hence, no provision has been considered necessary in the standalone financial statements.



Notes to the standalone financial statements

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

	31 March 2024	31 March 2023
In respect of CENVAT and service tax matters	0.88	0.88
In respect of income tax matters	60.49	67.78
In respect of property tax matters	32.40	32.40
In respect of sales tax matters *	-	1,198.86
In respect of GST matters	17.89	-
In respect of labour law disputes	7.67	7.67
In respect of property matters	6.09	6.09

*excludes penalty of Nil (31 March 2023: 563.41 Lakhs)

The uncertainties and possible reimbursement in respect of the above mentioned contingent liabilities are dependent on the outcome of various legal proceedings and therefore, cannot be predicted accurately.

The Supreme Court had passed judgement on 28 February 2019 that all allowances paid to employees are to be considered for the purposes of PF wage determination. There are numerous interpretative issues relating to the above judgement. As a matter of prudence, the Company has made a provision on a prospective basis from the date of the Supreme court order. The Company will update its provision, on receiving further clarity on the subject.

B) Commitments

	31 March 2024	31 March 2023
a) Capital commitments not provided for	5,993.26	5,596.47

36 Dues to micro and small enterprises - As per Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED' Act)

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

	31 March 2024	31 March 2023
(a) Principal amount remaining unpaid to any supplier as at the end of the year.	1,611.31	1,625.12
Interest due thereon remaining unpaid to any supplier as at the end of the year.	0.92	1.55
(b) Amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	11.19	55.90
(d) The amount of interest accrued and remaining unpaid at the end of the year;	180.66	168.55
(e) The amount of further interest remaining due and payable even in the succeeding year accrued in the current year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act 2006.	12.11	57.45

Notes to the standalone financial statements

37 Related Party Transactions

37.1 List of related parties and nature of relationship

1) Where control exists

a) Ultimate holding company	ZF Friedrichshafen AG
b) Holding company	WABCO Asia Private Limited, Singapore
c) Associate of holding company	ZF International UK Limited, United Kingdom
d) Wholly owned Subsidiary company	ZF CV Control Systems Manufacturing India Private Limited

2) Related parties with whom transactions have taken place during the year

Ultimate holding company

ZF Friedrichshafen AG

Holding company

WABCO Asia Private Limited, Singapore

Fellow Subsidiary companies

Changchun WABCO Vehicle Control System Co. Ltd

Guang Dong WABCO Fuwa Vehicle Brakes Co Limited

ZF CV Solutions (Thailand) Limited

WABCO Automotive South Africa

WABCO Compressor Manufacturing Co. USA

WABCO Holdings Inc., USA

WABCO IP Holdings LLC, USA

WABCO Korea Ltd, Korea

WABCO Middle East and Africa FZCO, Dubai

WABCO Radbremsen GmbH, Germany

WABCO Reman Solutions

WABCO USA LLC, USA (formerly Meritor WABCO Vehicle Control Systems, USA)

Wolong ZF Automotive Electric Motors Ltd

ZF (Shanghai) Management Co, Ltd

ZF Active Safety and Electronics US LLC, USA

ZF Active Safety GmbH

ZF Autocruise France SAS

ZF Automotive Brasil LTDA, Brazil

ZF Automotive Systems (Shanghai) Co Ltd., China

ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China (formerly Shandong WABCO Automotive Products Co. Ltd, China)

ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China (formerly WABCO China Co. Ltd, China)

ZF CV Distribution Germany GmbH & Co. KG, Germany (formerly WABCO Vertriebs, GmbH & Co., Germany)

ZF CV Distribution UK Ltd.

ZF CV Logistics Germany GmbH, Germany (formerly WABCO Logistik GmbH, Germany)

ZF CV Solutions Japan, Inc., Japan (formerly known as WABCO Japan Inc., Japan)

ZF CV Systems Brasil LTDA, Brazil (formerly WABCO do Brasil Industria e Comercio de Freios Ltda, Brazil)

ZF CV Systems Europe BV, Belgium (formerly WABCO Europe BVBA, Belgium)

ZF CV Systems Global GmbH, Switzerland (formerly WABCO Global GmbH, Switzerland)

ZF CV Systems Hannover GmbH, Germany (formerly WABCO GmbH, Germany)

ZF CV Systems North America LLC, USA (formerly known as WABCO North America LLC, USA)

ZF CV Systems Poland Sp. z o.o., Poland (formerly WABCO Polska Sp. z o.o. Poland)

ZF CVS Turkey Fren Sistemleri (formerly known as WABCO Arac Kontrol Sis.Des.Paz.Ltd.)



Notes to the standalone financial statements

ZF Digital Solutions India Private Limited (formerly WABCO Digital Solutions Private Limited)
ZF Do Brasil LTDA, Brazil
ZF India Private Limited
ZF Light Vehicle Systems India Private Limited
ZF Rane Automotive India Private Limited

Others

Trichur Sundaram Santhanam & Family Private Limited (upto 30 October 2023)
TVS Automobile Solutions Private Limited (upto 30 October 2023)
TVS Mobility Private Limited (upto 30 October 2023)
WABCO India Limited Employees' Provident Fund Trust

Key Management Personnel

Mr. P Kaniappan - Managing Director
Mr. RS Raja Gopal Sastry - Chief Financial Officer (upto 16 January 2024)
Ms. Sweta Agarwal - Chief Financial Officer (from 10 January 2024)
Ms. M Muthulakshmi - Company Secretary
Dr. Christian Brenneke - Non-executive Director
Mr. Philippe Colpron - Non-executive Director
Mr. Alexander De Bock - Non-executive Director (upto 30 March 2023)
Mr. M Lakshminarayan - Chairman and independent Director (upto 31 March 2024)
Dr. Lakshmi Venu - Independent Director (upto 30 October 2023)
Mr. Mahesh Chhabria - Independent Director
Ms. Rashmi Urdhwareshe - Independent Director (from 20 March 2024)
Ms. Amrita Verma Chowdhury - Independent Director (from 27 October 2023)

Notes to the standalone financial statements

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

37.2 Related party transactions

Sl No	Nature of transactions	Name of the company	Fellow subsidiaries/ Others		Key management personnel	
			Year ended		Year ended	
			31 March 2024	31 March 2023	31 March 2024	31 March 2023
1.a	Purchase of goods, net	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	1.21	16.61	-	-
		ZF CV Solutions (Thailand) Limited	4.45	6.47	-	-
		WABCO Compressor Manufacturing Co. USA	106.96	64.97	-	-
		WABCO Korea Ltd, Korea	0.50	0.60	-	-
		WABCO USA LLC, USA	2.81	-	-	-
		ZF (Shanghai) Management Co, Ltd	298.95	10.46	-	-
		ZF Active Safety and Electronics US LLC, USA	1.76	1.88	-	-
		ZF Automotive Brasil LTDA, Brazil	468.20	68.49	-	-
		ZF Automotive Systems (Shanghai) Co Ltd., China	3.16	0.50	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	1,659.24	1,774.31	-	-
		ZF CV Control Systems Manufacturing India Private Limited	0.34	-	-	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	267.65	1,731.38	-	-
		ZF CV Systems Brasil LTDA, Brazil	-	121.80	-	-
		ZF CV Systems Global GmbH, Switzerland	9,742.72	4,844.00	-	-
		ZF CV Systems Hannover GmbH, Germany	-	1.47	-	-
		ZF CV Systems North America LLC, USA	5.15	0.59	-	-
		ZF Digital Solutions India Private Limited	11.98	1.16	-	-
		ZF Friedrichshafen AG	694.40	1,634.63	-	-
		ZF India Private Limited	7.34	20.55	-	-
		ZF CV Solutions Japan, Inc., Japan	9.23	-	-	-
		ZF CV Distribution UK Ltd.	12.43	-	-	-
		ZF Autocruise France SAS	1.61	-	-	-
		Wolong ZF Automotive Electric Motors Ltd	5.90	-	-	-
		WABCO Radbremmen GmbH, Germany	8.27	-	-	-
		ZF Rane Automotive India Private Limited	2.69	20.34	-	-
1.b	Purchase of Property, Plant and Equipment	ZF CV Systems Global GmbH, Switzerland	43.49	238.33	-	-
		ZF CV Systems Hannover GmbH, Germany	-	23.47	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	-	5.73	-	-
2	Services received					
	Royalty	WABCO IP Holdings LLC, USA	199.85	153.86	-	-
	Royalty	ZF CV Systems Europe BV, Belgium	9,743.32	8,737.55	-	-
	Information Technology	ZF CV Systems Europe BV, Belgium	-	1,027.22	-	-
	Support Services	ZF Friedrichshafen AG	2,469.01	750.00	-	-
	Research and Development	ZF Active Safety GmbH	405.06	-	-	-
	Rent	ZF India Private Limited	78.78	-	-	-
	Professional fees	ZF Friedrichshafen AG	12.20	-	-	-



Notes to the standalone financial statements

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

SI No	Nature of transactions	Name of the company	Fellow subsidiaries/ Others		Key management personnel	
			Year ended		Year ended	
			31 March 2024	31 March 2023	31 March 2024	31 March 2023
3	Sale of products, net	Changchun WABCO Vehicle Control System Co. Ltd	147.93	-	-	-
		Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	152.53	94.10	-	-
		Trichur Sundaram Santhanam & Family Private Limited	1,372.94	2,312.14	-	-
		TVS Automobile Solutions Private Limited	170.18	1,184.68	-	-
		TVS Mobility Private Limited	458.34	735.89	-	-
		ZF CV Solutions (Thailand) Limited	456.47	658.71	-	-
		WABCO Asia Private Limited, Singapore	434.42	571.70	-	-
		WABCO Automotive South Africa	1.48	0.24	-	-
		WABCO Compressor Manufacturing Co. USA	2,114.15	6,406.47	-	-
		WABCO Korea Ltd, Korea	244.99	176.68	-	-
		WABCO Middle East and Africa FZCO, Dubai	587.97	550.52	-	-
		WABCO Reman Solutions	-	108.94	-	-
		WABCO USA LLC, USA	11,604.41	18,063.66	-	-
		ZF (Shanghai) Management Co, Ltd	58.22	46.01	-	-
		ZF Automotive Brasil LTDA, Brazil	1,075.34	519.66	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	790.65	3,001.48	-	-
		ZF CV Control Systems Manufacturing India Private Limited	158.59	96.23	-	-
		ZF CV Logistics Germany GmbH, Germany	-	0.10	-	-
		ZF CV Solutions Japan, Inc., Japan	1,712.91	1,780.69	-	-
		ZF CV Systems Brasil Ltda, Brazil	-	667.04	-	-
		ZF CV Systems Europe BV, Belgium	581.46	718.34	-	-
		ZF CV Systems Global GmbH, Switzerland	55,016.77	37,564.17	-	-
		ZF CV Systems Hannover GmbH, Germany	4.20	0.08	-	-
		ZF CV Systems North America LLC, USA	5,054.87	15,524.44	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	7.22	-	-	-
		ZF CVS Turkey Fren Sistemleri	27.78	18.87	-	-
		ZF Digital Solutions India Private Limited	-	0.08	-	-
		ZF Do Brasil LTDA, Brazil	608.90	88.00	-	-
		ZF India Private Limited	17.50	2.63	-	-
4	Sale of assets	ZF CV Control Systems Manufacturing India Private Limited	20.56	42.45	-	-
5	Sale of scrips	ZF Rane Automotive India Private Limited	-	639.91	-	-
6	Rendering of Services					
	Business Support Services	ZF CV Systems Global GmbH, Switzerland	5,890.05	5,640.41	-	-
	Business Support Services	ZF Digital Solutions India Private Limited	83.88	141.20	-	-
	Business Support Services	ZF India Private Limited	24.01	33.30	-	-
	Research and development services	ZF CV Systems Global GmbH, Switzerland	4,487.99	3,328.00	-	-
	Software services	ZF CV Systems Global GmbH, Switzerland	23,932.12	17,303.42	-	-
	Other services	ZF CV Solutions (Thailand) Limited	-	6.48	-	-
	Other services	ZF CV Control Systems Manufacturing India Private Limited	71.39	0.82	-	-

Notes to the standalone financial statements

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

Sl No	Nature of transactions	Name of the company	Fellow subsidiaries/ Others		Key management personnel		
			Year ended		Year ended		
			31 March 2024	31 March 2023	31 March 2024	31 March 2023	
7	Other income						
	Interest Income	ZF CV Control Systems Manufacturing India Private Limited	52.32	-	-	-	-
	Rent	ZF Light Vehicle Systems India Private Limited	4.46	-	-	-	-
	Rent	ZF CV Control Systems Manufacturing India Private Limited	24.98	-	-	-	-
8	Receivables / (Advances received)	Changchun WABCO Vehicle Control System Co. Ltd	63.16	-	-	-	-
		Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	119.69	98.32	-	-	-
		Trichur Sundaram Santhanam & Family Private Limited	-	320.76	-	-	-
		TVS Mobility Private Limited	-	96.37	-	-	-
		TVS Automobile Solutions Private Limited	-	149.90	-	-	-
		ZF CV Solutions (Thailand) Limited	63.00	94.56	-	-	-
		WABCO Asia Private Limited, Singapore	15.85	72.54	-	-	-
		WABCO Compressor Manufacturing Co. USA	30.60	1,129.51	-	-	-
		WABCO Holdings Inc., USA	23.59	19.84	-	-	-
		WABCO Korea Ltd, Korea	42.01	30.57	-	-	-
		WABCO Middle East and Africa FZCO, Dubai	22.94	95.92	-	-	-
		WABCO USA LLC, USA	500.32	5,108.78	-	-	-
		ZF (Shanghai) Management Co, Ltd	88.46	153.21	-	-	-
		ZF Automotive Brasil LTDA, Brazil	406.13	446.69	-	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	659.29	492.51	-	-	-
		ZF CV Control Systems Manufacturing India Private Limited	111.78	170.74	-	-	-
		ZF CV Solutions Japan, Inc., Japan	307.88	357.31	-	-	-
		ZF CV Systems Europe BV, Belgium	152.03	184.01	-	-	-
		ZF CV Systems Global GmbH, Switzerland	31,485.48	11,975.02	-	-	-
		ZF CV Systems Hannover GmbH, Germany	29.47	-	-	-	-
		ZF CV Systems North America LLC, USA	94.15	2,582.87	-	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	5.13	2.17	-	-	-
		ZF CVS Turkey Fren Sistemleri	5.36	4.85	-	-	-
		ZF Digital Solutions India Private Limited	7.23	104.27	-	-	-
		ZF Light Vehicle Systems India Private Limited	4.46	-	-	-	-
		ZF Do Brasil LTDA, Brazil	242.52	88.64	-	-	-
		ZF Friedrichshafen AG	188.25	-	-	-	-
		ZF India Private Limited	29.51	31.30	-	-	-



