



ZF STEERING GEAR (INDIA) LTD.

Regd. Office & Works :

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



May 30, 2017

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

Ref : BSE Scrip Code 505163

Sub : Approval of Audited Standalone & Consolidated financial Results for the financial year ended March 31, 2017.

Dear Sir,

Pursuant to Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), we enclose the following:

1. Statement showing Audited Standalone Financial Results for the quarter/ financial year ended March 31, 2017 and Audited Consolidated Financial Results for the financial year ended March 31, 2017.
2. Auditors' Report on the Audited Standalone Financial Statements for the quarter/ financial year ended March 31, 2017 and Audited Consolidated Financial Statements for the financial year ended March 31, 2017.

Pursuant to Regulation 33 of the Listing Regulations, we hereby declare that the Statutory Auditors of the Company, M/s. MGM & Company (Registration No.: 117963W), have issued both the Audit Reports with unmodified opinion on the aforesaid Financial Statements.

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

Thanking you

Yours faithfully,
For ZF Steering Gear (India) Ltd.

Company Secretary

Encl: as above



STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER/ YEAR ENDED MARCH 31, 2017

Sr.No.	PARTICULARS	Standalone				Consolidated			
		Quarter ended		Year ended		Year ended		Year ended	
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited	Audited
		3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Current year ended	Previous year ended	Current year ended	Previous year ended	Current year ended
		31/03/2017	31/12/2016	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017
1	Income from Operations								
	(a) Net Sales/ Income from Operations	961.16	939.81	1,090.94	3,899.15	3,813.12	4,514.06	4,239.79	
	(b) Other Income	7.88	11.13	6.14	77.44	59.45	81.21	62.03	
	Total Income from Operations	969.04	950.94	1,097.08	3,976.59	3,872.57	4,595.27	4,301.82	
2	Expenses								
	a) Cost of material consumed	602.20	588.94	622.68	2,440.44	2,295.50	3,003.85	2,739.96	
	b) Changes in inventories of finished goods and Work-in-Progress	(44.65)	(35.67)	32.89	(130.39)	7.17	(124.10)	11.80	
	c) Employees benefits expense	90.29	124.76	108.63	462.88	427.23	506.36	466.42	
	d) Finance costs	7.58	3.90	5.32	24.86	17.68	24.86	17.68	
	e) Depreciation and amortisation expense	77.41	70.37	66.81	278.93	247.36	334.99	305.87	
	f) Other Expenses	101.30	80.80	98.47	328.78	295.00	414.74	381.51	
	Total expenses	834.13	833.10	934.80	3,405.50	3,289.94	4,160.70	3,923.24	
3	Profit before exceptional items and Tax (1-2)	134.91	117.84	162.28	571.09	582.63	434.57	378.58	
4	Exceptional Items	-	-	-	-	-	47.84	-	
5	Profit before tax (3-4)	134.91	117.84	162.28	571.09	582.63	386.73	378.58	
6	Tax Expense								
	a) Current Tax	12.78	27.28	35.69	138.69	162.30	138.69	162.30	
	b) Deferred	7.31	(13.45)	(3.33)	(12.82)	(30.98)	(12.82)	(38.12)	
	c) For earlier years	-	-	0.67	-	0.67	-	0.67	
	Total Tax Expenses	20.09	13.83	33.03	125.87	131.99	125.87	124.85	
7	Profit for the year (5-6)	114.82	104.01	129.25	445.22	450.64	260.86	253.73	
8	Earnings Per Share (of face value Rs.10/- each)								
	Basic and Diluted	12.66	11.46	14.25	49.07	49.67	28.75	27.97	

Notes:-

- The above results have been reviewed by the Audit Committee and thereafter approved by the Board of Directors at their meeting held on May 30, 2017.
- The figures for the last quarter of the current year and of the previous year are the balancing figures between the audited standalone figures in respect of the full financials year and the published year-to-date figures up to third quarter.
- The Operations of the Company relate to two segments i.e. Automotive Components and Renewable Energy.
- The Consolidated Financial Results for the year include figures in respect of 'Robert Bosch Automotive Steering Private Limited', a Joint Venture Company.
- Corresponding Figures of the previous year have been regrouped/ recast, wherever necessary, so as to conform with the current year's presentation.
- The Board of Directors have recommended a dividend of Rs.8/- per share, which is subject to the approval by the shareholders in the Annual General Meeting.


