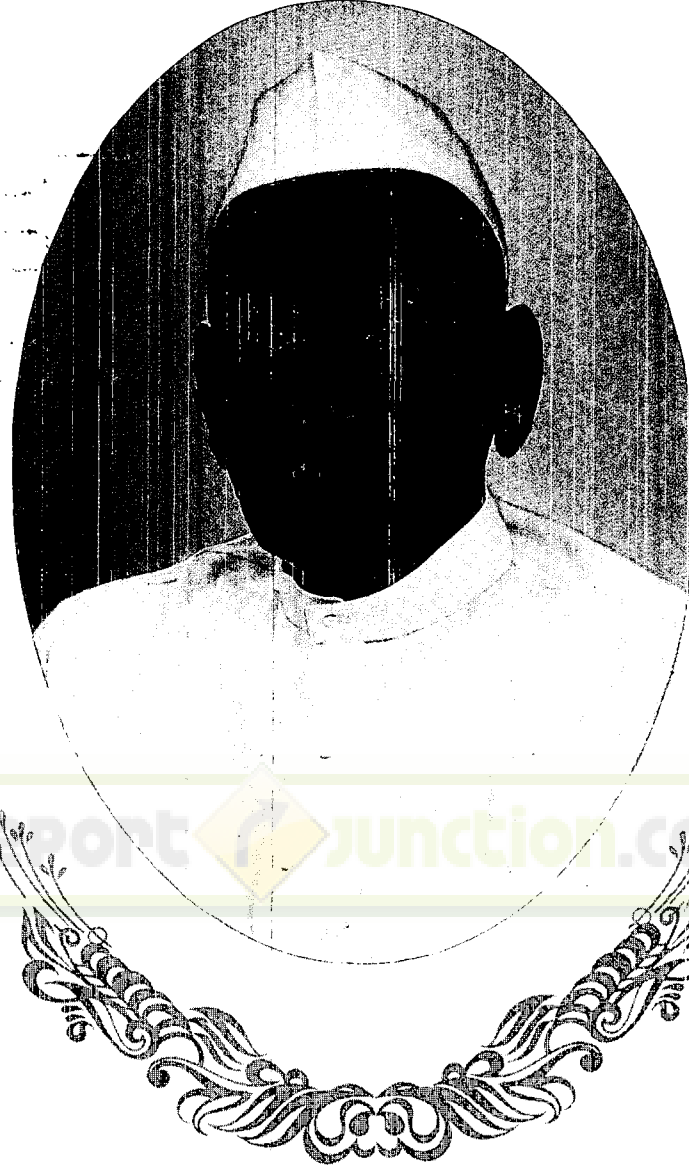


INDIA

17th
ANNUAL
REPORT
1996-97



ZF STEERING GEAR (INDIA) LTD.



SHRI. NAVALMAL KUNDANMAL FIRODIA

[9.9.1910 - 26.3.1997]

विहाय कामान्यः सर्वान्पुमांश्चरति निःस्पृह ।
निर्ममो निरहंकारः स शान्तिमधिगच्छति ॥

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“The man who forsaking all desires goes
about without craving, free from possessiveness,
and pride, attains to peace.”



BOARD OF DIRECTORS

ARUN FIRODIA
(Chairman)

DR. HERMANN STRECKER

DR. WOLFGANG ZEITZ

ANDREAS HARTMANN

ABHAY FIRODIA

D. AHUJA

B.N. DESHMUKH

D.S. BOMRAH

G.C. CHOADHARY

V.D. LALL - Upto 3-12-96
(ICICI Nominee)

DINESH MUNOT
(Managing Director)

J. H. MUNOT
(Executive Director)

MD	✓	KC	✓
CS	NA	OPY	NA
RO	✓	DIV	✓
TRA	NA	AC	✓
AGM	✓	SHI	✓
EC	✓		✓

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Auditors

M/S. N.F. KARNAVAT & CO.
CHARTERED ACCOUNTANTS
PUNE.

