



GKN Driveline (India) Limited



**21st
Annual Report
2005**

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**Board of Directors**

Dr. D.V.Kapur	Chairman
Mr. Mansoor Anwar	Director (Managing Director upto June 30, 2005)
Mr. S. Ravindran	Managing Director (From July 1, 2005 to April 30, 2006)
Mr. D.P.Mehta	
Mr. Olaf Pohle	
Mr. John Gahan	Resigned w.e.f. September 23, 2005
Mr. Ravindra Ojha	Manager (with effect from May 1, 2006)

Audit Committee

Dr. D.V.Kapur
Mr. Mansoor Anwar
Mr. Olaf Pohle

Head - Finance, IS/IT & Company Secretary

Mr. Vivek Bhatia

Auditors

Lovelock & Lewes
New Delhi

Technical Collaborators

GKN Driveline International GmbH, Germany

Bankers

Canara Bank
Standard Chartered Bank
HDFC Bank Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Limited

Registered Office & Faridabad Works

270, Sector 24,
Faridabad 121 005 (Haryana)
Tel : +91 (129) 4091100, 2232531
Fax: +91 (129) 2230580

Dharuhera Works

34 & 35, Industrial Area,
Dharuhera 122 106 (Haryana)
Tel.: +91 (1274) 242579, 242580
Fax: +91 (1274) 242581

Gummidipundi Works

A-13/a, SIPCOT Industrial Complex,
Thiruvallur District,
Gummidipundi 601 201 (Tamil Nadu)
Tel : +91 (44) 27922274, 27923484, 27923486
Fax: +91 (44) 27922540

Share Transfer Agent

MCS Ltd.
Srivenkatesh Bhawan,
W-40, Okhla Industrial Area, Phase II,
New Delhi 110 020
Tel: +91 (11) 41406149/41406151/52
Fax: +91 (11) 41709881

GKN Driveline (India) Limited

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Company will be held at **2.00 p.m. on Monday, June 19, 2006 at the Registered Office, Plot No. 270, Sector 24, Faridabad 121 005 (Haryana)** to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Profit & Loss Account for the year ended December 31, 2005 and the Balance Sheet as at that date.
2. **Appointment of Auditors and fixing their remuneration:**
To appoint Auditors to hold office from the conclusion of the 21st Annual General Meeting till the conclusion of the 22nd Annual General Meeting of the Company and to fix their remuneration.
M/s. Lovelock & Lewes, Chartered Accountants, New Delhi, the retiring Auditors, being eligible, have offered themselves for re-appointment.
3. **Appointment of Directors:**
 - a) To appoint a Director in place of Mr. Mansoor Anwar who retires by rotation and is eligible for re-appointment.
 - b) To appoint a Director in place of Mr. Olaf Pohle who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS:

4. **Appointment and payment of remuneration to Mr. Sankaran Ravindran, Managing Director :**

To consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT in accordance with provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions of Companies Act, 1956, if any, as amended to date and the laws prevailing for the time being and subject to approval of Central Government, if required, the Company hereby approves the appointment and terms of remuneration of Mr. Sankaran Ravindran as a Managing Director of the Company from July 1, 2005 to April 30, 2006 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profit if in any financial year during the aforesaid period) set out in the Agreement submitted to this Meeting and signed by the Chairman for the purpose of identification, and authorize to the Board of Directors subject to the approval of Central Government, if required, to alter, vary, modify and increase the remuneration including perquisites within the limits or ceilings prescribed under the Schedule XIII of the Companies Act, 1956 as amended to date or any statutory modification or re-enactment thereof and to alter the aforesaid terms and conditions between the Company and Mr. Sankaran Ravindran subject to approval of Members in the next General Meeting wherever necessary."