For and behalf of the Board of Directors
ZF Steering Gear (India) Limited

Utkarsh Munot
Chief Executive Officer

Audited Segmentwise Revenue, Result and Capital Employed for the Quarter/ Year ended March 31, 2017.

(Rs. in million)

Sr. No.	Particulars	Standalone				Consolidated	
		Quarter ended		Year ended		Year ended	
		Audited	Unaudited	Audited	Audited	Audited	Audited
		3 months ended 31/03/2017	Preceding 3 months ended 31/12/2016	Corresponding 3 months ended in the previous year 31/03/2016	Current year ended 31/03/2017	Previous year ended 31/03/2016	Previous year ended 31/03/2016
1	Segment Revenue						
	a. Auto Components	943.88	927.23	1,071.77	3,882.71	3,778.05	4,501.38
	b. Renewable Energy	43.60	32.41	33.35	165.26	146.06	146.06
	Total	987.48	959.64	1,105.12	4,047.97	3,924.11	4,666.64
	Less- Inter-segment revenue	18.44	8.70	8.04	71.38	51.54	51.54
	Total Income	969.04	950.94	1,097.08	3,976.59	3,872.57	4,595.26
2	Segment Results						
	Profit/(Loss) before tax and finance costs						
	from each segment						
	a. Auto Components	116.53	108.16	151.12	501.28	532.82	316.92
	b. Renewable Energy	25.96	13.58	16.48	94.67	67.49	67.49
	Total	142.49	121.74	167.60	595.95	600.31	411.59
	Less- Finance Costs	7.58	3.90	5.32	24.86	17.68	17.68
	Total Profit Before Tax	134.91	117.84	162.28	571.09	582.63	378.58
3	Capital Employed						
	a. Auto Components	2,857.17	2,760.14	2,377.56	2,857.17	2,377.56	1,819.57
	b. Renewable Energy	330.11	347.24	384.51	330.11	384.51	384.51
	c. unallocable assets less liabilities	53.52	18.60	33.51	53.52	33.51	33.51
	Total Capital employed in the Company	3,240.80	3125.98	2795.58	3,240.80	2,795.58	2,237.59



For and behalf of the Board of Directors
ZF Steering Gear (India) Limited

Pune : May 30, 2017

Utkarsh Munot
Chief Executive Officer

Statement of Assets and Liabilities as on March 31, 2017

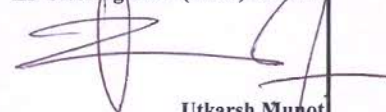
(Rs. In million)

Sr. No.	Particulars	Standalone		Consolidated	
		Rs. in million	Rs. in million	Rs. in million	Rs. in million
		Year Ended	Year Ended	Year Ended	Year Ended
		31.03.2017 (Audited)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)
A	EQUITY AND LIABILITIES				
1	Shareholders' Funds				
	a. Share Capital	90.73	90.73	90.73	90.73
	b. Reserves and surplus	3,150.07	2,704.85	2,407.72	2,146.86
	Sub-total - Shareholders' funds	3,240.80	2,795.58	2,498.45	2,237.59
2	Non-current liabilities				
	a. Long-term borrowings	157.65	79.41	157.65	79.41
	b. Deferred tax liabilities (net)	14.36	27.18	14.36	27.18
	c. Long-term provisions	26.77	22.31	30.24	25.14
	Sub-total - Non Current Liabilities	198.78	128.90	202.25	131.73
3	Current Liabilities				
	a. Short-term borrowings	2.97	246.13	2.97	246.13
	b. Trade payables	402.29	397.80	541.60	525.55
	c. Other current liabilities	170.11	131.03	223.45	173.85
	d. Short-term provisions	56.75	53.77	60.64	56.63
	Sub-total - Current Liabilities	632.12	828.73	828.66	1,002.16
	TOTAL - EQUITY AND LIABILITIES	4,071.70	3,753.21	3,529.36	3,371.48
B	ASSETS				
1	Non-current assets				
	a. Fixed assets	1,307.49	1,064.70	1,570.95	1,380.49
	b. Non-current investments	1,738.62	1,645.84	543.92	594.14
	c. Long-term loans and advances	98.40	135.48	170.66	202.31
	d. Other non-current assets	-	-	-	-
	Sub-total - Non-current assets	3,144.51	2,846.02	2,285.53	2,176.94
2	Current assets				
	a. Current Investment	-	-	-	-
	b. Inventories	387.07	231.73	445.90	294.02
	c. Trade receivables	355.97	554.44	466.20	653.08
	d. Cash and cash equivalents	22.17	17.78	109.93	71.73
	e. Short-term loans and advances	54.22	39.54	114.04	111.83
	f. Other current assets	107.76	63.70	107.76	63.88
	Sub-total - Current assets	927.19	907.19	1,243.83	1,194.54
	TOTAL-ASSETS	4,071.70	3,753.21	3,529.36	3,371.48