Notes to the standalone financial statements

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

Sl No	Nature of transactions	Name of the company	Fellow subsidiaries/ Others		Key management personnel	
			Year ended		Year ended	
			31 March 2024	31 March 2023	31 March 2024	31 March 2023
9	Payables / (Advances paid)	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	-	5.47	-	-
		ZF CV Solutions (Thailand) Limited	5.75	1.28	-	-
		WABCO Compressor Manufacturing Co. USA	103.48	12.49	-	-
		WABCO IP Holdings LLC, USA	584.44	414.57	-	-
		WABCO Korea Ltd, Korea	1.00	0.60	-	-
		WABCO Radbremesen GmbH, Germany	(0.17)	(0.17)	-	-
		WABCO USA LLC, USA	43.60	(0.67)	-	-
		Wolong ZF Automotive Electric Motors Ltd	5.95	-	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	(12.91)	(12.91)	-	-
		ZF (Shanghai) Management Co, Ltd	-	212.01	-	-
		ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China	18.65	18.66	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	439.43	1,320.92	-	-
		ZF CV Control Systems Manufacturing India Private Limited	0.40	-	-	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	50.10	418.52	-	-
		ZF CV Systems Brasil Ltda, Brazil	-	82.38	-	-
		ZF CV Systems Europe BV, Belgium	4,511.37	2,304.62	-	-
		ZF CV Systems Global GmbH, Switzerland	2,519.93	2,781.76	-	-
		ZF CV Systems North America LLC, USA	68.51	2.91	-	-
		ZF Active Safety and Electronics US LLC, USA	-	1.86	-	-
		ZF Autocruise France SAS	1.64	-	-	-
		ZF Active Safety GmbH	404.06	-	-	-
		ZF Automotive Brasil LTDA, Brazil	-	30.77	-	-
		ZF Automotive Systems (Shanghai) Co Ltd., China	0.48	0.50	-	-
		ZF CV Distribution UK Ltd.	19.16	-	-	-
		ZF Rane Automotive India Private Limited	-	20.34	-	-
ZF Friedrichshafen AG	1,632.38	827.97	-	-		
ZF India Private Limited	79.99	5.41	-	-		
10	Remuneration to Key managerial personnel (including commission to independent directors)	Salaries and Allowances	-	-	455.50	378.62
		Contribution to provident and other funds	-	-	30.50	20.13
		Incentive	-	-	434.81	445.04
		Commission and sitting fees	-	-	79.00	79.00
11	Reimbursement of expenses paid / (received)	ZF CV Systems Hannover GmbH, Germany	(29.42)	-	-	-
		WABCO Holdings Inc., USA	(23.58)	(19.90)	-	-
		ZF CV Solutions (Thailand) Limited	(7.40)	-	-	-
		ZF CV Control Systems Manufacturing India Private Limited	(44.56)	(3.10)	-	-
12	Contribution to fund	WABCO India Limited Employees' Provident Fund Trust	-	512.51	-	-
13	Loans given	ZF CV Control Systems Manufacturing India Private Limited	1,000.00	-	-	-
		ZF CV Control Systems Manufacturing India Private Limited	1,000.00	-	-	-
14	Loans receivable	ZF CV Control Systems Manufacturing India Private Limited	1,000.00	-	-	-

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Notes to the standalone financial statements

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

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

38 Segment information

The Company primarily operates in the automotive segment. The automotive segment includes all activities related to development, design and manufacture of products. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of Ind AS 108 "Operating Segments".

The following are the information relating to geographical segment:

Year ended 31 March 2024

	India	Others	Total
Sale of Products	228,549.01	108,784.17	337,333.18
Sale/rendering of services	3,497.55	34,418.05	37,915.60
Others	3,122.07	-	3,122.07
Revenue from operations	235,168.63	143,202.22	378,370.85
Non-current assets*	78,982.09	-	78,982.09

Year ended 31 March 2023

	India	Others	Total
Sale of Products	201,796.32	110,903.45	312,699.77
Sale/rendering of services	2,507.53	26,447.21	28,954.74
Others	2,804.09	-	2,804.09
Revenue from operations	207,107.94	137,350.66	344,458.60
Non-current assets*	70,196.68	-	70,196.68

*Non-current assets for this purpose consists of property, plant and equipment, right of use assets, intangible assets, capital work in progress, investment property and other non current assets.

Information about major customer

Revenue from major customers contributing more than 10% of sale of products amounted to INR 167,959.16 lakhs (31 March 2023: INR 139,683.50 lakhs), arising from sales of products and rendering of services.

39 Fair value

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2024:

Particulars	Fair Value Measurement using			
	Total	Level 1	Level 2	Level 3
Asset measured at fair value:				
FVTPL financial investments:				
Unquoted Mutual Funds	2,328.66	2,328.66	-	-



Notes to the standalone financial statements

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2023:

Particulars	Fair Value Measurement using			
	Total	Level 1	Level 2	Level 3
Asset measured at fair value:				
FVTPL financial investments:				
Unquoted Mutual Funds	10,013.88	10,013.88	-	-

There have been no transfers between Level 1 and Level 2 during the year.

All other financial liabilities & assets are carried at amortized cost and their carrying value approximates fair value.

40 Financial risk management objectives and policies

The Company's principal financial liabilities, include trade and other payables. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The Company also holds FVTPL investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans, deposits and FVTPL investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments are primarily in fixed rate interest bearing investments. Also, the Company has no borrowings and hence not exposed to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The majority of the Company's revenue and expenses are in Indian Rupees, with the remainder denominated in US Dollars and EURO. The following table demonstrates the sensitivity to 5% change in USD and EURO exchange rates on foreign currency exposures as at the year end, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Notes to the standalone financial statements

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

	31 March 2024		31 March 2023	
	5% increase	5% decrease	5% increase	5% decrease
Impact of change in USD rates				
Trade receivables	134.80	(134.80)	519.73	(519.73)
Payables	113.13	(113.13)	62.99	(62.99)
Cash and cash equivalents	21.04	(21.04)	41.12	(41.12)
Impact of change in EURO rates				
Trade receivables	1,624.76	(1,624.76)	690.45	(690.45)
Payables	311.24	(311.24)	287.96	(287.96)
Cash and cash equivalents	124.16	(124.16)	80.86	(80.86)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and advances. None of the financial instruments of the Company result in material concentrations of credit risks. Exposure to credit risk - The carrying amount of financial assets represents the maximum Credit exposure. The maximum exposure to Credit risk was INR 227,967.14 lakhs as at 31 March 2024 and INR 204,834.54 lakhs as at 31 March 2023, being the total of the carrying amount of balances with banks, deposits with banks, trade receivables and other financial assets. As at 31 March 2024, 80% of the total dues was receivable from top 10 customers (as at 31 March 2023 - 78%). These receivables are from customers whose credit rating is above the average. Credit risk from balances with banks and investment of surplus funds in mutual funds is managed by the Company's treasury department. The objective is to minimise the concentration of risks by investing in safer investments of high pedigree.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure funds are available for use as per requirements. The Company's prime source of liquidity is cash and cash equivalents and the cash generated from operations. The Company has no outstanding bank borrowings. The Company invests its surplus funds in bank, fixed deposit and mutual funds, which carry minimal mark to market risks. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31 March 2024

	Carrying amount	Contractual cashflows				Total
		Less than 1 year	1 to 2 Years	2 to 5 Years	> 5 years	
Trade payables	37,406.38	37,406.38	-	-	-	37,406.38
Lease liabilities	6,843.64	1,197.78	1,315.49	2,948.16	3,390.38	8,851.81
Other financial liabilities	4,367.55	4,367.55	-	-	-	4,367.55
	48,617.57	42,971.71	1,315.49	2,948.16	3,390.38	50,625.74



Notes to the standalone financial statements

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

As at 31 March 2023

	Carrying amount	Contractual cashflows				Total
		Less than 1 year	1 to 2 Years	2 to 5 Years	> 5 years	
Trade payables	35,868.41	35,868.41	-	-	-	35,868.41
Lease liabilities	6,534.51	876.66	846.88	2,836.44	4,466.70	9,026.68
Other financial liabilities	7,771.10	7,771.10	-	-	-	7,771.10
	50,174.02	44,516.17	846.88	2,836.44	4,466.70	52,666.19

41 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

	31 March 2024	31 March 2023
Trade payables	37,406.38	35,868.41
Other payables	20,663.32	25,201.61
Less: Cash and cash equivalents and current investments	(13,219.02)	(18,591.21)
Net debt	44,850.68	42,478.81
Shareholders Equity	278,865.20	240,911.68
Gearing ratio	0.16	0.18

42 Ratios

a) Current ratio = Current assets divided by Current liabilities

Particulars	31 March 2024	31 March 2023
Current assets	246,770.38	223,675.83
Current liabilities	49,952.66	53,320.64
Ratio	4.94	4.19
% change from previous year	18.0%	

Reason for change more than 25% : Not applicable

Notes to the standalone financial statements

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

b) Debt-Equity Ratio = Total debt divided by total equity where total debt represents aggregate of current and non-current borrowings

Particulars	31 March 2024	31 March 2023
Total debt	-	-
Total equity	278,865.20	240,911.68
Ratio	-	-
% change from previous year	0.0%	

Reason for change more than 25% : Not applicable

c) Debt Service Coverage Ratio = Earnings available for debt services divided by total interest and principal repayments

Particulars	31 March 2024	31 March 2023
Profit after tax	40,477.94	31,767.34
Add:		
Depreciation and amortisation expense	10,948.78	10,476.38
Finance cost	500.91	566.54
Earnings available for debt services	51,927.63	42,810.26
Interest payments	500.91	566.54
Lease payments	444.86	264.32
Total interest and principal repayments	945.77	830.86
Ratio	54.91	51.53
% change from previous year	6.6%	

Reason for change more than 25% : Not applicable

d) Return on Equity ratio = Profit after tax divided by average shareholder's equity

Particulars	31 March 2024	31 March 2023
Profit after tax	40,477.94	31,767.34
Average shareholder's equity (refer note below)	259,888.44	226,159.72
Ratio	0.16	0.14
% change from previous year	10.9%	

Note: Average shareholder's equity = (Total shareholder's equity as at beginning of respective year + total shareholder's equity as at end of respective year) divided by 2

Reason for change more than 25% : Not applicable

e) Inventory turnover ratio = Cost of goods sold divided by average inventory

Particulars	31 March 2024	31 March 2023
Cost of goods sold (refer note 1 below)	236,868.73	224,941.51
Average inventory (refer note 2 below)	16,109.62	14,998.90
Ratio	14.70	15.00
% change from previous year	-2.0%	

Note:

1. Cost of goods sold includes cost of materials consumed and changes in inventories of finished goods and work-in-progress and consumption of stores and spares.



Notes to the standalone financial statements

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

2. Average inventory = (Total inventory as at beginning of respective year + total inventory as at end of respective year) divided by 2

Reason for change more than 25% : Not applicable

f) Trade receivables turnover ratio = Sales divided by average trade receivables

Particulars	31 March 2024	31 March 2023
Turnover (refer note 1 below)	378,126.56	344,073.81
Average trade receivables (refer note 2 below)	84,621.24	71,212.26
Ratio	4.47	4.83
% change from previous year	-7.5%	

Note:

1. Turnover represents revenue from operations excluding export incentives

2. Average trade receivables = (Total trade receivables as at beginning of respective year + total trade receivables as at end of respective year) divided by 2

Reason for change more than 25% : Not applicable

g) Trade payables turnover ratio = Purchases divided by average trade payables

Particulars	31 March 2024	31 March 2023
Purchases (refer note 1 below)	237,999.57	225,653.79
Average trade payables (refer note 2 below)	36,637.40	35,244.41
Ratio	6.50	6.40
% change from previous year	1.6%	

Note:

1. Purchases includes purchase of materials and consumption of stores and spares.

2. Average trade payables = (Total Trade Payables as at beginning of respective year + Total Trade Payables as at end of respective year) divided by 2

Reason for change more than 25% : Not applicable

h) Net capital turnover ratio = Revenue from operations divided by working capital

Particulars	31 March 2024	31 March 2023
Revenue from operations	378,370.85	344,458.60
Working capital (refer note below)	196,817.72	170,355.19
Ratio	1.92	2.02
% change from previous year	-5.0%	

Note: Working capital = Current assets - Current liabilities

Reason for change more than 25% : Not applicable

i) Net profit ratio = Net profit after tax divided by Revenue from operations

Particulars	31 March 2024	31 March 2023
Net profit after tax	40,477.94	31,767.34
Revenue from operations	378,370.85	344,458.60
Ratio	10.70%	9.22%
% change from previous year	16.1%	

Reason for change more than 25% : Not applicable

Notes to the standalone financial statements

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

j) Return on Capital employed = Earnings before interest and taxes (EBIT) divided by capital employed

Particulars	31 March 2024	31 March 2023
Earnings before interest and taxes (refer note 1 below)	54,942.67	43,255.36
Capital employed (refer note 2 below)	282,810.03	245,241.79
Ratio	19.43%	17.64%
% change from previous year	10.1%	

Note:

- EBIT = Profit before taxes + finance cost
 - Capital employed = Total equity - Deferred tax assets + Lease liabilities
- Reason for change more than 25% : Not applicable

k) Return on investments = Income generated from invested funds divided by Average invested funds in treasury investments

Particulars	31 March 2024	31 March 2023
Income generated from invested funds	9,337.48	5,800.90
Average invested funds in treasury investments	119,125.31	107,491.04
Ratio	7.84%	5.40%
% change from previous year	45.2%	

Reason for change more than 25% : Increase in income generated from invested funds is on account of better market conditions.