"RESOLVED FURTHER THAT the Board of Directors, subject to approval of Central Government and shareholders, if required, are hereby authorized to alter, vary, modify, fix and increase the remuneration of Mr. Sankaran Ravindran, subject to limits prescribed under Schedule XIII of the Companies Act, as amended to date or amended hereinafter, wherever necessary:-

- | | |
|-------------------------------------|---|
| i) Basic Salary | Rs.250,000/- (Rupees two hundred fifty thousand only) per month. |
| ii) Discretionary Allowance | Rs.300,000/- (Rupees three hundred thousand only) per annum to be paid on a monthly basis i.e. Rs. 25,000/- (Rupees twenty-five thousand only). |
| iii) Fixed Responsibility Allowance | Rs.260,000/- (Rupees two hundred sixty thousand only) per annum to be paid on a monthly basis i.e. Rs.21,667/- (Rupees twenty one thousand six hundred sixty seven only). |



iv) Accommodation	The expenditure by the Company on hiring accommodation for Mr. Sankaran Ravindran will be subject to a ceiling of Rs. 1,260,000/- (Rupees one million two hundred sixty thousand only) per annum.
v) House Maintenance	The expenditure incurred by the Company for maintaining the accommodation hired by it for Mr. Sankaran Ravindran subject to a ceiling of Rs.40,000/- (Rupees forty thousand only) per annum.
vi) Furnishing	The Company will provide furnishings worth Rs.400,000/- (Rupees four hundred thousand only) during the tenure of this agreement.
vii) Car and Telephone	The Company will provide a car with driver for use on Company's business as well as for limited personal use. The Company will also provide a telephone at Mr. Sankaran Ravindran's place of residence for official calls and personal local calls. Personal long-distance calls on the telephone will be to the account of Mr. Sankaran Ravindran.
viii) Provident Fund	The Company will make a contribution of 12% of Mr. Sankaran Ravindran's basic salary to the Provident Fund in monthly installments.
ix) Superannuation Fund	The Company will make a contribution of 15% of Mr. Sankaran Ravindran's basic salary to the Superannuation Fund as per scheme prevailing in the Company.
x) Gratuity	The Company will pay Gratuity to Mr. Sankaran Ravindran equivalent to 4.16% of basic salary for every completed year of service at the end of tenure of service with the Company.
xi) Group Accident and Mediciam Insurance	In accordance with the rules of the Company.
xii) Performance Linked Bonus	As may be approved by the Board of Directors."

"RESOLVED FURTHER THAT, subject to approval of Central Government and limits prescribed under Schedule XIII of the Companies Act, 1956 as amended to date or amended hereinafter, wherever necessary and subject to the approval of shareholders, if required, the Board of Directors in their meeting held on March 22, 2006 further revised the remuneration of Mr. Sankaran Ravindran, Managing Directors of the Company with effect from January 1, 2006 as per following details:

- i) Basic Salary to be revised from Rs.250,000/- (Rupees two hundred fifty thousand only) per month to Rs.264,850/- (Rupees two hundred sixty four thousand eight hundred fifty only) per month.
- ii) The Discretionary Allowance, Fixed Responsibility Allowance, other perquisites, monetary and non-monetary benefits which are parts of the remuneration shall remain unchanged except that Provident Fund (12% of Basic Salary), Superannuation (15% of Basic Salary) contributions, leave encashment and Gratuity which are linked to basic salary.

Other terms and conditions of the agreement remain unchanged."

5. Appointment and payment of remuneration to Mr. Ravindra Ojha, Manager :

To consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT in accordance with provisions of sections 198, 269, 309, 310, 388, Schedule XIII and other applicable provisions of Companies Act, 1956, if any, as amended to date and the laws prevailing for the time being and subject to approval of Central Government, if required, the Company hereby approves the appointment and terms of remuneration of Mr. Ravindra Ojha as a Manager of the Company from May 1, 2006 to October 31, 2006 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profit if in any financial year

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during the aforesaid period) set out in the Agreement submitted to this Meeting and signed by the Chairman for the purpose of identification, and authorize to the Board of Directors subject to the approval of Central Government, if required, to alter, vary, modify and increase the remuneration including perquisites within the limits or ceilings prescribed under the Schedule XIII of the Companies Act, 1956 as amended to date or any statutory modification or re-enactment thereof and to alter the aforesaid terms and conditions between the Company and Mr. Ravindra Ojha subject to approval of Members in the next General Meeting wherever necessary."

