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BOARD OF DIRECTORS

A. H. FIRODIA

(Chairman)

DR. HERMANN STRECKER

DR. WOLFGANG ZEITZ

ANDREAS HARTMANN

ABHAY FIRODIA

D. AHUJA

B. N. DESHMUKH

D. S. BOMRAH

MANISH MOTWANI

DINESH MUNOT

(Managing Director)

J. H. MUNOT

(Executive Director)

COMPANY SECRETARY

SATISH MEHTA

Auditors

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

Bankers

BANK OF MAHARASHTRA, PUNE.
CANARA BANK, PUNE.

Registered Office & Works

GAT NO. 1242 & 1244
VILLAGE VADU BUDRUK,
TALUKA SHIRUR, DIST. PUNE-412 216
MAHARASHTRA.
TELEPHONES : 02137-52223/52459/52433
FAX : 02137-52302
E-MAIL : zfindia@giaspn01.vsnl.net.in



NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of ZF STEERING GEAR (INDIA) Ltd. will be held as scheduled below:

DAY : TUESDAY

DATE : 31ST AUGUST, 1999

TIME : 5.00 p.m.

PLACE : Registered Office of the Company at

GAT NO. 1242/44, VILLAGE-VADU BUDRUK

TAL. SHIRUR, DIST. PUNE-412 216.

to transact the following business.

ORDINARY BUSINESS:

- 1) To receive and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1999 together with the Auditors' Report thereon.
- 2) To declare a dividend.
- 3) To appoint a Director in place of Mr. A. H. Firodia who retires by rotation, and is eligible for reappointment.
- 4) To appoint a Director in place of Dr. Wolfgang Zeitz who retires by rotation, and is eligible for reappointment.
- 5) To appoint a Director in place of Mr. Andreas Hartmann who retires by rotation, and is eligible for reappointment.
- 6) To appoint Auditors and fix their remuneration.

By Order of the Board of Directors

Pune

May 27, 1999.

Satish Mehta

Company Secretary

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 16th day of August, 1999 to 31st day of August, 1999 (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 can be made available at the Meeting.

4) Dividend, if declared, will be paid to those members, whose names appear in the Register of Members of the Company on 31st August, 1999.

5) Pursuant to Section 205 A (5) of the Companies Act, 1956, all dividends upto the financial year ended 31st March, 1995, which remained unclaimed, have been transferred to the General Revenue Account of the Central Govt. Members concerned are requested to claim the amount from the Registrar of Companies, Maharashtra, 3rd floor, PMT Building, Deccan Gymkhana, Pune-411 004. In case any assistance is required, please write to the Company.

6) Members are requested to advise the Company immediately of any changes in their addresses.



DIRECTORS' REPORT

To the Members,

Your directors have great pleasure in presenting their Nineteenth Annual Report and Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS:

	1998-99 (Rs. in lac)	1997-98 (Rs. in lac)
Profit before depreciation and tax	592.29	472.02
Depreciation	341.78	356.96
Provision for taxation	81.00	35.54
Net Profit	169.51	79.52
Add : Income Tax related to earlier years	—	(5.21)
Balance Brought Forward from Previous year	91.92	100.69
Investment allowance written back	—	3.25
Amount available for appropriation	261.43	178.25

APPROPRIATIONS

Debenture Redemption Reserve	—	5.00
Proposed dividend and Tax thereon	74.85	49.90
Transfer to general reserve	100.00	31.42
Surplus in Profit and Loss account	86.58	91.93
	261.43	178.25

DIVIDEND :

The Board of Directors is pleased to recommend a dividend of Rs.1.50 per equity share (15%) for the year ended 31st March, 1999, as against a dividend of Re.1.00 per equity share (10%) declared previous year.

OPERATIONS :

During the year under review, your Company sold 12732 Power Steering Gears and 57247 Mechanical Steering Gears compared to 9435 Power Steering Gears and 68762 Mechanical Steering Gears in the previous year. Total sales amounted to Rs.4238 lac, which is marginally higher as compared to the previous year's sales of Rs.3993 lac. Considering the overall depressed market scenario, particularly in Commercial Vehicle segment which registered a negative growth of 16% in 1998-99 over the previous year, the sales achieved by your Company could be termed as satisfactory.



During the year, your Company could effectively institute overall cost-control exercises by rationalising work-force, both direct and indirect, keeping a tight vigil over its material-cost and by indeginisation of some of the components. All these have contributed towards a much healthier bottom-line.

CURRENT YEAR'S PROSPECTS AND FUTURE OUTLOOK :

Commercial Vehicle Industry is expecting a moderate growth in the current year i.e. 1999-2000, and with wider applications for Power Steering Gears, not only in the medium and heavy commercial vehicles, but also in the light commercial vehicles and multi-utility vehicles and with Mechanical Steering Gears being developed for new vehicles, your Company is confident of improving its market share in the coming years.

ISO 9001 CERTIFICATION :

During the year under review, your Company was awarded renewal of ISO 9001 Certificate for a further period of 3 years.

FINANCE :

With prudent management of funds, the Company could bring down the interest burden. The Company has not availed of any fresh borrowings during the year.