Pune : May 30, 2017



For and behalf of the Board of Directors
ZF Steering Gear (India) Limited



Utkarsh Munot
Chief Executive Officer

M G M & Company

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To,
The Members of
Z F Steering Gear (India) Ltd.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Z F Steering Gear (India) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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



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

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

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in the aforesaid financial statements – Refer Note 34 to the financial statements;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv) the Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No.46 to the standalone financial statements.

Place: Pune

Date: 30th May 2017



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

Mangesh Katariya
Partner
Membership No. 104633

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

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

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

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

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in-transit have been verified by the management with reference to the confirmations received from them and/or subsequent receipt of goods. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material considering the operations of the Company and have been properly dealt with in the books of account.
3. During the year, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
5. No deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder have been accepted by the Company.
6. According to the information and explanations given to us, the Central Government under sub-section (1) of Section 148 of the Act has not prescribed maintenance of cost records in respect of the activities carried out by the company.
7. a) According to the information and explanations given to us and on the basis of our examination, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No



undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of Dues	Forum where the dispute is pending	Financial Year	Amount (Rs. in Millions)
MVAT Act 2002 & CST Act.	Assessed VAT dues by AO	Dy. Commissioner of Sales Tax	FY 2010-11	3.19
Income Tax Act, 1961	Assessment dues	CIT (Appeal), Pune	FY 2012-13	4.45
Income Tax Act, 1961	Assessment dues	CIT (Appeal), Pune	FY 2013-14	3.25

8. According to the information and explanations given to us and on the basis of our examination, we are of the opinion that the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
9. According to the information and explanations given to us and on the basis of our examination, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Pune
Date: 30th May 2017



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

Mangesh Katariya
Partner
Membership No. 104633

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

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

We have audited the internal financial controls over financial reporting of Z F Steering Gear (India) Ltd. (“the Company”) as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Pune
Date: 30th May 2017



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

Mangesh Katariya
Partner
Membership No. 104633

M G M & Company

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Members of
ZF Steering Gear (India) Ltd.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ZF Steering Gear (India) Limited** ("the Holding Company") and its jointly controlled entity, which comprises of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and Jointly Controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the



audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its Jointly controlled entity as at 31st March, 2017; and their consolidated profits and their consolidated Cash Flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the jointly controlled entity, whose financial statements reflect total assets of Rs. 652.36 millions as at 31st March 2017, total revenues of Rs. 618.67 millions and net cash flows amounting to Rs. (109.17) millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid jointly controlled entity, is based solely on the reports of the other auditor.

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



Report on Other Legal and Regulatory Requirements

1.As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to the preparation of the consolidated financial statements, have been kept so far as it appears from our examination of those books and the reports of the other auditor.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the holding company as on 31st March, 2017 taken on record by the Board of Directors of the holding company and the reports of the statutory auditor of its jointly controlled entity, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; which is based on the Auditors' Report of the company and its Jointly Controlled Entity.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its consolidated financial position in the aforesaid consolidated financial statements. – Refer Note 34 to the consolidated financial statements;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.



- iv) the Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 44 to the consolidated financial statements.

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

M Katariya

Mangesh Katariya
Partner

Membership No. 104633



Place: Pune
Date: 30th May 2017

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

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

In conjunction with our audit of the consolidated financial statements of the Company for the year ended on 31st March, 2017, we have audited the internal financial controls over financial reporting of ZF Steering Gear (India) Ltd. (“the Holding Company”) and its jointly controlled entity, which are incorporated in India, as on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The



procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanation given to us, the Holding Company and its Jointly Controlled entity, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company and its Jointly Controlled entity considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



Other Matters

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

Place: Pune
Date: 30th May 2017

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



Mangesh Katariya
Partner
Membership No. 104633