43 Other Statutory Information

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- The Company has not traded or invested in Crypto currency or virtual currency during the financial year.
- The Company has not advanced or loaned or invested funds (either from borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities ('intermediaries') with the understanding (whether recorded in writing or otherwise) that the intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company has not received any fund from any person(s) or entity(ies), including foreign entities ('Funding Party') with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or



Notes to the standalone financial statements

- (b) provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- vi) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vii) The Company has no transactions with struck off companies during the year.
- viii) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- ix) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- x) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year
- xi) The Company has not taken borrowings from banks and financial institutions on the basis of security of current assets.

44 Events after the reporting period

The Board has proposed a final dividend of 340% (INR 17 per share of the face value of INR 5 each) for the year 2023-24 subject to the approval of the members at the ensuing Annual General Meeting.

Material accounting policies (note 2.2)

**For and on behalf of the Board of Directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)**

Akash Passey

Chairman and Director
DIN: 01198068

P Kaniappan

Managing Director
DIN: 02696192

M. Muthulakshmi

Company Secretary

Place: Chennai
Date: 24 May 2024

Sweta Agarwal

Chief Financial Officer

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

Firm's Registration no. 101248W/W-100022

K Sudhakar

Partner

Membership no.: 214150

Place: Chennai

Date: 24 May 2024

Independent Auditor's Report

To the Members of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited)

loss, consolidated changes in equity and consolidated cash flows for the year then ended.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2024, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2024, of its consolidated profit and other comprehensive

Basis for Opinion

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

Key Audit Matter

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

See Note 2.2(c) and 18 to the consolidated financial statements

The key audit matter	How the matter was addressed in our Audit
The Group's revenue is derived primarily from sale of goods. Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer. The Group uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised at a time which is different from transfer of control especially for sales transactions occurring on and around the year end. Therefore, ascertainment of timing of the revenue recognition has been identified as a key audit matter.	<p>In view of the significance of the matter, we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> » Assessed the appropriateness of the Group's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") including adequacy of disclosures. » Obtained an understanding and evaluated the Group's sales process including design and implementation of key controls and tested the operating effectiveness of such controls in relation to the timing of revenue recognition on a sample basis, with special reference to controls over revenue cut offs at period end. » Performed detailed testing of the sales transactions on a sample basis to test that the revenues and trade receivables are recorded appropriately, in the period in which the control is transferred, taking into consideration the terms and conditions of the customer orders, including the shipping terms. » Tested, on a sample basis, whether revenue transactions near to the reporting date have been recognised in the appropriate period by verifying the transactions selected with relevant underlying documentation (customer order, transporter document, customer portal, etc). » Performed analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and to identify unusual transactions. » Obtained independent confirmations from the Group's customers on sample basis.



Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- » Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- » Conclude on the appropriateness of the Management and Board of Directors' use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption . If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- » Evaluate the overall presentation , structure and content of the consolidated financial statements, including the disclosures , and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings , including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters

specified in paragraphs 3 and 4 of the Order, to the extent applicable.

- 2 A. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, except for the following:
 - » in respect of the Holding Company, back-up on a daily basis of the books of account and other relevant books and papers in electronic mode has not been kept on servers physically located in India considering that such back-ups on a daily basis are kept on servers outside India;
 - » in respect of the subsidiary, back-up of the books of account and other relevant books and papers in electronic mode has not been kept on servers physically located in India on a daily basis;
 - » for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements .
- d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31



March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

- f. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor 's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2024 on the consolidated financial position of the Group. Refer Note 34(A) to the consolidated financial statements.
 - b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2024.
 - c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2024. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the subsidiary company incorporated in India during the year ended 31 March 2024.
 - d (i) The management of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented that, to the best of their knowledge and belief, as disclosed in the Note 40(iv) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The management of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented that, to the best of their knowledge and belief, as disclosed in the Note 40(v) to the consolidated financial statements , no funds have been received by the Holding Company or its subsidiary company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
 - e. The final dividend paid by the Holding Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 42 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
 - f. Based on our examination which included test checks, except for the instances mentioned below, the Holding Company and its subsidiary company have used accounting softwares for maintaining its books of account, which have a feature of recording audit trail (edit log) facility

and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:

- » In respect of the Holding Company, the feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting software used for maintaining the books of account.
- » In respect of the subsidiary company, in the absence of independent auditor's report in relation to controls at service organisation for accounting software used for maintaining the books of account, which is operated by a third-party software service provider, we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.

Further, for the periods where audit trail (edit log) facility was enabled and operated for the respective accounting softwares, we did not come across any instance of the audit trail feature being tampered with.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The subsidiary has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

K Sudhakar
Partner

Place: Chennai
Date: 24 May 2024

Membership No.: 214150
ICAI UDIN:24214150BKETBA1039



Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) for the year ended 31 March 2024

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements.

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

K Sudhakar
Partner
Membership No.: 214150
ICAI UDIN:24214150BKETBA1039

Place: Chennai
Date: 24 May 2024

Annexure B to the Independent Auditor's Report on the consolidated financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) for the year ended 31 March 2024

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company and such company incorporated in India under the Act which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Holding Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection

of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.



Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

K Sudhakar
Partner

Place: Chennai
Date: 24 May 2024

Membership No.: 214150
ICAI UDIN:24214150BKETBA1039

Consolidated Balance Sheet

as at 31 March 2024

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

	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	51,551.11	43,284.22
Capital work-in-progress	3.2	8,396.54	7,703.35
Right of use assets	3.1	14,374.84	14,238.82
Investment property	3.3	243.35	-
Intangible assets	3.1	1,116.74	1,155.01
Financial assets			
(i) Investments	4.1	175.00	-
(ii) Other financial assets	4.2	1,725.98	1,839.52
Deferred tax asset (net)	6.1	2,902.69	2,203.54
Non-current tax assets (net)	6.2	6,297.11	3,965.27
Other non-current assets	5	3,902.15	3,961.76
Total non-current assets		90,685.51	78,351.49
Current assets			
Inventories	7	17,534.42	15,696.21
Financial assets			
(i) Investments	4.1	2,328.66	10,013.88
(ii) Trade receivables	8	93,633.13	75,755.60
(iii) Cash and cash equivalents	9	11,445.79	8,648.27
(iv) Bank balances other than (iii) above	9.1	118,290.86	108,292.53
(v) Other financial assets	4.2	-	175.00
Other current assets	5	4,244.27	5,304.82
Total current assets		247,477.13	223,886.31
Total assets		338,162.64	302,237.80
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	948.38	948.38
Other equity	11	278,083.37	239,963.14
Total equity		279,031.75	240,911.52
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	12	6,132.78	6,172.59
Provisions	13	1,998.40	1,577.76
Total non-current liabilities		8,131.18	7,750.35
Current liabilities			
Financial liabilities			
(i) Lease liabilities	12	710.86	361.92
(ii) Trade payables	14	-	-
- total outstanding dues of micro enterprises and small enterprises		1,569.99	1,540.88
- total outstanding dues of creditors other than micro enterprises and small enterprises		36,721.64	34,456.39
(iii) Other financial liabilities	15	4,477.39	7,895.38
Other current liabilities	16	4,724.68	6,239.48
Provisions	13	2,548.11	2,005.95
Current tax liabilities (net)	17	247.04	1,075.93
Total current liabilities		50,999.71	53,575.93
Total equity and liabilities		338,162.64	302,237.80
Material accounting policies.	2.2		
Notes to the consolidated financial statements are an integral part of the consolidated financial statements.			

For and on behalf of the Board of Directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

Akash Passey
Chairman and Director
DIN: 01198068

M. Muthulakshmi
Company Secretary

Place: Chennai
Date: 24 May 2024

P Kaniappan
Managing Director
DIN: 02696192

Sweta Agarwal
Chief Financial Officer

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

K Sudhakar
Partner
Membership no.: 214150
Place: Chennai
Date: 24 May 2024



Consolidated Statement of Profit & Loss

for the year ended 31 March 2024

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

	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
Income			
Revenue from operations	18	381,564.74	344,424.53
Other income	19	9,481.61	6,698.21
Total income		391,046.35	351,122.74
Expenses			
Cost of materials consumed	20	235,042.76	219,653.14
Changes in inventories of finished goods and work-in-progress	21	(343.61)	2.37
Employee benefits expense	22	46,513.98	37,671.92
Finance costs	23	500.91	566.54
Depreciation and amortisation expense	24	10,979.88	10,477.68
Other expenses	25	43,709.37	40,061.43
Total expenses		336,403.29	308,433.08
Profit before tax		54,643.06	42,689.66
Tax expense	26		
- Current tax		14,682.80	11,282.81
- Deferred tax		(684.39)	(360.33)
		13,998.41	10,922.48
Profit for the year		40,644.65	31,767.18
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability / (asset)	27	(73.39)	15.88
Income tax relating to items that will not be reclassified to profit or loss	26	14.76	(3.19)
Other comprehensive income/(loss) for the year, net of tax		(58.63)	12.69
Total comprehensive income for the year, net of tax		40,586.02	31,779.87
Earnings per equity share of INR 5 each			
Basic earnings per share (INR)	28	214.28	167.48
Diluted earnings per share (INR)	28	214.28	167.48
Material accounting policies.	2.2		
Notes to the consolidated financial statements are an integral part of the consolidated financial statements.			

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K Sudhakar

Partner

Membership no.: 214150

Place: Chennai

Date: 24 May 2024

Place: Chennai

Date: 24 May 2024

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

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

	Notes	31 March 2024	31 March 2023
A. Cash flow from/(used) in operating activities:			
Profit before tax		54,643.06	42,689.66
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation expense	24	10,979.88	10,477.68
Profit on sale of financial instruments (net)	19	(651.18)	(549.26)
Impairment allowance / reversal for bad and doubtful debts / advances	25	295.25	689.43
Interest income	19	(8,658.96)	(5,251.64)
Finance costs	23	500.91	566.54
Net (gain) / loss on sale of property, plant and equipment	25 / 19	22.82	(21.80)
Net foreign exchange differences (unrealised)		(102.65)	(42.87)
Operating profit before working capital changes		57,029.13	48,557.74
Adjustments for :			
(Increase)/ decrease in inventories		(1,838.21)	(1,218.95)
(Increase)/ decrease in trade receivables		(17,969.34)	(10,061.85)
(Increase)/ decrease in other financial assets		143.54	(431.07)
(Increase)/ decrease in other assets		704.42	2,242.83
Increase / (decrease) in trade payables, provisions and other liabilities, including financial liabilities		(940.49)	1,874.94
Cash generated from operations		37,129.05	40,963.64
Income tax paid		(17,843.53)	(11,118.09)
Net cash flow from/(used) in operating activities		19,285.52	29,845.55
B. Cash flow from/(used) in investing activities:			
Purchase of property, plant, equipment and intangible assets (including capital work in progress, capital advances and capital creditors)		(19,524.18)	(12,781.64)
Proceeds from sale of property, plant and equipment		27.10	25.86
Payment for acquiring right of use assets		(307.56)	-
Purchase of investment property		(233.41)	-
Purchase of mutual fund units		(61,996.90)	(42,997.85)
Proceeds from sale of mutual fund units		70,333.30	73,343.96
Investment in equity instruments pending allotment		-	(175.00)
(Purchase of) / proceeds from maturity of bank deposits (net)		(9,518.52)	(48,333.58)
Interest received		8,128.59	3,813.84
Net cash flows from/(used) in investing activities		(13,091.58)	(27,104.41)
C. Cash flow from/(used) in financing activities:			
Dividend paid		(2,465.79)	(2,276.11)
Payment of lease liabilities		(456.97)	(409.92)
Payment of interest on lease liabilities		(488.80)	(420.94)
Net cash flows from/(used) in financing activities		(3,411.56)	(3,106.97)
Net increase / (decrease) in cash and cash equivalents [A+B+C]		2,782.38	(365.83)
Cash and cash equivalents at the beginning of the year		8,648.27	8,924.63
Effect of movements in exchange rates on cash held		15.14	89.47
Cash and cash equivalents as at end of the year		11,445.79	8,648.27
Components of cash and cash equivalents			
i) Cash on hand		-	0.02
ii) On current accounts		11,445.79	8,648.25
Cash and cash equivalents as per balance sheet (refer note 9)		11,445.79	8,648.27
Material accounting policies (note 2.2)			
Notes to the consolidated financial statements are an integral part of the consolidated financial statements.			

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K Sudhakar
Partner
Membership no.: 214150
Place: Chennai
Date: 24 May 2024

Place: Chennai
Date: 24 May 2024



Consolidated Statement of Changes in Equity

for the year ended 31 March 2024

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

a. Equity share capital

Equity shares of INR 5 each issued, subscribed and fully paid	No. of shares	Amount
Balance as at 1 April 2022	18,967,584	948.38
Changes in equity share capital during the year	-	-
Balance as at 31 March 2023	18,967,584	948.38
Changes in equity share capital during the year	-	-
Balance as at 31 March 2024	18,967,584	948.38

b. Other equity

For the year ended 31 March 2024

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
Balance as at 1 April 2023	24,776.38	5.00	215,181.76	-	239,963.14
Profit for the year	-	-	40,644.65	(58.63)	40,586.02
Other comprehensive income (Note 27)	-	-	(58.63)	58.63	-
Total	24,776.38	5.00	255,767.78	-	280,549.16
Dividend	-	-	(2,465.79)	-	(2,465.79)
Balance as at 31 March 2024	24,776.38	5.00	253,301.99	-	278,083.37

For the year ended 31 March 2023

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
Balance as at 1 April 2022	24,776.38	5.00	185,678.00	-	210,459.38
Profit for the year	-	-	31,767.18	12.69	31,779.87
Other comprehensive income (Note 27)	-	-	12.69	(12.69)	-
Total	24,776.38	5.00	217,457.87	-	242,239.25
Dividend	-	-	(2,276.11)	-	(2,276.11)
Balance as at 31 March 2023	24,776.38	5.00	215,181.76	-	239,963.14

Material accounting policies (Note 2.2)

Notes to the consolidated financial statements are an integral part of the consolidated financial statements.