"RESOLVED FURTHER THAT the Board of Directors, subject to approval of Central Government and shareholders, if required, are hereby authorized to alter, vary, modify, fix and increase the remuneration of Mr. Ravindra Ojha, subject to limits prescribed under Schedule XIII of the Companies Act, as amended to date or amended hereinafter, wherever necessary:-

- | | |
|---|---|
| i) Basic Salary | Rs.110,000/- (Rupees one hundred ten thousand only) per month |
| ii) Discretionary Allowance | Rs.5,000/- (Rupees five thousand only) per month. |
| iii) Accommodation | Company leased accommodation or House Rent Allowance, subject to maximum of 60% of the basic salary per month or Rs. 100,000/- (Rupees one hundred thousand only) per month whichever is less. |
| iv) House Maintenance | The expenditure incurred by the Company for maintaining the accommodation of Mr. Ravindra Ojha subject to a maximum of Rs. 40,000/- (Rupees forty thousand only) per annum. |
| v) Medical Reimbursement | Rs.15,000/- (Rupees fifteen thousand only) per annum. |
| vi) Leave Travel Concession | Expenses to be incurred for Mr. Ravindra Ojha and his dependents to the maximum of Rs.125,000/- (Rupees one hundred twenty-five thousand only) per annum. |
| vii) Furnishing | The Company will provide furnishing worth Rs.200,000/- (Rupees two hundred thousand only). |
| viii) Car and Telephone | The Company will provide a car with driver for use on Company's business as well as for personal use. The Company will also provide a telephone at Mr. Ravindra Ojha's place of residence for official calls and personal local calls. Personal long distance calls on the telephone will be to the account of Mr. Ravindra Ojha. |
| ix) Provident Fund | The Company will make a contribution of 12% of Mr. Ravindra Ojha's basic salary to the Provident Fund in monthly installments. |
| x) Superannuation Fund | The Company will make a contribution of 15% of Mr. Ravindra Ojha's basic salary to the Superannuation Fund as per scheme prevailing in the Company. |
| xi) Gratuity | The Company will pay Gratuity to Mr. Ravindra Ojha as per The Payment of Gratuity Act, 1972. |
| xii) Group Accident and Mediclaim Insurance | In accordance with the rules of the Company. |
| xiii) Performance Linked Bonus | As may be approved by the Board of Directors." |

For and on behalf of the
Board of Directors

Sd/-
Vivek Bhatia

Head - Finance, IS/IT & Company Secretary

New Delhi, March 22, 2006

**Notes:**

1. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A MEMBER OR NOT) AS HIS PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF, AT THE MEETING.
2. The Register of Members and the Transfer Book of the Company shall remain closed from Monday, June 12, 2006 to Monday, June 19, 2006 (both days inclusive) for the ascertaining shareholders as on June 19, 2006.
3. Members are advised, in their own interest, to convey to the Company at the earliest opportunity, any change in their postal addresses. They are also advised to typewrite their names and if they write in hand they must write their names and addresses in capital letters.
4. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on all days except Sunday and Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.

PLEASE NOTE THAT NO GIFTS / COUPONS WILL BE DISTRIBUTED AT THE AGM.

EXPLANATORY STATEMENTS

The following Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 as amended to date set out all material facts relating to the business mentioned at item nos. 4 and 5 in the accompanying Notice dated March 22, 2006.

Special Business:

Item Nos. 4

Mr. Sankaran Ravindran was Director-Operations and Logistics of GKN Driveline Singapore Pte Ltd., GKN Driveline Asia Pacific and Japan Operations and was based in Singapore before joining as Managing Director of the Company with effect from July 1, 2005. He was also Managing Director of the Company from June 29, 2000 to August 31, 2002 before new assignment as Director-Operations and Logistics of GKN Driveline Singapore Pte Ltd., GKN Driveline Asia Pacific and Japan Operations. Mr. Ravindran is having total experience of 35 years and is associated with the GKN group for the last 6 years. Considering his vast experience, association with the group and performance, Board of Directors of the Company has considered him once again for the position of Managing Director of the Company.

The agreement entered between the Company and Mr. Sankaran Ravindran contains the following principal terms and conditions:

- a) Mr. Sankaran Ravindran, Managing Director, shall be entrusted with substantial powers of management of the business and affairs of the Company, provided that he shall exercise such powers subject to the superintendence, control and directions of Board of Directors.
- b) Tenure of the Agreement: July 1, 2005 to April 30, 2006
(The Original Agreement was upto April 19, 2008 as mentioned in an Abstract under 302 of the Companies Act, 1956 circulated to all the members of the Company on July 29, 2005 whereas Mr. Sankaran Ravindran has expressed his intention to cease his contract as Managing Director with effect from April 30, 2006 accordingly members approval is required for a period from July 1, 2005 to April 30, 2006).
- c) Remuneration:
 - i) Basic Salary Rs.250,000/- (Rupees two hundred fifty thousand only) per month.
 - ii) Discretionary Allowance Rs.300,000/- (Rupees three hundred thousand only) per annum to be paid on a monthly basis i.e. Rs. 25,000/- (Rupees twenty-five thousand only).