Bankers

BANK OF MAHARASHTRA
CANARA BANK

Registered Office

MUMBAI-PUNE ROAD,
AKURDI, PUNE 411 035.

Works

GAT NO. 1242 & 1244
VILLAGE VADU BUDRUK,
TALUKA SHIRUR,
DIST. PUNE - 412 216.
MAHARASHTRA.

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NOTICE

NOTICE is hereby given that SEVENTEENTH ANNUAL GENERAL MEETING of the Members of ZF STEERING GEAR (INDIA) LIMITED will be held on Saturday, the 20th day of September, 1997, at 11.30 a.m. at Rotary Club of Pimpri, 20, G-Block, Opposite Kamalnayan Bajaj School, Chinchwad, Pune 411019, to transact the following business :

ORDINARY BUSINESS :

- 1) To consider and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 1997 together with the Auditor's Report thereon.
- 2) To declare a Dividend.
- 3) To appoint a Director in place of Dr. Hermann Strecker, who retires by rotation being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Mr. D. Ahuja, who retires by rotation being eligible, offers himself for reappointment.
- 5) To appoint a Director in place of Mr. G. C. Choadhary, who retires by rotation being eligible, offers himself for reappointment.
- 6) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

- 7) To consider and if thought fit to pass, with or without modification the following Resolution as Special Resolution :

"RESOLVED that in accordance with the provision of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act 1956 read with Schedule XIII to the said Act consent of the Company be and is hereby accorded to the re-appointment and payment of remuneration and perquisites and giving of benefits and amenities as

set out hereinafter to Mr. Dinesh Munot as Managing Director of the Company for a period of five years w.e.f. 14th December, 1996."

REMUNERATION :

The Managing Director shall be paid a salary of Rs. 50000/- per month, with an annual increase of 10% thereon every year.

PERQUISITES :

In addition to the above, the Managing Director shall be entitled to the following perquisites restricted to an amount equal to the annual salary. Unless the context otherwise requires, Perquisites are classified into three categories 'A', 'B' and 'C' as follows :

CATEGORY 'A'

This will comprise house rent allowance, leave travel concession, medical reimbursement, fees on clubs and personal accident insurance. These will be provided for as under :

(I) Housing I :

The expenditure by the company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling :

Sixty percent of the salary, over and above ten per cent payable by the Managing Director.

Housing II :

In case the accommodation is owned by the company, ten per cent of the salary of the Managing Director shall be deducted by the company.

Housing III :

In case no accommodation is provided by the company, the Managing Director shall be entitled to house rent allowance subject to a ceiling laid down in Housing I.



Explanation :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Managing Director.

(ii) Medical reimbursement :

Expenses incurred for the Managing Director and the family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(iii) Leave Travel Concession :

For the Managing Director and his family once in a year incurred in accordance with any rules specified by the company.

(iv) Club Fees :

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

(v) Personal Accident Insurance :

Premium not to exceed Rs. 4,000/- per annum.

Explanation :

For the purpose of category 'A', family means the spouse, the dependent children and dependent parents of the Managing Director.

CATEGORY 'B'

1. Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable will not exceed half a month's salary for each completed year of service.
2. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites, personal long distance calls on telephones and use of car for private purpose shall be billed by the Company to the Managing Director.

COMMISSION :

Remuneration by way of commission will also be allowed in addition to salary and perquisites. The amount of it, based on the net profit of the Company in a particular year, shall be such sum as may be decided by the Board of Directors subject to the overall ceilings laid down in Section 198 and Section 309 of the Companies Act, 1956.

Notwithstanding anything herein, where in any financial year, during the currency of tenure of the Managing Director the Company has no profits or its profits are inadequate, the company will pay him remuneration by way of salary and perquisites specified above.

OVERALL REMUNERATION

The aggregate of salary, perquisites and commission in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) The Register of Members and Share Transfer Books of the company will be closed from Tuesday, the 2nd day of September, 1997 to Saturday, the 20th day of September, 1997 (both days inclusive).