For and on behalf of the Board of Directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
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Company Secretary

Sweta Agarwal

Chief Financial Officer

K Sudhakar

Partner
Membership no.: 214150
Place: Chennai
Date: 24 March 2024

Place: Chennai
Date: 24 March 2024

Notes to the consolidated financial statements

1. Corporate Information

ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) ("Company", "ZF CVCS India") was incorporated originally on November 18, 2004. The Company is a public limited company domiciled in India and has its securities listed on BSE Limited and National Stock Exchange of India Limited in India. These consolidated financial statements comprise the Company and its subsidiary (referred to collectively as the 'Group'). The registered office of the Company is located at Plant 1, Plot No.3, (SP), III Main Road, Ambattur Industrial Estate, Chennai - 600 058, India. The Company's holding company is WABCO Asia Private Limited and ultimate holding company is ZF Friedrichshafen AG.

Effective from 7 March 2022, the name of the Company has been changed from WABCO India Limited to ZF Commercial Vehicle Control Systems India Limited.

The Group is primarily engaged in the manufacture of air brake actuation systems for commercial vehicles. The Group is also engaged in rendering of software development and other services.

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors at the meeting held on 24 May 2024.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Sec 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets, financial liabilities and defined benefit plan assets measured in accordance with Ind AS 19 (refer accounting policy on the same).

The consolidated financial statements are presented in INR (the functional currency of the Group) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The material accounting policies are set out below in section 2.2

2.2 Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied for all the years presented, unless otherwise stated.

(a) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost.

Any resulting gain or loss is recognised in profit or loss. Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Current vs non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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



Notes to the consolidated financial statements

The Group classifies all other assets as non-current.

A liability is current when:

- » It is expected to be settled in normal operating cycle;
- » It is held primarily for the purpose of trading;
- » It is due to be settled within twelve months after the reporting period; or
- » There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(c) Revenue recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Goods and Services Tax (GST) is the tax collected on the commodities sold by the Group on behalf of the government, accordingly, it is excluded from revenue. Revenue recognised by the Group is net of price revision and claims. The specific revenue recognition criteria described below, must also be met before revenue is recognised.

a. Sale of products / goods

Revenue from sale of goods is recognised when control of the goods is transferred to the Customers. The normal credit term is in the range of 15 to 90 days upon delivery except for some customers who are on advance payment term. Revenue from the sale of goods is measured at the transaction price, net of returns and allowances, trade discounts and volume rebates.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Volume rebates / discounts

Arrangements with most Original Equipment Manufacturer ('OEM') customers include a provision for volume rebates / discounts. In those instances where there is a valid expectation from the customers to receive a discount, the amount of variable consideration which is included in the transaction price may be constrained, and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the arrangement will not occur in a future period. The Group applies the most likely amount method for determining the discount.

b. Revenue from sale / rendering of services Revenue from software services

Revenue from sale of services is recognized as and when related costs are incurred and services are performed in accordance with the terms of specific contracts.

Revenue from research and development services

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

Notes to the consolidated financial statements

Revenue from business support services and other service income

Revenue from sale of services is recognized as related costs are incurred and services are performed in accordance with the terms of specific contracts. Revenue from test track usage income is recognised as and when the services are performed in accordance with contractual terms.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration for work completed but not billed as the billing is conditional upon completion of another milestone.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (q) financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(ii) Interest income

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- » the gross carrying amount of the financial asset; or
- » the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- » In the principal market for the asset or liability; or
- » In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use of selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



Notes to the consolidated financial statements

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- » Level 1- Quoted (unadjusted) market price in active markets for identical assets or liabilities.
- » Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- » Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investments and deposits measured at fair value, and for non-recurring measurement.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes to the consolidated financial statements

(e) Foreign currency transactions and balances

The Group's consolidated financial statements are presented in INR which is also the functional currency of the Group. Transactions in foreign currencies are initially recorded in the functional currency using the spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of

exchange at the reporting date. Exchange differences arising on settlement or translation of monetary item are recognised in consolidated statement of profit or loss.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes cost incurred in bringing each product to its present location, condition and are accounted for as follows:

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work-in-progress: Cost includes cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs.

Stores and spare parts: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(g) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the consolidated financial statements

Warranty

Provisions for warranty related costs are recognized as and when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty related costs is reviewed annually. A provision is recognized for expected warranty claims on products sold, based on past experience of the level of repairs and returns. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about returns. The Group generally offers 12 - 24 months of warranty for its products.

(h) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. It includes a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. It also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

(i) Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(j) Taxes

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside consolidated statement of profit and loss (either in other comprehensive income or in equity).

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax



Notes to the consolidated financial statements

assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(k) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(l) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty / tax credit availed) less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost of an item of property, plant and equipment comprises its purchase price, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Advance paid towards the acquisition of property, plant and equipment are shown under non-current assets.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. The cost of property, plant and equipment not ready for intended use before such date is disclosed under capital work-in-progress. Freehold land is carried at historical cost less any accumulated impairment losses.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied and the same is depreciated based on their specific useful lives. All other expenses on existing property,

plant and equipment, including day-to-day repair and maintenance expenditure, are charged to the consolidated statement of profit and loss for the period during which such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit and loss when the asset is derecognized.

The Group identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the life of the principal asset.

Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule II of the Companies Act, 2013. The useful life estimate for major classes of assets is as follows:

Asset block	Useful life of the asset (years)
Buildings	10-30
Plant and machinery	10-21
Tools, Dies & Jigs	3-5
Computers	3
Office & other equipments	5-13
Furniture and fixtures	10
Vehicles	6

The Group, based on assessment made by technical expert and management estimate, depreciates certain items of building, plant and machinery over estimated useful lives and residual value which are different from the useful life and residual values prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Group has elected to

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continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Intangible assets

Intangible assets with finite useful lives that are acquired separately, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Costs incurred towards purchase of computer software and licenses are amortised using the straight-line method over a period based on management's estimate of useful lives of such computer software and licenses being 2 / 3 years, or over the license period of the software, whichever is shorter.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost of the asset can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in consolidated statement of profit and loss when the asset is derecognised.

Impairment of tangible and intangible assets carried at cost

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets or cash-generating units (CGU) recoverable value and its value in use. An asset's

recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending only for change in assumptions or internal/external factors. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(m) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Investment property is derecognised either when it has been disposed off or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. 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 item) is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule II of the Companies Act, 2013.

Transfers to (or from) investment property are made only when there is a change in use. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of



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the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. It also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(o) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the

commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- » fixed payments, including in-substance fixed payments;
- » variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- » amounts expected to be payable under a residual value guarantee; and
- » the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes

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its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term.

(p) Retirement and other employee benefits

i. Defined benefit plan

Provident Fund

Eligible employees of Company received benefits from a provident fund, which was a defined benefit plan. Under the plan, both the eligible employee and the Company made monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The provident fund contributions are made to employee provident fund organisation.

During the previous year, the Company contributed a portion to the WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') and a remaining portion was contributed to the employee provident fund organisation and government administered pension fund. The Provident Fund Trust invested funds available in specific designated instruments as permitted by extant Indian laws and regulations. The rate at which the annual interest is payable to the beneficiaries by the provident fund trust was administered by the government. The Company had an obligation to make good the shortfall, if any, between the return from the investments of the Provident fund Trust and the notified interest rate.

During the previous year ended 31 March 2023, the Company has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') to Employees' Provident Fund Organisation ('EPFO') based on the Company's obligation as at 30 June 2022

by availing the option of depositing entire corpus of Provident Fund Trust to EPFO.

Gratuity and Pension

Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on separation at 15 days of last drawn basic salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The Group also operates a pension plan for select employees, the eligibility and the terms and conditions of payment are at the discretion of the Group. Gratuity and pension liabilities are defined benefit obligations and are provided for on the basis of an actuarial valuation done as per the projected unit credit method as at the end of each financial year.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

ii. Other employment benefits

Compensated absence

Short term compensated absences are provided for based on estimates. Long term compensated absences in the nature of defined benefit plan are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. Re-measurement gain or loss is taken to the consolidated statement of profit and loss and are not deferred.

Past service costs are recognised in profit or loss on the earlier of:

- » The date of the plan amendment or curtailment, and
- » The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the changes in the net defined benefit obligation as an expense in the consolidated statement



Notes to the consolidated financial statements

of profit and loss as service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

iii. Defined contribution plan.

Defined contribution plan includes contribution to employee state insurance scheme, employee provident fund (from the period of surrender of the Trust as mentioned above) and employee pension scheme. The Group has no obligation other than the contribution payable under the above schemes. The Group recognises the contribution payable to the above schemes as an expenditure when the employee renders related service. If the contribution payable to the schemes for services received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If on the other hand the contribution already paid exceeds the contribution due for the services received before the Balance Sheet date, then the excess is recognised as an asset to the extent that the prepayment will lead to reduction in future payment or cash refund.

iv. Termination benefits - Voluntary retirement

The Group has a scheme of voluntary retirement applicable to certain employees. The amount payable under such scheme is recognised earlier of when the employee accepts the offer or when a restriction of the entity's ability to accept the offer takes effect.

(q) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- » amortised cost;
- » FVOCI – debt investment;
- » FVOCI – equity investment; or
- » FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- » it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- » its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- » it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- » its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise

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meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- » the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- » how the performance of the portfolio is evaluated and reported to the Group's management;
- » the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- » how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- » the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other

basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- » contingent events that would change the amount or timing of cash flows;
- » terms that may adjust the contractual coupon rate, including variable-rate features;
- » prepayment and extension features; and
- » terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



Notes to the consolidated financial statements

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

The Group derecognises a financial asset when:

- » the contractual rights to the cash flows from the financial asset expire; or
- » it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - ▶ substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - ▶ the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(r) Dividend to shareholders

Final dividend distributed to equity shareholders is recognised in the period in which it is approved by the members of the Group in the Annual General Meeting. Interim dividend is recognised when approved by the Board of Directors at the Board Meeting. Both final dividend and interim dividend are recognised in the Consolidated Statement of Changes in Equity.

(s) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

(t) Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

Notes to the consolidated financial statements

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

3.1 Property plant and equipment, Right of use assets and Intangible assets

Reconciliation of carrying amount	Property, plant and equipment					Right of use assets			Intangible Assets			
	Freehold Land	Buildings	Plant and Machinery, Tools, Dies & jigs	Furniture and fixtures	Office and other equipments	Vehicles	Total	Leasehold land	Buildings	Total	Computer software and licenses	Total
Cost												
Balance as at 1 April 2022	1,829.06	9,845.30	70,042.86	594.15	7,838.41	584.17	90,733.95	8,258.00	1,993.59	10,251.59	3,394.21	3,394.21
Add: Additions	-	-	5,132.89	1,304.33	1,587.39	-	8,024.61	-	6,577.93	6,577.93	991.16	991.16
Less: Disposals / Derecognition	-	-	245.15	0.42	10.09	65.63	321.29	-	1,782.23	1,782.23	-	-
Balance as at 31 March 2023	1,829.06	9,845.30	74,930.60	1,898.06	9,415.71	518.54	98,437.27	8,258.00	6,789.29	15,047.29	4,385.37	4,385.37
Balance as at 1 April 2023	1,829.06	9,845.30	74,930.60	1,898.06	9,415.71	518.54	98,437.27	8,258.00	6,789.29	15,047.29	4,385.37	4,385.37
Add: Additions	-	5,350.98	8,511.39	336.23	3,404.50	29.63	17,632.73	307.56	786.66	1,094.22	677.43	677.43
Less: Disposals / Derecognition	-	-	113.50	-	706.09	-	819.59	-	195.58	195.58	-	-
Less: Reclassification to investment property	-	-	-	-	-	-	-	12.10	-	12.10	-	-
Balance as at 31 March 2024	1,829.06	15,196.28	83,328.49	2,234.29	12,114.12	548.17	115,250.41	8,553.46	7,380.37	15,933.83	5,062.80	5,062.80
Accumulated depreciation and impairment losses												
Balance as at 1 April 2022	-	3,148.32	38,286.11	294.91	4,634.61	282.75	46,646.70	86.30	1,634.81	1,721.11	2,445.85	2,445.85
Add: Charge for the year	-	470.87	6,347.24	121.59	1,786.88	97.00	8,823.58	72.91	796.68	869.59	784.51	784.51
Less: Disposals / Derecognition	-	-	245.15	0.13	9.60	62.35	317.23	-	1,782.23	1,782.23	-	-
Balance as at 31 March 2023	-	3,619.19	44,388.20	416.37	6,411.89	317.40	55,153.05	159.21	649.26	808.47	3,230.36	3,230.36
Balance as at 1 April 2023	-	3,619.19	44,388.20	416.37	6,411.89	317.40	55,153.05	159.21	649.26	808.47	3,230.36	3,230.36
Add: Charge for the year	-	496.15	6,568.50	233.25	1,968.22	49.80	9,315.92	85.86	860.43	946.29	715.70	715.70
Less: Disposals / Derecognition	-	-	102.23	-	667.44	-	769.67	-	195.58	195.58	-	-
Less: Reclassification to investment property	-	-	-	-	-	-	-	0.19	-	0.19	-	-
Balance as at 31 March 2024	-	4,115.34	50,854.47	649.62	7,712.67	367.20	63,699.30	244.88	1,314.11	1,558.99	3,946.06	3,946.06
Carrying amounts												
As at 31 March 2023	1,829.06	6,226.11	30,542.40	1,481.69	3,003.82	201.14	43,284.22	8,098.79	6,140.03	14,238.82	1,155.01	1,155.01
As at 31 March 2024	1,829.06	11,080.94	32,474.02	1,584.67	4,401.45	180.97	51,551.11	8,308.58	6,066.26	14,374.84	1,116.74	1,116.74

Note : The Group has not revalued its property, plant and equipment, intangible assets and right of use assets



Notes to the consolidated financial statements

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

3.2 Capital work-in-progress

Capital Work In Progress ('CWIP') comprises expenditure for the plant and machinery, tools, dies & jigs and buildings in various stages of installation.