STATUS ON THE Y2K PREPAREDNESS :

The Company has assessed the Y2K impact on the organisation and has come to the conclusion that the risk to the Company on this account is very low as appropriate steps have been taken towards Y2K compliance. No disruption to the Company's operations due to the Y2K problem is expected. The expenditure to ensure Y2K compliance will not have any material financial impact. The Company is also developing contingency plans to address any unanticipated adverse situation, if arises.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND INNOVATION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed.

COLLABORATORS :

Your Directors would like to apprise you on the restructuring exercise carried out by the Collaborators in their business/organisation and consequent impact on your Company. The original Collaborators of your Company, ZF Friedrichshafen AG, Germany (ZFG) formed a joint-venture with Robert Bosch, GmbH (Bosch) and have established a separate company, named 'ZF LENKSYSTEME GmbH' (ZFLS), which is jointly managed by ZF and Bosch and in which both these partners are holding 50% each. The steering gear business of the partners has been transferred to this new joint-venture. company. Consequently, the investment in the shares of your Company, hitherto held by ZFG, has now been transferred to 'ZF Beteiligungsholding GmbH (ZFBG) which will be fully controlled by ZFLS, the joint-venture company. The shares were transferred to ZFBG after necessary Government approvals. Similarly, all rights and obligations of ZFG under the technical collaboration agreement dated 1.2.1981 with ZF India have been transferred to ZFLS.



This change would be more beneficial to your Company in terms of access to the latest technology and rich experience of two joint-venture collaborators, ZFG and Bosch.

FIXED DEPOSITS :

Your Company has not accepted any fixed deposit from public.

INDUSTRIAL RELATIONS :

Industrial relations continued to be cordial during the year review. The directors place on record their appreciation of sincere and dedicated contribution of all employees.

DIRECTORS :

Mr.G.C.Choadhary, director of the Company passed away during the year. He was associated with the Company since 1991. With profound grief, the Directors put on record the invaluable services rendered by Late Mr.G.C.Choadhary during his tenure as Director.

Mr.A.H.Firodia, Dr.Wolfgang Zeitz and Mr.Andreas Hartmann, directors of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

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.

PARTICULARS OF EMPLOYEES :

Information as required under Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the members excluding the aforesaid information. Any member desirous of obtaining such particulars may write to the Company Secretary at the Company's Registered Office.

ACKNOWLEDGEMENT :

Your Directors record their gratitude for the co-operation and continued support extended by the Collaborators, Bankers, SICOM, Customers, Suppliers and Members of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

PUNE

DATE : MAY 27, 1999

A. H. FIRODIA

CHAIRMAN



ANNEXURE TO THE DIRECTORS' REPORT-1998-99

Conservation of Energy, Technology Absorption- Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY :

- ▶ Areas of work during the year included gas-based furnaces, diesel generating set, air-compressors, pumps, transformers and other electrical appliances.
- ▶ Every effort had been made including regular training programmes throughout the Company to increase awareness on energy savings and using energy most efficiently.
- ▶ Continuous power factor correction capacitors have been installed to monitor the power factor more effectively.
- ▶ Equipments are continuously monitored to avoid leakage of compressed air.

B. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT :

1) Specific areas in which R & D has been carried out by the Company

- ▶ New product development
- ▶ Import substitution
- ▶ Process/equipment developments
- ▶ Value engineering and value analysis (VEVA)

2) Benefits derived as a result of above R&D

The benefits to the company resulting from the above R&D are manifold

These benefits have been reflected in terms of :

- ▶ Product quality and cost reduction
- ▶ Improvement in market share
- ▶ Indigenisation of various components
- ▶ Reduction in foreign exchange outgo

3) Future Plan of Action

Effort is being made to make R&D more result oriented, in improving the design and quality of products and towards cost effective indigenisation of components.

Specific areas include development of new products (steering systems) for stallion and export models of Trax and Telco Safari.

- ▶ Continuous monitoring of technology trends.
- ▶ Continuous interaction and exchange of information with the technical collaborators.
- ▶ Deputing Engineers abroad for interaction and exchange of information.
- ▶ Development efforts for technology adaptation in new areas.

4) Benefits derived as a result of above efforts

- ▶ Improvements in Manufacturing methods and quality standards.
- ▶ Aiming towards self sufficiency in engineering skills for manufacturing range of steering gears.
- ▶ Development of cost effective, high performance engineering products.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earning in Foreign Exchange	Rs. 14.82 lac.
Foreign Exchange Outgo	Rs. 52.06 lac.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

PUNE
DATE : MAY 27, 1999

A. H. FIRODIA
CHAIRMAN

**AUDITORS' REPORT TO THE MEMBERS :**

We have audited the attached Balance Sheet of ZF STEERING GEAR (INDIA) LIMITED, as at 31st March, 1999 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report that :-

- 1) As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) Further to our comments in the annexure referred to in paragraph 1 above, we report that :-
 - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account of the Company.
 - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to best of our information and according to the explanations given to us, the accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - i) In case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1999
AND
 - ii) In the case of the Profit and Loss Account of the PROFIT for the year ended on that date.

For N.F.KARNAVAT & CO.
Chartered Accountants

PUNE
DATE : May 27, 1999

N. F. KARNAVAT
PROPRIETOR