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iii)	Fixed Responsibility Allowance	Rs.260,000/- (Rupees two hundred sixty thousand only) per annum to be paid on a monthly basis i.e. Rs.21,667/- (Rupees twenty one thousand six hundred sixty seven only).
iv)	Accommodation	The expenditure by the Company on hiring accommodation for Mr. Sankaran Ravindran will be subject to a ceiling of Rs.1,260,000/- (Rupees one million two hundred sixty thousand only) per annum.
v)	House Maintenance	The expenditure incurred by the Company for maintaining the accommodation hired by it for Mr. Sankaran Ravindran subject to a ceiling of Rs.40,000/- (Rupees forty thousand only) per annum.
vi)	Furnishing	The Company will provide furnishings worth Rs.400,000/- (Rupees four hundred thousand only) during the tenure of this agreement.
vii)	Car and Telephone	The Company will provide a car with driver for use on Company's business as well as for limited personal use. The Company will also provide a telephone at Mr. Sankaran Ravindran's place of residence for official calls and personal local calls. Personal long-distance calls on the telephone will be to the account of Mr. Sankaran Ravindran.
viii)	Provident Fund	The Company will make a contribution of 12% of Mr. Sankaran Ravindran's basic salary to the Provident Fund in monthly installments.
ix)	Superannuation Fund	The Company will make a contribution of 15% of Mr. Sankaran Ravindran's basic salary to the Superannuation Fund as per scheme prevailing in the Company.
x)	Gratuity	The Company will pay Gratuity to Mr. Sankaran Ravindran equivalent to 4.16% of basic salary for every completed year of service at the end of tenure of service with the Company.
xi)	Group Accident and Mediclaim Insurance	In accordance with the rules of the Company.
xii)	Performance Linked Bonus	As may be approved by the Board of Directors.

Other terms and conditions:

- During his tenure as a Managing Director, Mr. Sankaran Ravindran shall be directly incharge of the overall operations of the Company and will oversee and co-ordinate all other functions of the business.
- He shall devote his full time, attention and abilities to the business of the Company.
- He shall not during the term of his appointment engage himself in any other business or undertaking or calling.
- He shall not make known or communicate to any person or persons or himself make use of the Company's secrets.
- The appointment may be terminated by the Company or by Mr. Ravindran by giving not less than six month's prior notice in writing.
- He shall be entitled to all business traveling and related expenses incurred in connection with the Company's interest in line with Travel Policy of the Company.
- He shall not become interested or otherwise concerned directly or through his relatives in any place of profit including selling agency to the Company in future without complying the provisions of the Companies Act, 1956.



The Directors are of the opinion that the knowledge and experience of Mr. Ravindran in various spheres of management will be useful to the Company. The Board, therefore, recommends his appointment for approval.

The abstract of the terms of contract under Section 302 of the Companies Act, 1956 has already been circulated to all the shareholders of the Company on July 29, 2005.

The said Agreement referred to in the Resolution are available for inspection to Members at the Registered Office of the Company on any working day between 11 a.m. to 1.00 p.m. prior to the date of the Annual General Meeting.

Members are further requested to approve the following revised remuneration of Mr. Sankaran Ravindran with effect from January 1, 2006 as approved by the Board of Directors in their meeting held on March 22, 2006:

- i) Basic Salary to be revised from Rs.250,000/- (Rupees two hundred fifty thousand only) per month to Rs. 264,850/- (Rupees two hundred sixty four thousand eight hundred fifty only) per month.
- ii) The Discretionary Allowance, Fixed Responsibility Allowance, other perquisites, monetary and non-monetary benefits which are part of the remuneration shall remain unchanged except that Provident Fund (12% of Basic Salary), Superannuation (15% of Basic Salary) contributions, leave encashment and Gratuity which are linked to basic salary.

Other term and conditions of the agreement remain unchanged.

This Notice may be treated as an abstract of the terms of contract under Section 302 of the Companies Act, 1956 for the above mentioned amendments.