	31 March 2024	31 March 2023
Opening balance	7,703.35	2,026.10
Additions	19,236.76	13,701.86
Capitalisation / adjustments	(18,310.16)	(8,024.61)
Reclassification to investment property	(233.41)	-
Closing balance	8,396.54	7,703.35

Ageing schedule	As at 31 March 2024				Total	As at 31 March 2023				Total
	Amount in CWIP for a period of					Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	6,866.18	1,358.20	172.16	-	8,396.54	7,333.56	328.90	29.31	11.58	7,703.35
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	6,866.18	1,358.20	172.16	-	8,396.54	7,333.56	328.90	29.31	11.58	7,703.35

Note: The Group does not have any capital work in progress which is overdue or has exceeded its cost compared to its original plan and hence, capital work in progress completion schedule is not applicable.

3.3 Investment property

Description	Land	Buildings	Plant and Machinery, Tools, Dies & Jigs	Office and other equipments	Total
A. Reconciliation of carrying amount					
Gross carrying amount					
Balance as at 1 April 2022	-	-	-	-	-
Add: Additions	-	-	-	-	-
Balance as at 31 March 2023	-	-	-	-	-
Balance as at 1 April 2023	-	-	-	-	-
Add: Additions	-	162.42	38.02	32.97	233.41
Add: Reclassification from right of use assets (refer note 3.1)	11.91	-	-	-	11.91
Balance as at 31 March 2024	11.91	162.42	38.02	32.97	245.32
Accumulated depreciation					
Balance as at 1 April 2022	-	-	-	-	-
Add: Depreciation for the year	-	-	-	-	-
Balance as at 31 March 2023	-	-	-	-	-
Balance as at 1 April 2023	-	-	-	-	-
Add: Depreciation for the year	0.03	0.90	0.40	0.64	1.97
Balance as at 31 March 2024	0.03	0.90	0.40	0.64	1.97
Carrying amounts					
As at 31 March 2023	-	-	-	-	-
As at 31 March 2024	11.88	161.52	37.62	32.33	243.35

Investment property comprises land and building that are leased to the fellow subsidiary. Further information about these leases is included in Note 33. A portion of land from right of use of assets have been transferred (see Note 3.1) to investment

Notes to the consolidated financial statements

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property, since the said portion of land was no longer used by the Group and as such it was decided that the said land would be leased out

The Group has no restrictions on the realisability of its investment property.

B. Amounts recognised in profit or loss

	31 March 2024	31 March 2023
Rental income from the investment property	4.46	-
Less: Depreciation	(1.97)	-
Profit	2.49	-

C. Fair value hierarchy and valuation technique

The fair value of investment properties amounted to INR 243.35 lakhs (March 31, 2023: INR Nil). These disclosures are based on external information available with the Group.

4.1 Investments

	31 March 2024	31 March 2023
Non-Current - unquoted		
Investment in others - measured at cost		
1,750,000 (previous year: Nil) equity shares of INR 10 each fully paid up in Enerparc Solar Power 3 Private Limited	175.00	-
	175.00	-
Current - unquoted		
Investments at fair value through profit or loss (fully paid)		
Investments in Mutual Funds	2,328.66	10,013.88
	2,328.66	10,013.88
Aggregate value of unquoted investments	2,503.66	10,013.88
Aggregate amount of impairment in value of investments	-	-

4.2 Other financial assets

	31 March 2024	31 March 2023
Non-Current		
Non-current bank balances (refer note below)	304.52	274.52
Security deposits	1,421.46	1,565.00
	1,725.98	1,839.52
Current		
Investment in equity instruments pending allotment		
- Enerparc Solar Power 3 Private Limited	-	175.00
	-	175.00

Note: Represents deposits placed with banks as margin money towards guarantees provided by the banks on behalf of the Group.



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

5. Other assets

	31 March 2024	31 March 2023
Non-Current		
Capital advances (Unsecured considered good) *	1,027.77	1,190.54
Capital advances (Unsecured considered doubtful)	120.16	98.26
Less: Provision for doubtful advances	(120.16)	(98.26)
	1,027.77	1,190.54
Amount paid under protest	1,842.81	1,842.81
Net defined benefit asset – pension plan (refer note 31)	1,031.57	928.41
	3,902.15	3,961.76
Current		
Advances to vendors (Unsecured considered good) *	1,412.64	1,987.93
Advances to vendors (Unsecured considered doubtful)	578.80	621.08
Less: Provision for doubtful advances	(578.80)	(621.08)
	1,412.64	1,987.93
Grant receivable (export incentive)	280.22	455.95
Prepaid expenses	1,504.18	1,097.20
Balance with government authorities	1,047.23	1,763.74
	4,244.27	5,304.82

* For amount outstanding from related parties and the terms and conditions relating to that, refer Note 35.

6.1 Deferred tax assets (net)

Nature - (Liability) / Asset	Balance Sheet		Statement of Profit and Loss	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Deferred tax assets				
Provision for doubtful trade receivables and advances	690.16	690.59	(0.43)	161.52
Provision for employee benefits and others	1,209.41	1,106.66	102.75	(354.87)
Provision for warranty	495.18	402.64	92.54	(59.87)
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	72.42	-	72.42	-
Others	435.52	215.76	219.76	(9.55)
Total (A)	2,902.69	2,415.65	487.04	(262.77)
Deferred tax liabilities				
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	-	212.11	(212.11)	(547.93)
Others	-	-	-	(71.98)
Total (B)	-	212.11	(212.11)	(619.91)
Deferred tax expenses / (income) (B-A)			(699.15)	(357.14)
Net deferred tax (liabilities) / assets (A-B)	2,902.69	2,203.54		

Reconciliation of deferred tax assets / (liabilities) - (net)

	31 March 2024	31 March 2023
As on 1 April	2,203.54	1,846.40
Tax income/(expense) during the period recognised in profit and loss	684.39	360.33
Tax income/(expense) during the period recognised in OCI	14.76	(3.19)
As on 31 March	2,902.69	2,203.54

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

6.2 Non-current tax assets (net)

	31 March 2024	31 March 2023
Advance income tax (net of provision for tax)	6,297.11	3,965.27
	6,297.11	3,965.27

7. Inventories

	31 March 2024	31 March 2023
<i>(lower of cost and net realisable value)</i>		
Raw materials *	12,865.55	11,418.27
Work-in-progress	301.96	564.21
Finished goods	3,300.96	2,695.10
Stores and spare parts	1,065.95	1,018.63
	17,534.42	15,696.21
*includes goods in transit	3,927.57	2,363.39

During the year ended 31 March 2024: INR 38.68 lakhs (31 March 2023: INR 25.18 lakhs) was recognised as an expense for inventories carried at net realisable value.

8. Trade receivables

	31 March 2024	31 March 2023
Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	95,398.09	77,500.19
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	95,398.09	77,500.19
Less: Loss allowance (expected credit loss allowance)	(1,764.96)	(1,744.59)
	93,633.13	75,755.60

Trade receivables Ageing schedule

As at 31 March 2024

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	83,891.60	9,937.21	381.08	323.45	158.37	706.38	95,398.09
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	83,891.60	9,937.21	381.08	323.45	158.37	706.38	95,398.09



Notes to the consolidated financial statements

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

As at 31 March 2023

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	68,051.08	7,328.12	925.11	507.62	116.43	571.83	77,500.19
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	68,051.08	7,328.12	925.11	507.62	116.43	571.83	77,500.19

No trade receivable are due from directors or other officers of the Group either severally or jointly with any other person. For amount outstanding from related parties and the terms and conditions relating to that, refer Note 35. Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days depending on the type of the customer.

9. Cash and cash equivalents

	31 March 2024	31 March 2023
Cash on hand	-	0.02
Balances with banks:		
- On current accounts	11,445.79	8,648.25
	11,445.79	8,648.27

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

	31 March 2024	31 March 2023
i) Cash on hand	-	0.02
ii) On current accounts	11,445.79	8,648.25
	11,445.79	8,648.27

9.1 Other bank balances

	31 March 2024	31 March 2023
Deposits with banks with original maturity of more than three months but less than twelve months	118,208.94	107,699.13
Earmarked balances with banks	81.92	593.40
	118,290.86	108,292.53

Earmarked balances with banks primarily relate to unclaimed dividends and unspent corporate social responsibility amount

Notes to the consolidated financial statements

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

Break up of financial assets carried at amortised cost

	31 March 2024	31 March 2023
Trade receivables (note 8)	93,633.13	75,755.60
Cash and cash equivalents (note 9)	11,445.79	8,648.27
Bank balances other than cash and cash equivalents (note 9.1)	118,290.86	108,292.53
Other financial assets (note 4.2)	1,725.98	2,014.52
Total financial assets at amortised cost	225,095.76	194,710.92

10. Equity share capital

	31 March 2024	31 March 2023
Authorised capital		
20,000,000 equity shares of INR 5 each (31 March 2023 : 20,000,000)	1,000.00	1,000.00
	1,000.00	1,000.00
Issued, subscribed and fully paid-up capital		
18,967,584 (31 March 2023: 18,967,584) equity shares of INR 5 each	948.38	948.38
	948.38	948.38

Terms / rights attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared from time to time, subject to preferential right of preference shareholders to payment of dividend. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	Number of shares	Amount
At 1 April 2022	18,967,584	948.38
Issued during the year	-	-
At 31 March 2023	18,967,584	948.38
Issued during the year	-	-
At 31 March 2024	18,967,584	948.38

Shares held by holding company or their subsidiaries or associates

Out of equity shares issued by the Company, shares held by its holding Company or their subsidiaries or associates are as below:

Name of the Shareholder	31 March 2024		31 March 2023	
	Number of shares	Amount	Number of shares	Amount
WABCO Asia Private Limited, Singapore (Holding Company)	14,225,684	711.28	14,225,684	711.28

Apart from the above, there are no shares held by the Ultimate Holding Company, or their subsidiaries or associates.



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

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31 March 2024		31 March 2023	
	In numbers	% holding in the class	In numbers	% holding in the class
Equity shares of INR 5 each fully paid				
WABCO Asia Private Limited, Singapore (Holding Company)	14,225,684	75.00%	14,225,684	75.00%
SBI Large & Midcap Fund	1,629,747	8.59%	1,710,909	9.02%

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

Details of shares held by promoters

	As at 31 March 2024		As at 31 March 2023		% of change during the year
	No. of shares	% of total of shares	No. of shares	% of total of shares	
WABCO Asia Private Limited, Singapore (Holding Company)	14,225,684	75.00%	14,225,684	75.00%	0.00%
	14,225,684	75.00%	14,225,684	75.00%	0.00%

	As at 31 March 2023		As at 31 March 2022		% of change during the year
	No. of shares	% of total of shares	No. of shares	% of total of shares	
WABCO Asia Private Limited, Singapore (Holding Company)	14,225,684	75.00%	14,225,684	75.00%	0.00%
	14,225,684	75.00%	14,225,684	75.00%	0.00%

There are no bonus shares or buy-back of shares or shares issued for consideration other than cash during a period of five years immediately preceding financial year ended March 31, 2024.

11. Other equity

	31 March 2024	31 March 2023
General reserve	24,776.38	24,776.38
Other reserves		
Capital reorganisation reserve	5.00	5.00
Retained earnings	253,301.99	215,181.76
	278,083.37	239,963.14

General reserve - Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Capital reorganisation reserve - Amount represents a reserve created during the demerger of brakes division from Sundaram Clayton Limited.

Retained Earnings - The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Group and also considering the requirements of the Companies Act, 2013.

Notes to the consolidated financial statements

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

11.1 Dividends

The following dividends were declared and paid by the Holding Company during the year:

	31 March 2024	31 March 2023
INR 13 per equity share (31 March 2023: INR 12)	2,465.79	2,276.11
	2,465.79	2,276.11

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting of the Holding Company; the dividends have not been recognised as liabilities.

	31 March 2024	31 March 2023
INR 17 per equity share (31 March 2023: INR 13)	3,224.49	2,465.79
	3,224.49	2,465.79

12. Lease liabilities

	31 March 2024	31 March 2023
Non - Current		
Lease liabilities	6,132.78	6,172.59
	6,132.78	6,172.59
Current		
Lease liabilities	710.86	361.92
	710.86	361.92

13. Provisions

	31 March 2024	31 March 2023
Non-current		
Provision for employee benefits		
Provision for compensated absences	1,206.14	871.91
Other provisions		
Provision for warranties	792.26	705.85
Total	1,998.40	1,577.76
Current		
Provision for employee benefits		
Provision for compensated absences	200.35	199.52
Provision for gratuity (net of fair value of plan assets)	1,163.53	911.86
Other provisions		
Provision for warranties	1,184.23	894.57
Total	2,548.11	2,005.95
Provision for warranties		
At the beginning of the year	1,600.42	1,837.91
Created during the year	1,228.27	1,120.91
Utilized / reversed during the year	(852.20)	(1,358.40)
At the end of the year	1,976.49	1,600.42



Notes to the consolidated financial statements

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

The estimated provision for warranty obligations is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is the balance unexpired period of the respective warranties on the various products which range from 12 to 24 months.

14. Trade payables

	31 March 2024	31 March 2023
Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises ('MSME')	1,569.99	1,540.88
- Total outstanding dues of creditors other than micro enterprises and small enterprises	36,721.64	34,456.39
	38,291.63	35,997.27

For amount outstanding to related parties and the terms and conditions relating to that, refer Note 35

Trade payables Ageing Schedule

As at 31 March 2024

	Unbilled dues	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	345.08	1,223.86	-	0.03	1.02	1,569.99
Others	5,157.66	24,142.30	6,451.43	291.06	134.99	544.20	36,721.64
Disputed - MSME	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
	5,157.66	24,487.38	7,675.29	291.06	135.02	545.22	38,291.63

As at 31 March 2023

	Unbilled dues	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	1,528.85	9.35	0.17	0.14	2.37	1,540.88
Others	4,621.29	22,192.31	6,656.57	340.12	151.62	494.48	34,456.39
Disputed - MSME	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
	4,621.29	23,721.16	6,665.92	340.29	151.76	496.85	35,997.27

15. Other financial liabilities

	31 March 2024	31 March 2023
Capital creditors		
- Total outstanding dues of micro enterprises and small enterprises ('MSME')	41.32	84.24
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,419.14	2,037.92
Price adjustments (refer note below)	2,985.53	5,741.88
Unpaid dividends	31.40	31.34
	4,477.39	7,895.38

Note: Price adjustments is recognised when there is a reasonable certainty that the amounts will be settled. The estimate takes into account the expected claim and the historical information regarding settlement of such claims. The outstanding liability represents the amounts that are yet to be settled in relation to the products that were sold.