- 3) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company so as to reach it at least ten days before the date of the Meeting, so that information may be made available at the Meeting.
- 4) The explanatory statement setting out material facts concerning the special business mentioned in item No. 7 of the Notice as required under Section 173 of the Companies Act, 1956 is annexed hereto.
- 5) Dividend, if declared, will be paid to those members, whose names appear in the Register of Members of the Company on 20.09.1997.
- 6) The unclaimed Dividend upto the Company's financial year 1992-1993 has been transferred to the General Revenue Account of the Central Government.
- 7) Members are requested to advise the Company immediately of any change in their address.

By Order of the Board of Directors
For **ZF STEERING GEAR (INDIA) LIMITED**

PUNE
Date : 26 JUNE, 1997

DINESH MUNOT
MANAGING DIRECTOR

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM NO. 7

Mr. Dinesh Munot is B.E. (Elec.), M.I.E. He was Chief Executive of this Company for more than two years and at present Managing Director from January 1, 1987. Before this he was Executive Director for six years of Kinetic Engineering Ltd. He has more than 24 years experience in Automobile Industry.

In the opinion of the Board, it would be in the interest of the company to avail the services of Mr. Dinesh Munot as a Managing Director. His last tenure of Office expired on December 13, 1996.

The Board of Directors by their Resolution dated November 27, 1996 reappointed him as Managing Director for a period of five years w.e.f. December 14, 1996 subject to the necessary approvals.

The remuneration, perquisites, benefits and amenities to be given to Mr. Dinesh Munot as set out in the Notice are within the limits and in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

As per the provisions of Part III of the said Schedule XIII, approval of the Shareholders is required to his appointment and payment of remuneration. Hence, this resolution.

Mr. Dinesh Munot is brother of Mr. J. H. Munot. None of the Directors except Mr. Dinesh Munot and Mr. J. H. Munot is concerned or interested in the resolution.

By Order of the Board of Directors
For **ZF STEERING GEAR (INDIA) LIMITED**

PUNE
Date : 26 JUNE, 1997

DINESH MUNOT
MANAGING DIRECTOR



DIRECTORS' REPORT

Your directors have pleasure in presenting their Seventeenth Annual Report and Audited Accounts for the year ending 31st March, 1997.

1. FINANCIAL RESULTS :

	1996-97 (RS. LACS)	1995-96 (RS. LACS)
Profit before depreciation and taxation	742.50	619.84
Depreciation	396.86	410.68
Provision for taxation	135.10	96.22
Net profit	210.54	112.94
Excess Income Tax provision written back	1.87	1.31
Balance Brought Forward from Previous year	89.87	37.89
Investment allowance written back	36.25	32.75
Amount available for appropriation	338.53	184.89
Debenture Redemption Reserve	5.00	5.00
Proposed dividend & Tax thereon	74.84	54.44
Transfer to general reserve	158.00	35.58
Surplus in Profit and Loss account	100.69	89.87

2. DIVIDEND :

The Board of Directors recommend a dividend of Rs. 1.50 per share on 45,36,650 equity shares of Rs. 10/- each.

3. GENERAL REVIEW OF THE YEAR :

Year under review was again satisfactory in performance both in terms of volume and turnover. Profit before depreciation and taxation increased from Rs. 619.84 lacs to Rs. 742.50 lacs. Net profit has also increased from Rs. 112.94 lacs to Rs. 210.54 lacs.

During the year under review company sold 15085 Nos. of Power Steering Gears as compared to 13364 Nos and 63613 Nos. of Mechanical Steering Gears as compared to 53701 Nos. in the previous year. Sale of Power Steering Gears has increased by 12.88% and Mechanical Steering Gears by 18.46%. Every segment of the automotive industry has registered a growth compared to last year though the growth has considerably slowed down as compared to previous year.

4. FUTURE OUTLOOK :

From December 1996, we have witnessed a drastic slow down, especially in the off-take of Power Steering Gears, particularly for heavy and medium sized commercial vehicles application.