No Director except Mr. Ravindran is concerned or interested in the Resolution as set out in Item No. 4 of the Notice.

Item Nos. 5

Mr. Ravindra Ojha was Head Production of the Company before his appointment as Manager of the Company with effect from May 1, 2006. Mr. Ravindra Ojha is having total experience of 23 years and is associated with the GKN group for the last 3 years. Considering his experience, association with the Company and performance, Board of Directors of the Company has considered him for the position of Manager of the Company.

The agreement entered between the Company and Mr. Ravindra Ojha contains the following principal terms and conditions:

- a) Mr. Ravindra Ojha, Manager shall be entrusted with substantial powers of management of the business and affairs of the Company, provided that he shall exercise such powers subject to the superintendence, control and directions of Board of Directors.
- b) Tenure of the Agreement: May 1, 2006 to October 31, 2006
- c) Remuneration
 - i) Basic Salary Rs. 110,000/- (Rupees one hundred ten thousand only) per month.
 - ii) Discretionary Allowance Rs. 5,000/- (Rupees five thousand only) per month.
 - iii) Accommodation Company leased accommodation or House Rent Allowance, subject to maximum of 60% of the basic salary per month or Rs. 100,000/- (Rupees one hundred thousand only) per month whichever is less.
 - iv) House Maintenance The expenditure incurred by the Company for maintaining the accommodation of Mr. Ravindra Ojha subject to a maximum of Rs. 40,000/- (Rupees forty thousand only) per annum.
 - v) Medical Reimbursement Rs. 15,000/- (Rupees fifteen thousand only) per annum.
 - vi) Leave Travel Concession Expenses to be incurred for Mr. Ravindra Ojha and his dependents to the maximum of Rs. 125,000/- (Rupees one hundred twenty-five thousand only) per annum.

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vii)	Furnishing	The Company will provide furnishing worth Rs.200,000/- (Rupees two hundred thousand only).
viii)	Car and Telephone	The Company will provide a car with driver for use on Company's business as well as for personal use. The Company will also provide a telephone at Mr. Ravindra Ojha's place of residence for official calls and personal local calls. Personal long distance calls on the telephone will be to the account of Mr. Ravindra Ojha.
ix)	Provident Fund	The Company will make a contribution of 12% of Mr. Ravindra Ojha's basic salary to the Provident Fund in monthly installments.
x)	Superannuation Fund	The Company will make a contribution of 15% of Mr. Ravindra Ojha's basic salary to the Superannuation Fund as per scheme prevailing in the Company.
xi)	Gratuity	The Company will pay Gratuity to Mr. Ravindra Ojha as per The Payment of Gratuity Act, 1972.
xii)	Group Accident and Mediclaim Insurance	In accordance with the rules of the Company.
xiii)	Performance Linked Bonus	As may be approved by the Board of Directors.

Other terms and conditions:

- a) During his tenure as a Manager of the Company, Mr. Ravindra Ojha shall be directly incharge of the overall operations of the Company and will oversee and co-ordinate all other functions of the business.
- b) He shall devote his full time, attention and abilities to the business of the Company.
- c) He shall not during the term of his appointment engage himself in any other business or undertaking or calling.
- d) He shall not make known or communicate to any person or persons or himself make use of the Company's secrets.
- e) The appointment may be terminated by the Company or by Mr. Ravindra Ojha by giving not less than three month's prior notice in writing.
- f) He shall be entitled to all business traveling and related expenses incurred in connection with the Company's interest in line with Travel Policy of the Company.
- g) He shall not become interested or otherwise concerned directly or through his relatives in any place of profit including selling agency to the Company in future without complying the provisions of the Companies Act, 1956.

The Directors are of the opinion that the knowledge and experience of Mr. Ravindra Ojha in various spheres of management will be useful to the Company. The Board, therefore, recommends his appointment for approval.

The said Agreement referred to in the Resolution are available for inspection to Members at the Registered Office of the Company on any working day between 11 a.m. to 1.00 p.m. prior to the date of the Annual General Meeting.

This Notice may be treated as an abstract of the terms of contract under Section 302 of the Companies Act, 1956.

For and on behalf of the
Board of Directors

Sd/-
Vivek Bhatia

Head - Finance, IS/IT & Company Secretary

New Delhi, March 22, 2006