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

Break up of financial liabilities carried at amortised cost

	31 March 2024	31 March 2023
Trade payables (note 14)	38,291.63	35,997.27
Lease liabilities (note 12)	6,843.64	6,534.51
Other financial liabilities (note 15)	4,477.39	7,895.38
	49,612.66	50,427.16

16. Other current liabilities

	31 March 2024	31 March 2023
Advance from customers *	650.28	442.31
Statutory dues payable	1,263.72	1,492.49
Liability towards corporate social responsibility	99.70	677.34
Employee payables	2,710.98	3,627.34
	4,724.68	6,239.48

* For amount outstanding to related parties and the terms and conditions relating to that, refer Note 35

17. Current tax liabilities (net)

	31 March 2024	31 March 2023
Provision for taxation (net of advance income tax)	247.04	1,075.93
	247.04	1,075.93

18. Revenue from operations

	31 March 2024	31 March 2023
(i) Revenue from contract with customers		
Sale of products (A)		
Air assist and full air actuation systems	292,811.73	269,749.63
Spares	47,850.50	42,916.88
	340,662.23	312,666.51
Sale/rendering of services (B)		
Software services	23,932.12	17,303.42
Research and development services	4,487.99	3,328.00
Business support services	5,890.86	5,815.79
Other service income	3,469.47	2,506.72
	37,780.44	28,953.93
(ii) Other operating revenue (C)		
Scrap sales	1,889.66	1,618.04
Government grant (Export incentives - Refer note below)	244.29	384.79
Test track usage income	988.12	801.26
	3,122.07	2,804.09
Total (A+B+C)	381,564.74	344,424.53

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



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

Disaggregated information

	31 March 2024	31 March 2023
Timing of revenue recognition		
Goods / services transferred at a point in time	343,540.01	315,085.81
Services transferred over time	37,780.44	28,953.93
	381,320.45	344,039.74
Contract balances		
Trade receivables (refer note 8)	93,633.13	75,755.60
Contract liabilities (refer note 16)	650.28	442.31

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days.

Contract assets are recognized over time based on the progress of completion of the service as per the terms of the contract, as the customer simultaneously receives and consumes the benefits provided by the Group. Upon completion and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price

	31 March 2024	31 March 2023
Revenue as per contract price	383,150.75	349,146.27
Adjustments		
Discounts and price adjustments	(1,830.30)	(5,106.53)
Revenue from contract with customers	381,320.45	344,039.74

19. Other income

	31 March 2024	31 March 2023
Gain on sale of investments (net)	651.18	549.26
Gain on foreign currency transactions	167.01	875.51
Interest income	8,658.96	5,251.64
Rental income from investment property	4.46	-
Net gain on sale of property, plant and equipment	-	21.80
	9,481.61	6,698.21

20. Cost of materials consumed

	31 March 2024	31 March 2023
Inventories at the beginning of the year	11,418.27	10,527.95
Add: Purchases	236,490.04	220,543.46
Less: Inventories at the end of the year	12,865.55	11,418.27
Cost of raw material and components consumed	235,042.76	219,653.14

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

21. Changes in inventories of finished goods and work-in-progress

	31 March 2024	31 March 2023
Opening stock		
Work-in-progress	564.21	299.13
Finished goods	2,695.10	2,962.55
	3,259.31	3,261.68
Closing Stock		
Work-in-progress	301.96	564.21
Finished goods	3,300.96	2,695.10
	3,602.92	3,259.31
	(343.61)	2.37

22. Employee benefits expense

	31 March 2024	31 March 2023
Salaries, wages and bonus	40,030.67	33,062.01
Contribution to provident and other funds	2,985.63	1,634.40
Staff welfare expenses	3,497.68	2,975.51
	46,513.98	37,671.92

23. Finance costs

	31 March 2024	31 March 2023
Interest expense on lease liabilities	488.80	420.94
Interest on others	12.11	145.60
	500.91	566.54

24. Depreciation and amortization expense

	31 March 2024	31 March 2023
Depreciation of property, plant and equipment (note 3.1)	9,315.92	8,823.58
Depreciation on right of use assets (note 3.1)	946.29	869.59
Amortization of intangible assets (note 3.1)	715.70	784.51
Depreciation on investment property (note 3.3)	1.97	-
	10,979.88	10,477.68

25. Other expenses

	31 March 2024	31 March 2023
Consumption of stores and spares	4,770.59	5,237.98
Power and fuel	2,712.59	2,492.81
Rent	810.29	843.40
Repairs to buildings	444.38	325.78
Repairs to machinery	1,137.57	1,125.13
Repairs others	25.58	17.75
Insurance	304.06	181.95
Rates and taxes	887.43	231.98
Professional fees	5,337.46	5,969.98
Travelling and conveyance	1,454.96	1,261.05



Notes to the consolidated financial statements

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

	31 March 2024	31 March 2023
Freight, delivery and shipping charges	7,732.00	7,615.69
Research and development expenses	1,389.22	619.61
Impairment allowance / reversal for bad and doubtful debts / advances	295.25	689.43
Directors' sitting fees	6.60	17.53
Information technology expenses	3,122.21	2,022.53
Expenditure on corporate social responsibility	518.53	384.40
Royalty	9,943.17	8,891.41
Net loss on sale of property, plant and equipment	22.82	-
Warranty	1,526.71	932.72
Other expenses (including commission to independent directors)	1,267.95	1,200.30
	43,709.37	40,061.43

26. Income tax expense

	31 March 2024	31 March 2023
A. Amounts recognised in profit or loss		
Current Tax:		
Current year	14,682.80	11,282.81
Deferred Tax:		
Relating to the origination and reversal of temporary differences	(684.39)	(360.33)
Tax expense	13,998.41	10,922.48
B. Amounts recognised in other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit liability / (asset)	(14.76)	3.19
	(14.76)	3.19
C. Reconciliation of effective tax rate		
Profit before tax	54,643.06	42,689.66
Group's domestic tax rate	25.168%	25.168%
Tax using the Group's domestic tax rate	13,752.57	10,744.13
Tax effect of:		
- Non deductible expenses	124.43	111.74
- Others	121.41	66.61
	13,998.41	10,922.48

27. Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2024

	FVTOCI	Total
Re-measurement gains / (losses) on defined benefit plans	(58.63)	(58.63)
	(58.63)	(58.63)

During the year ended 31 March 2023

	FVTOCI	Total
Re-measurement gains / (losses) on defined benefit plans	12.69	12.69
	12.69	12.69

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

28. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2024	31 March 2023
Profit after tax	40,644.65	31,767.18
Weighted average number of shares		
- Basic	18,967,584	18,967,584
- Diluted	18,967,584	18,967,584
Earning per share of INR 5 each		
- Basic	214.28	167.48
- Diluted	214.28	167.48

29. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the Grouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key Judgements estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following key judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in consolidated financial statements. Loss contingencies that are considered possible are not provided for but disclosed as contingent liabilities in the consolidated financial statements. Contingencies the likelihood of which is remote are not disclosed in the consolidated financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable. The management estimates likely outcome of any pending cases and other contingencies based upon the Group's / expert's interpretation of applicable tax laws, relevant judicial pronouncements.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.



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

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about defined benefit obligations are given in note 31.

Allowance for inventories

An allowance for inventory is recognised where the realisable value is estimated to be lower than the inventory carrying value. The inventory allowance is estimated taking into account various factors and losses associated with obsolete / slow-moving / redundant inventory items. The Group has, based on these assessments, made adequate allowance in the books.

30. Employee Benefits Obligation

Defined Benefit Plan

a. Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972 ('Act'). Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as Group take on uncertain long term obligations to make future benefit payments.

1) Liability risks

i) Asset-Liability Mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

ii) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

iii) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

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b. Provident Fund

In respect of employees covered under Group's Employees Provident Fund Trust contributions to the Group's Employee Provident Fund Trust are made in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government. In the case of contribution to the Trust, the Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation, determined based on an actuarial valuation, as an expense. The details of the defined benefit plan based on actuarial valuation report are as follows:

Liability risks:

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

During the previous year ended 31 March 2023, the Group has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') to Employees' Provident Fund Organisation ('EPFO') based on the Group's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO. Hence, there is no liability risk existing as on 31 March 2024 and 31 March 2023.

31. Defined Benefit Plan

	Gratuity		Pension Plan		Provident Fund Plan (refer note 32)	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Current service cost	470.90	467.40	-	-	-	224.59
Net interest expense / (income)	53.77	53.67	(68.38)	(53.72)	-	(307.90)
Components of defined benefit cost recognised in profit or loss	524.67	521.07	(68.38)	(53.72)	-	(83.31)
Re-measurement on the net defined benefit liability comprising:						
Actuarial (gains)/losses changes arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gains)/losses changes arising from changes in financial assumptions	106.22	(425.15)	46.39	(108.28)	-	-
Actuarial (gains)/losses changes arising from experience adjustments	(8.37)	454.14	(81.17)	24.30	-	-



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

	Gratuity		Pension Plan		Provident Fund Plan (refer note 32)	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Return on plan assets (excluding amounts included in net interest expense)	10.32	70.87	-	-	-	-
Components of defined benefit cost recognised in other comprehensive income	108.17	99.86	(34.78)	(83.98)	-	-
	632.84	620.93	(103.16)	(137.70)	-	(83.31)

The current service cost and the net interest expense for the year are included in the 'employee benefit expense' in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	3,869.52	3,270.09	2,138.08	2,128.37	-	-
Fair value of plan assets	2,705.99	2,358.23	3,169.65	3,056.78	-	-
Net assets/(liabilities) from defined benefit obligation	(1,163.53)	(911.86)	1,031.57	928.41	-	-

Movements in the present value of the defined benefit obligation were as follows:

Opening defined benefit obligation	3,270.09	2,943.73	2,128.37	2,176.72	-	15,636.19
Current service cost	470.90	467.40	-	-	-	224.59
Employee contributions	-	-	-	-	-	330.68
Transfers	-	-	-	-	-	(15,652.91)
Interest cost	231.01	213.27	156.77	147.91	-	-
Actuarial (gains)/losses changes arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gains)/losses changes arising from changes in financial assumptions	106.22	(425.15)	46.39	(108.28)	-	-
Actuarial (gains)/losses changes arising from experience adjustments	(8.37)	454.14	(81.17)	24.30	-	-
Benefits paid	(200.33)	(383.30)	(112.28)	(112.28)	-	(538.55)
Closing defined benefit obligation	3,869.52	3,270.09	2,138.08	2,128.37	-	-

Movements in the fair value of the plan assets were as follows:

Opening fair value of plan assets	2,358.23	2,202.99	3,056.78	2,967.43	-	14,559.42
Investment / Interest Income	177.24	159.60	225.15	201.63	-	307.90
Employer's Contributions	381.17	449.81	-	-	-	418.72
Employee's Contributions	-	-	-	-	-	330.68
Return on plan assets (excluding amounts included in net interest expense)	(10.32)	(70.87)	-	-	-	-
Transfers	-	-	-	-	-	(15,078.17)
Benefits paid	(200.33)	(383.30)	(112.28)	(112.28)	-	(538.55)
Closing fair value of plan assets	2,705.99	2,358.23	3,169.65	3,056.78	-	-

Notes to the consolidated financial statements

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

31.1 The major categories of plan assets of the fair value of the total plan assets are as follows:

	Gratuity		Pension Plan		Provident Fund Plan (refer note 32)	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Investments details:						
Investment with insurer / others	2,705.99	2,358.23	3,169.65	3,056.78	-	-
Total	2,705.99	2,358.23	3,169.65	3,056.78	-	-

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	Gratuity		Pension Plan		Provident Fund Plan (refer note 32)	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Discount rate	7.20%	7.50%	7.10%	7.35%	NA	NA
Future salary increases	5.00%	5.00%	NA	NA	NA	NA
Attrition rate	5.00%	5.00%	NA	NA	NA	NA
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14	NA	NA	NA	NA

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Gratuity plan:	31 March 2024		31 March 2023	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
	Discount rate	(168.16)	196.64	(141.09)
Future salary increases	199.05	(172.94)	167.44	(145.48)
Attrition rate	7.43	(7.70)	1.50	(1.55)
Mortality rate	0.52	(0.52)	0.10	(0.10)

Provident Fund plan (refer note 32):	31 March 2024		31 March 2023	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
	Discount rate	NA	NA	NA

Pension:	31 March 2024		31 March 2023	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
	Discount rate	(81.06)	93.18	(81.19)

The following payments are expected contributions to the defined benefit plan in future years:

	Gratuity		Pension Plan	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Within the next 12 months (next annual reporting period)	413.10	364.11	189.34	189.34
Between 2 and 5 years	1,246.06	991.74	736.23	736.23
Beyond 5 years	7,422.90	6,632.05	3,208.11	3,367.48
Total expected payments	9,082.06	7,987.90	4,133.68	4,293.05



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The average duration of the defined benefit plan obligation at the end of the reporting period for gratuity plan is 10.00 years (31 March 2023: 10.00 years) and pension plan is 7.00 years (31 March 2023: 7.00 years).

32. During the previous year ended 31 March 2023, the Group has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust (Provident Fund Trust) to Employees' Provident Fund Organisation (EPFO) based on the Group's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO. Consequent to this surrender, the liability of the Group is restricted to the monthly contributions paid by the Group to EPFO. Accordingly, there was no actuarial valuation exercise carried out as on 31 March 2024 and 31 March 2023.

33. Leases

A. Leases as lessee

The Group has taken various premises including offices, warehouses and other assets under lease for which lease period is 3-10 years and are renewable by mutual consent on agreed upon terms.

Lease liabilities	31 March 2024	31 March 2023
Maturity analysis - contractual undiscounted cash flows		
Not later than one year	1,197.78	876.66
Later than one year and not later than five years	4,263.65	3,683.32
More than five years	3,390.38	4,466.70

The depreciation charge for right of use assets, interest expenses on lease liabilities, expenses relating to short term leases and low-value assets and current and non-current classification of lease liability are included in note 24, 23, 25 and 12 respectively. Cash flows on payment of lease liabilities including interest on lease liabilities are disclosed in the consolidated cash flow statements.