We were hopeful that this slow down in the off-take of Power Steering Gears would atleast improve from the month of April 1997. The off-take even in the months of April, May and June 1997 has not shown any sign of improvement. It is evident from the following comparative figures of despatches related to Power Steering Gears.

April 1996 : 1143 Nos. April 1997 : 865 Nos.

May 1996 : 1509 Nos. May 1997 : 720 Nos.

We hope that the off-take of Power Steering Gears will be improved so as to have a reasonable utilisation of our production capacity.



5. FINANCE :

Due to good Fund Flow position Company has repaid entire outstanding term loan of ICICI before maturity.

6. CONSERVATION OF ENERGY :

The Company considers energy as a precious reserve and has taken steps for its conservation.

- a. Continuous power factor correction capacitors have been installed to monitor the power factor more effectively.
- b. Equipments are continuously monitored to avoid leakage of compressed air.

7. RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND INNOVATION :

Research and Development and innovation is a continuous and ongoing process.

As such keeping pace with development in automotive industry and introduction of new vehicles in the country, your Company is endeavouring R & D efforts to upgrade existing Steering Gears and to develop new fitments of Steering Gears for the new range of vehicles under separate R & D wing under control of expert technicians.

All revenue expenditure related to such activities are debited to respective revenue heads. In current year Company has not incurred any capital expenditure in this regard.

Technology imported from ZF FRIEDRICHSHAFEN AG has been absorbed, still continuous interaction with Collaborators is in progress to develop improved versions of steering gears and upgrade manufacturing technology.

8. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Exports during the year under review was Rs. 54.49 lacs. Efforts are continued to explore foreign markets for company's products. Regarding foreign exchange earnings and outgo your attention is invited to notes No. 11 to 14 of schedule Q being Notes forming part of accounts.

9. ASSISTANCE FROM COLLABORATORS :

The Board places on record their appreciation for the continued technical assistance and co-operation given to your company by the Collaborators, ZF Friedrichshafen AG, Germany.

10. FIXED DEPOSITS :

Company has not accepted any fixed deposits from public.

11. STATUTORY DISCLOSURE :

The information as required in terms of clause 43 of the listing Agreement executed with The Pune Stock Exchange Ltd. and The Mumbai Stock Exchange is annexed as Annexure II.

12. INDUSTRIAL RELATIONS :

The relation with employees at all levels were cordial. The directors place on record their appreciation of sincere and dedicated contribution of all employees in achieving better performance.

**13. TRIBUTE TO LATE MR. N. K. FIRODIA :**

Directors note with grief, sad demise of Mr. N. K. Firodia on 26-03-97. He was associated with the company since its inception. His contribution during formation of the company and its progress during the last 17 years was invaluable. Your Company owes its present sound and firm standing in every field to the great vision of the Late Mr. N. K. Firodia.

His contribution and association with the company will always be a source of inspiration to all of us.

14. DIRECTORS :

The ICICI has withdrawn Mr. V.D. Lall as their Nominee Director from the Board of Directors of the Company w.e.f. 03-12-1996.

Dr. Hermann Strecker, Mr. D. Ahuja and Mr. G.C. Choadhary, Directors of the Company retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

15. AUDITORS :

You are requested to appoint Auditors for the current year and fix their remuneration, M/s. N. F. Karnavat & Co., Chartered Accountants, Auditors of the company who retire at the ensuing Annual General Meeting are eligible for reappointment.

16. PARTICULARS OF EMPLOYEES :

A Statement showing the particulars of employees under section 217 (2A) of the Companies Act, 1956 is annexed as Annexure I to this report.

17. GENERAL :

The Directors place on record their appreciation of the co-operation and continued support extended by Financial Institutions, Bankers, Suppliers and Customers of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
FOR ZF STEERING GEAR (INDIA) LIMITED,

PUNE
DATE : JUNE 26, 1997

A.H. FIRODIA
CHAIRMAN