B. Leases as lessor

The Group leases out its investment property. All leases are classified as operating leases from a lessor perspective, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 3.3 sets out information about the operating leases of investment property.

Rental income recognised by the Group during the year ended 31 March 2024 was INR 4.46 lakhs (31 March 2023: Nil)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	31 March 2024	31 March 2023
Less than one year	13.44	-
One to two years	13.44	-
Two to three years	13.44	-
Three to four years	13.44	-
Four to five years	10.08	-
More than five years	-	-
Total	63.84	-

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

34. Commitment and Contingencies

A) Contingent Liabilities

In respect of all the matters mentioned below, based on the legal advice obtained, the management is of the view that the claims are not tenable and the same can be successfully contested. Hence, no provision has been considered necessary in the consolidated financial statements.

	31 March 2024	31 March 2023
In respect of CENVAT and service tax matters	0.88	0.88
In respect of income tax matters	60.49	67.78
In respect of property tax matters	32.40	32.40
In respect of sales tax matters *	-	1,198.86
In respect of GST matters	17.89	-
In respect of labour law disputes	7.67	7.67
In respect of property matters	6.09	6.09
*excludes penalty of Nil (31 March 2023: 563.41 Lakhs)		

The uncertainties and possible reimbursement in respect of the above mentioned contingent liabilities are dependent on the outcome of various legal proceedings and therefore, cannot be predicted accurately.

The Supreme Court had passed judgement on 28 February 2019 that all allowances paid to employees are to be considered for the purposes of PF wage determination. There are numerous interpretative issues relating to the above judgement. As a matter of prudence, the Group has made a provision on a prospective basis from the date of the Supreme court order. The Group will update its provision, on receiving further clarity on the subject.

B) Commitments

	31 March 2024	31 March 2023
a) Capital commitments not provided for	6,150.58	5,596.47

35. Related Party Transactions

35.1 List of related parties and nature of relationship

1) Where control exists

a) Ultimate holding company	ZF Friedrichshafen AG
b) Holding company	WABCO Asia Private Limited, Singapore
c) Associate of holding company	ZF International UK Limited, United kingdom
d) Wholly owned Subsidiary company	ZF CV Control Systems Manufacturing India Private Limited

2) Related parties with whom transactions have taken place during the year

Ultimate holding company

ZF Friedrichshafen AG

Holding company

WABCO Asia Private Limited, Singapore



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Fellow Subsidiary companies

Changchun WABCO Vehicle Control System Co. Ltd
Guang Dong WABCO Fuwa Vehicle Brakes Co Limited
ZF CV Solutions (Thailand) Limited
WABCO Automotive South Africa
WABCO Compressor Manufacturing Co. USA
WABCO Holdings Inc., USA
WABCO IP Holdings LLC, USA
WABCO Korea Ltd, Korea
WABCO Middle East and Africa FZCO, Dubai
WABCO Radbremsen GmbH, Germany
WABCO Reman Solutions
WABCO USA LLC, USA (formerly Meritor WABCO Vehicle Control Systems, USA)
Wolong ZF Automotive Electric Motors Ltd
ZF (Shanghai) Management Co, Ltd
ZF Active Safety and Electronics US LLC, USA
ZF Active Safety GmbH
ZF Autocruise France SAS
ZF Automotive Brasil LTDA, Brazil
ZF Automotive Systems (Shanghai) Co Ltd., China
ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China (formerly Shandong WABCO Automotive Products Co. Ltd, China)
ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China (formerly WABCO China Co. Ltd, China)
ZF CV Distribution Germany GmbH & Co. KG, Germany (formerly WABCO Vertriebs, GmbH & Co., Germany)
ZF CV Distribution UK Ltd.
ZF CV Logistics Germany GmbH, Germany (formerly WABCO Logistik GmbH, Germany)
ZF CV Solutions Japan, Inc., Japan (formerly known as WABCO Japan Inc., Japan)
ZF CV Systems Brasil LTDA, Brazil (formerly WABCO do Brasil Industria e Comercio de Freios Ltda, Brazil)
ZF CV Systems Europe BV, Belgium (formerly WABCO Europe BVBA, Belgium)
ZF CV Systems Global GmbH, Switzerland (formerly WABCO Global GmbH, Switzerland)
ZF CV Systems Hannover GmbH, Germany (formerly WABCO GmbH, Germany)
ZF CV Systems North America LLC, USA (formerly known as WABCO North America LLC, USA)
ZF CV Systems Poland Sp. z o.o., Poland (formerly WABCO Polska Sp. z o.o. Poland)
ZF CVS Turkey Fren Sistemleri (formerly known as WABCO Arac Kontrol Sis.Des.Paz.Ltd.)
ZF Digital Solutions India Private Limited (formerly WABCO Digital Solutions Private Limited)
ZF Do Brasil LTDA, Brazil
ZF India Private Limited
ZF Light Vehicle Systems India Private Limited
ZF Rane Automotive India Private Limited

Others

Trichur Sundaram Santhanam & Family Private Limited (upto 30 October 2023)
TVS Automobile Solutions Private Limited (upto 30 October 2023)
TVS Mobility Private Limited (upto 30 October 2023)
WABCO India Limited Employees' Provident Fund Trust

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

Key Management Personnel

Mr. P Kaniappan - Managing Director

Mr. RS Raja Gopal Sastry - Chief Financial Officer (upto 16 January 2024)

Ms. Sweta Agarwal - Chief Financial Officer (from 10 January 2024)

Ms. M Muthulakshmi - Company Secretary

Dr. Christian Brenneke - Non-executive Director

Mr. Philippe Colpron - Non-executive Director

Mr. Alexander De Bock - Non-executive Director (upto 30 March 2023)

Mr. M Lakshminarayan - Chairman and independent Director (upto 31 March 2024)

Dr. Lakshmi Venu - Independent Director (upto 30 October 2023)

Mr. Mahesh Chhabria - Independent Director

Ms. Rashmi Urdhwareshe - Independent Director (from 20 March 2024)

Ms. Amrita Verma Chowdhury - Independent Director (from 27 October 2023)

35.2 Related party transactions

SI No	Nature of transactions	Name of the company	Fellow subsidiaries/Others		Key management personnel	
			Year ended		Year ended	
			31 March 2024	31 March 2023	31 March 2024	31 March 2023
1.a	Purchase of goods, net	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	1.21	16.61	-	-
		ZF CV Solutions (Thailand) Limited	4.45	6.47	-	-
		WABCO Compressor Manufacturing Co. USA	106.96	64.97	-	-
		WABCO Korea Ltd, Korea	0.50	0.60	-	-
		WABCO USA LLC, USA	2.81	-	-	-
		ZF (Shanghai) Management Co, Ltd	298.95	10.46	-	-
		ZF Active Safety and Electronics US LLC, USA	1.76	1.88	-	-
		ZF Automotive Brasil LTDA, Brazil	469.09	68.49	-	-
		ZF Automotive Systems (Shanghai) Co Ltd., China	3.16	0.50	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	3,233.63	1,836.16	-	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	267.65	1,731.38	-	-
		ZF CV Systems Brasil LTDA, Brazil	-	121.80	-	-
		ZF CV Systems Global GmbH, Switzerland	9,745.21	4,844.00	-	-
		ZF CV Systems Hannover GmbH, Germany	20.36	1.47	-	-
		ZF CV Systems North America LLC, USA	5.15	0.59	-	-
		ZF Digital Solutions India Private Limited	11.98	1.16	-	-
		ZF Friedrichshafen AG	694.40	1,634.63	-	-
		ZF India Private Limited	248.43	20.55	-	-
		ZF CV Solutions Japan, Inc., Japan	9.23	-	-	-
		ZF CV Distribution UK Ltd.	12.43	-	-	-
ZF Autocruise France SAS	1.61	-	-	-		
Wolong ZF Automotive Electric Motors Ltd	5.90	-	-	-		
WABCO Radbremsen GmbH, Germany	8.27	-	-	-		
ZF Rane Automotive India Private Limited	2.69	20.34	-	-		



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

SI No	Nature of transactions	Name of the company	Fellow subsidiaries/Others		Key management personnel	
			Year ended		Year ended	
			31 March 2024	31 March 2023	31 March 2024	31 March 2023
1.b	Purchase of Property, Plant and Equipment	ZF CV Systems Global GmbH, Switzerland	43.49	238.33	-	-
		ZF CV Systems Hannover GmbH, Germany	-	23.47	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	-	5.73	-	-
2	Services received					
	Royalty	WABCO IP Holdings LLC, USA	199.85	153.86	-	-
	Royalty	ZF CV Systems Europe BV, Belgium	9,743.32	8,737.55	-	-
	Information Technology	ZF CV Systems Europe BV, Belgium	-	1,027.22	-	-
	Support Services	ZF Friedrichshafen AG	2,469.01	750.00	-	-
	Research and Development	ZF Active Safety GmbH	405.06	-	-	-
	Rent	ZF India Private Limited	78.78	-	-	-
	Professional fees	ZF Friedrichshafen AG	12.20	-	-	-
3	Sale of products, net	Changchun WABCO Vehicle Control System Co. Ltd	147.93	-	-	-
		Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	152.53	94.10	-	-
		Trichur Sundaram Santhanam & Family Private Limited	1,372.94	2,312.14	-	-
		TVS Automobile Solutions Private Limited	170.18	1,184.68	-	-
		TVS Mobility Private Limited	458.34	735.89	-	-
		ZF CV Solutions (Thailand) Limited	456.47	658.71	-	-
		WABCO Asia Private Limited, Singapore	434.42	571.70	-	-
		WABCO Automotive South Africa	1.48	0.24	-	-
		WABCO Compressor Manufacturing Co. USA	2,114.15	6,406.47	-	-
		WABCO Korea Ltd, Korea	244.99	176.68	-	-
		WABCO Middle East and Africa FZCO, Dubai	587.97	550.52	-	-
		WABCO Reman Solutions	-	108.94	-	-
		WABCO USA LLC, USA	11,604.41	18,063.66	-	-
		ZF (Shanghai) Management Co, Ltd	58.22	46.01	-	-
		ZF Automotive Brasil LTDA, Brazil	1,075.34	519.66	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	790.65	3,001.48	-	-
		ZF CV Logistics Germany GmbH, Germany	-	0.10	-	-
		ZF CV Solutions Japan, Inc., Japan	1,712.91	1,780.69	-	-
		ZF CV Systems Brasil Ltda, Brazil	-	667.04	-	-
		ZF CV Systems Europe BV, Belgium	581.46	718.34	-	-
		ZF CV Systems Global GmbH, Switzerland	55,016.77	37,564.17	-	-
		ZF CV Systems Hannover GmbH, Germany	4.20	0.08	-	-
		ZF CV Systems North America LLC, USA	5,054.87	15,524.44	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	7.22	-	-	-
		ZF CVS Turkey Fren Sistemleri	27.78	18.87	-	-
		ZF Digital Solutions India Private Limited	-	0.08	-	-
		ZF Do Brasil LTDA, Brazil	608.90	88.00	-	-
		ZF India Private Limited	17.50	2.63	-	-

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

SI No	Nature of transactions	Name of the company	Fellow subsidiaries/Others		Key management personnel	
			Year ended		Year ended	
			31 March 2024	31 March 2023	31 March 2024	31 March 2023
4	Sale of scrips	ZF Rane Automotive India Private Limited	-	639.91	-	-
5	Rendering of Services					
	Business Support Services	ZF CV Systems Global GmbH, Switzerland	5,890.05	5,640.41	-	-
	Business Support Services	ZF Digital Solutions India Private Limited	83.88	141.20	-	-
	Business Support Services	ZF India Private Limited	24.01	33.30	-	-
	Research and development services	ZF CV Systems Global GmbH, Switzerland	4,487.99	3,328.00	-	-
	Software services	ZF CV Systems Global GmbH, Switzerland	23,932.12	17,303.42	-	-
	Other services	ZF CV Solutions (Thailand) Limited	-	6.48	-	-
6	Other Income					
	Rent	ZF Light Vehicle Systems India Private Limited	4.46	-	-	-
7	Receivables / (Advances received)					
		Changchun WABCO Vehicle Control System Co. Ltd	63.16	-	-	-
		Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	119.69	98.32	-	-
		Trichur Sundaram Santhanam & Family Private Limited	-	320.76	-	-
		TVS Mobility Private Limited	-	96.37	-	-
		TVS Automobile Solutions Private Limited	-	149.90	-	-
		ZF CV Solutions (Thailand) Limited	63.00	94.56	-	-
		WABCO Asia Private Limited, Singapore	15.85	72.54	-	-
		WABCO Compressor Manufacturing Co. USA	30.60	1,129.51	-	-
		WABCO Holdings Inc., USA	23.59	19.84	-	-
		WABCO Korea Ltd, Korea	42.01	30.57	-	-
		WABCO Middle East and Africa FZCO, Dubai	22.94	95.92	-	-
		WABCO USA LLC, USA	500.32	5,108.78	-	-
		ZF (Shanghai) Management Co, Ltd	88.46	153.21	-	-
		ZF Automotive Brasil LTDA, Brazil	406.13	446.69	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	659.29	492.51	-	-
		ZF CV Solutions Japan, Inc., Japan	307.88	357.31	-	-
		ZF CV Systems Europe BV, Belgium	152.03	184.01	-	-
		ZF CV Systems Global GmbH, Switzerland	31,485.48	11,975.02	-	-
		ZF CV Systems Hannover GmbH, Germany	29.47	-	-	-
		ZF CV Systems North America LLC, USA	94.15	2,582.87	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	5.13	2.17	-	-
		ZF CVS Turkey Fren Sistemleri	5.36	4.85	-	-
		ZF Digital Solutions India Private Limited	7.23	104.27	-	-
		ZF Light Vehicle Systems India Private Limited	4.46	-	-	-
		ZF Do Brasil LTDA, Brazil	242.52	88.64	-	-
		ZF Friedrichshafen AG	188.25	-	-	-
		ZF India Private Limited	29.51	31.30	-	-



Notes to the consolidated financial statements

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

SI No	Nature of transactions	Name of the company	Fellow subsidiaries/Others		Key management personnel	
			Year ended		Year ended	
			31 March 2024	31 March 2023	31 March 2024	31 March 2023
8	Payables / (Advances paid)	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	-	5.47	-	-
		ZF CV Solutions (Thailand) Limited	5.75	1.28	-	-
		WABCO Compressor Manufacturing Co. USA	103.48	12.49	-	-
		WABCO IP Holdings LLC, USA	584.44	414.57	-	-
		WABCO Korea Ltd, Korea	1.00	0.60	-	-
		WABCO Radbremen GmbH, Germany	(0.17)	(0.17)	-	-
		WABCO USA LLC, USA	43.60	(0.67)	-	-
		Wolong ZF Automotive Electric Motors Ltd	5.95	-	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	(12.91)	(12.91)	-	-
		ZF (Shanghai) Management Co, Ltd	-	212.01	-	-
		ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China	18.65	18.66	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	826.19	1,382.77	-	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	50.10	418.52	-	-
		ZF CV Systems Brasil Ltda, Brazil	-	82.38	-	-
		ZF CV Systems Europe BV, Belgium	4,511.37	2,304.62	-	-
		ZF CV Systems Global GmbH, Switzerland	2,522.06	2,781.76	-	-
		ZF CV Systems North America LLC, USA	68.51	2.91	-	-
		ZF Active Safety and Electronics US LLC, USA	-	1.86	-	-
		ZF Autocruise France SAS	1.64	-	-	-
		ZF Active Safety GmbH	404.06	-	-	-
		ZF Automotive Brasil LTDA, Brazil	0.28	30.77	-	-
ZF Automotive Systems (Shanghai) Co Ltd., China	0.48	0.50	-	-		
ZF CV Distribution UK Ltd.	19.16	-	-	-		
ZF Rane Automotive India Private Limited	-	20.34	-	-		
ZF Friedrichshafen AG	1,632.38	827.97	-	-		
ZF India Private Limited	127.97	5.41	-	-		
9	Remuneration to Key managerial personnel (including commission to independent directors)	Salaries and Allowances	-	-	455.50	378.62
		Contribution to provident and other funds	-	-	30.50	20.13
		Incentive	-	-	434.81	445.04
		Commission and sitting fees	-	-	79.00	79.00
10	Reimbursement of expenses paid / (received)	ZF CV Systems Hannover GmbH, Germany	(29.42)	-	-	-
		WABCO Holdings Inc., USA	(23.58)	(19.90)	-	-
		ZF CV Solutions (Thailand) Limited	(7.40)	-	-	-
11	Contribution to fund	WABCO India Limited Employees' Provident Fund Trust	-	512.51	-	-

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

Notes to the consolidated financial statements

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

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

36. Segment information

The Group primarily operates in the automotive segment. The automotive segment includes all activities related to development, design and manufacture of products. The Board of Directors of the Group, which has been identified as being the chief operating decision maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicator of the Group as a single unit. Therefore, there is no reportable segment for the Group as per the requirement of Ind AS 108 "Operating Segments".

The following are the information relating to geographical segment:

Year ended 31 March 2024

	India	Others	Total
Sale of Products	231,878.06	108,784.17	340,662.23
Sale/rendering of services	3,362.39	34,418.05	37,780.44
Others	3,122.07	-	3,122.07
Revenue from operations	238,362.52	143,202.22	381,564.74
Non-current assets *	79,584.73	-	79,584.73

Year ended 31 March 2023

	India	Others	Total
Sale of Products	201,763.06	110,903.45	312,666.51
Sale/rendering of services	2,506.72	26,447.21	28,953.93
Others	2,804.09	-	2,804.09
Revenue from operations	207,073.87	137,350.66	344,424.53
Non-current assets *	70,343.16	-	70,343.16

* Non-current assets for this purpose consists of property, plant and equipment, right of use assets, intangible assets, capital work in progress, investment property and other non current assets.

Information about major customer

Revenue from major customers contributing more than 10% of sale of products amounted to INR 170,660.77 lakhs (31 March 2023: INR 139,683.50 lakhs), arising from sales of products and rendering of services.



Notes to the consolidated financial statements

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

37. Fair value

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2024:

Particulars	Fair Value Measurement using			
	Total	Level 1	Level 2	Level 3
Asset measured at fair value:				
FVTPL financial investments:				
Unquoted Mutual Funds	2,328.66	2,328.66	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2023:

Particulars	Fair Value Measurement using			
	Total	Level 1	Level 2	Level 3
Asset measured at fair value:				
FVTPL financial investments:				
Unquoted Mutual Funds	10,013.88	10,013.88	-	-

There have been no transfers between Level 1 and Level 2 during the year.

All other financial liabilities & assets are carried at amortized cost and their carrying value approximates fair value.

38. Financial risk management objectives and policies

The Group's principal financial liabilities, include trade and other payables. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The Group also holds FVTPL investments.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans, deposits and FVTPL investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's investments are primarily in fixed rate interest bearing investments. Also, the Group has no borrowings and hence not exposed to interest rate risk.

Notes to the consolidated financial statements

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The majority of the Group's revenue and expenses are in Indian Rupees, with the remainder denominated in US Dollars and EURO. The following table demonstrates the sensitivity to 5% change in USD and EURO exchange rates on foreign currency exposures as at the year end, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

	31 March 2024		31 March 2023	
	5% increase	5% decrease	5% increase	5% decrease
Impact of change in USD rates				
Trade receivables	134.80	(134.80)	519.73	(519.73)
Payables	113.13	(113.13)	62.99	(62.99)
Cash and cash equivalents	21.04	(21.04)	41.12	(41.12)
Impact of change in EURO rates				
Trade receivables	1,624.76	(1,624.76)	690.45	(690.45)
Payables	330.68	(330.68)	293.19	(293.19)
Cash and cash equivalents	124.16	(124.16)	80.86	(80.86)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and advances. None of the financial instruments of the Group result in material concentrations of credit risks. Exposure to credit risk - The carrying amount of financial assets represents the maximum Credit exposure. The maximum exposure to credit risk was 227,599,42 lakhs as at 31 March 2024 and 204,724.80 lakhs as at 31 March 2023, being the total of the carrying amount of balances with banks, deposits with banks, trade receivables and other financial assets. As at 31 March 2024, 80% of the total dues was receivable from top 10 customers (as at 31 March 2023 - 78%). These receivables are from customers whose credit rating is above the average. Credit risk from balances with banks and investment of surplus funds in mutual funds is managed by the Group's treasury department. The objective is to minimise the concentration of risks by investing in safer investments of high pedigree.

Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure funds are available for use as per requirements. The Group's prime source of liquidity is cash and cash equivalents and the cash generated from operations. The Group has no outstanding bank borrowings. The Group invests its surplus funds in bank, fixed deposit and mutual funds, which carry minimal mark to market risks. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.



Notes to the consolidated financial statements

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

As at 31 March 2024

	Carrying amount	Contractual cashflows				Total
		Less than 1 year	1 to 2 Years	2 to 5 Years	> 5 years	
Trade payables	38,291.63	38,291.63	-	-	-	38,291.63
Lease liabilities	6,843.64	1,197.78	1,315.49	2,948.16	3,390.38	8,851.81
Other financial liabilities	4,477.39	4,477.39	-	-	-	4,477.39
	49,612.66	43,966.80	1,315.49	2,948.16	3,390.38	51,620.83

As at 31 March 2023

	Carrying amount	Contractual cashflows				Total
		Less than 1 year	1 to 2 Years	2 to 5 Years	> 5 years	
Trade payables	35,997.27	35,997.27	-	-	-	35,997.27
Lease liabilities	6,534.51	876.66	846.88	2,836.44	4,466.70	9,026.68
Other financial liabilities	7,895.38	7,895.38	-	-	-	7,895.38
	50,427.16	44,769.31	846.88	2,836.44	4,466.70	52,919.33

39. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

	31 March 2024	31 March 2023
Trade payables	38,291.63	35,997.27
Other payables	20,839.26	25,329.01
Less: Cash and cash equivalents and current investments	(13,774.45)	(18,662.15)
Net debt	45,356.44	42,664.13
Shareholders Equity	279,031.75	240,911.52
Gearing ratio	0.16	0.18

40. Other Statutory Information

- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- The Group does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- The Group has not traded or invested in Crypto currency or virtual currency during the financial year.

Notes to the consolidated financial statements

- iv) The Group has not advanced or loaned or invested funds (either from borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities ('intermediaries') with the understanding (whether recorded in writing or otherwise) that the intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ('Ultimate Beneficiaries') or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- v) The Group has not received any fund from any person(s) or entity(ies), including foreign entities ('Funding Party') with the understanding (whether recorded in writing or otherwise) that the Group shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- vi) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vii) The Group has no transactions with struck off companies during the year.
- viii) The Group has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- ix) The Group has complied with the number of layers prescribed under the Companies Act, 2013.
- x) The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year
- xi) The Group has not taken borrowings from banks and financial institutions on the basis of security of current assets.

41. a) Group Information

Name of the Entity	Principal activities	Country of incorporation	Ownership interest held by the Group	Ownership interest held by non-controlling interests
Subsidiary company				
ZF CV Control Systems Manufacturing India Private Limited	Manufacturing of automobile components	India	100%	Nil



Notes to the consolidated financial statements

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

b) Additional information as required by paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Division II of Schedule III to the Companies Act, 2013

Name of the Entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated assets	Amount	As a % of consolidated profit or (loss)	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Parent company								
ZF Commercial Vehicle Control Systems India Limited								
Balance as at March 31, 2024	99.94%	278,865.20	99.59%	40,477.94	100.00%	(58.63)	99.59%	40,419.31
Balance as at March 31, 2023	100.00%	240,911.68	100.00%	31,767.34	100.00%	12.69	100.00%	31,780.03
Subsidiary company								
ZF CV Control Systems Manufacturing India Private Limited								
Balance as at March 31, 2024	0.10%	268.53	0.41%	166.93	0.00%	-	0.41%	166.93
Balance as at March 31, 2023	0.04%	101.60	0.01%	1.60	0.00%	-	0.01%	1.60
Less: Effect of intercompany eliminations / adjustments								
Balance as at March 31, 2024	(0.04%)	(101.98)	0.00%	(0.22)	0.00%	-	0.00%	(0.22)
Balance as at March 31, 2023	(0.04%)	(101.76)	(0.01%)	(1.76)	0.00%	-	(0.01%)	(1.76)
Total								
Balance as at March 31, 2024	100.00%	279,031.75	100.00%	40,644.65	100.00%	(58.63)	100.00%	40,586.02
Balance as at March 31, 2023	100.00%	240,911.52	100.00%	31,767.18	100.00%	12.69	100.00%	31,779.87

42. Events after the reporting period

The Board of the Holding Company has proposed a final dividend of 340% (INR 17 per share of the face value of INR 5 each) for the year 2023-24 subject to the approval of the members at the ensuing Annual General Meeting.

Material accounting policies (note 2.2)

For and on behalf of the Board of Directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

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

Akash Passey
Chairman and Director
DIN: 01198068

P Kaniappan
Managing Director
DIN: 02696192

M. Muthulakshmi
Company Secretary

Sweta Agarwal
Chief Financial Officer

K Sudhakar
Partner
Membership no.: 214150
Place: Chennai
Date: 24 May 2024

Place: Chennai
Date: 24 May 2024

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Glossary of Abbreviations

ACE	Autonomous, Connected and Electric
ACMA	Automotive Component Manufacturers Association of India
AHU	Air Handling Unit
AL	Ashok Leyland
AQMS	Air Quality Monitoring System
BRSR	Business Responsibility and Sustainability Report
CAPEX	Capital Expenditure
CDP	Carbon Disclosure Project
CFO	Chief Financial Officer
CII	Confederation of Indian Industry
CNC	Computer Numerical Controlled
CSR	Corporate Social Responsibility
CVS	Commercial Vehicle Solutions
DBK	Duty Drawback Scheme
EBIDTA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EHS	Environment, Health and Safety
ERM	Enterprise Risk Management
ESG	Environment, Social, Governance
ETP	Effluent Treatment Plant
FCPA	Foreign Corrupt Practices Act
FY	Financial Year
GBS	Global Business Services
GHG	Green House Gases
GRI	Global Reporting Initiative
HQ	Head Quarters
HR	Human Resources
HVAC	Heating, Ventilation, and Air Conditioning
IATF	International Automotive Task Force
IIT	Indian Institute Technology
ILO	International Labor Organization
INR	Indian Rupee
IR	Industrial Relations
ISO	International Organization for Standardization
IT	Information Technology
KG	Kilo Grams
KL	Kilo Litre
KMP	Key Management Personnel
KPI	Key performance indicators
LEED	Leadership in Energy and Environmental Design
LOTO	Lock Out/Tag Out
LPG	Liquified Petroleum Gas
MD	Managing Director
MJ	Mega Joule
MSME	Micro, Small and Medium Enterprises
MW	Mega Watts
NGRBC	National Guidelines on Responsible Business Conduct
NOx	Nitrox oxide
OEM	Original Equipment Manufacturer
OHSAS	Occupational Health and Safety Assessment Specification
PAT	Profit After Tax
PPA	Power purchase agreements
PwD	People with Disabilities
QC	Quality Control
QCFI	Quality Circle Forum of India

R&D	Research & Development
RO	Reverse Osmosis
RoDTEP	Remission of Duties and Taxes on Exported Products
SBTi	Science Based Targets Initiative
SDG	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SHE FEMA	Safety, Health & Environment Failure Mode and Effect Analysis
SKU	stock keeping unit
Sox BDL	Sulphur oxide
SPC	Statistical Process Control
TaaS	Transport as a Service
TCFD	Taskforce on Climate-Related Financial Disclosures
TCP	Transmission control protocol
TQM	Total Quality Management
V2X	Vehicle to Everything
VECV	VE Commercial Vehicles Limited
VFD	Variable Frequency Drive
WABCO	Westinghouse Air Brake Company
ZF CVCS	Zahnradfabrik Friedrichshafen Commercial Vehicle Control systems
ZLD	Zero Liquid Discharge