



# ZF STEERING GEAR (INDIA) LTD.

REPORTJUNCTION.COM

## 20TH ANNUAL REPORT 1999-2000



**BOARD OF DIRECTORS****Chairman**

A.H. Firodia

**Managing Director**

Dinesh Munot

**Directors**

D. Ahuja

(up to 29/07/2000)

B.N. Deshmukh

D.S. Bomrah

Dr. Hermann Strecker

J.H. Munot

(Executive Director)

Dr. Wolfgang Zeitz

Abhay Firodia

Andreas Hartmann

(up to 27-11-1999)

Manish Motwani

Werner Speier

(w.e.f. 27-11-1999)

**AUDITORS:**

M/S. N.F. Karnavat & Co.

Chartered Accountants

Pune

**BANKERS:**

Bank of Maharashtra.

Canara Bank.

**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@giaspn 01.vsnl.net.in

**COMPANY SECRETARY**

Satish Mehta

**NOTICE:**

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

DAY : Friday  
 DATE : July 28, 2000  
 TIME : 11.00 a.m.  
 PLACE : Registered Office of the Company at  
 Gat No. 1242/44, Village Vadu Budruk,  
 Tal. Shirur, Dist. Pune - 412 216.

The Agenda for the Meeting will be as under:

**ORDINARY BUSINESS:**

- 1) To receive and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2000 together with the Auditors' Report thereon.
- 2) To note and confirm the payment of interim dividend.
- 3) To appoint a Director in place of Dr. Hermann Strecker, who retires by rotation, and is eligible for reappointment.
- 4) To appoint a Director in place of Mr. D. Ahuja, who retires by rotation, and has expressed his inability to continue as a Director of the Company.
- 5) To appoint a Director in place of Mr. Abhay Firodia, 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  
 June 3, 2000

**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.**

Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.

2. The Register of Members and Share Transfer Books of the Company were already closed from May 6, 2000 to May 12, 2000 (both days inclusive), for the purpose of payment of interim dividend, and therefore, the Company is not required to close these registers again in this year. This is pursuant to Clause 16 of the Listing Agreements with the Stock Exchanges.
3. The Board of Directors in their Meeting held on April 23, 2000, had declared payment of interim dividend of Rs. 2.50 per share for the year 1999-2000. At the Board Meeting held on June 3, 2000, the Board has decided to treat the interim dividend as final dividend. Accordingly the members are requested to confirm the payment of interim dividend made on the shares of the Company (Refer item No. 2 of the Notice)
4. 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.
5. Members are requested to notify immediately change in their address, if any, to the Company at its registered office specifying therein the Pin Code Number.
6. The Company has transferred unpaid dividend upto the financial year ended March 31, 1995 to General Revenue Account of Central Government in accordance with Section 205A (5) of the Companies Act, 1956. Those Members who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Maharashtra, PMT Building, Deccan Gymkhana, Pune - 411 004. In case any assistance is required, please write to the Company.
7. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956 as amended with effect from October 31, 1998 dividends for the financial year ended March 31, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date of transfer of the same under sub-section (1) of the Section, will be transferred to the Investor Education and Protection Fund of the Central Government established under Section 205C of the Act. According to the provisions of the Act as amended, no claim shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claim.
8. Under the provisions of the Companies Act, 1956 as amended with effect from October 31, 1998 Members may file Nomination Forms in respect of their shareholdings. Any Member willing to avail of this facility may submit to the Company the prescribed Form 2B, attached to this Annual Report.
9. The members are advised to avail of the facility of Electronic credit of Dividend and are requested to fill in the form attached to this Annual Report.



## DIRECTORS' REPORT:

To the Members,

The Directors have great pleasure in presenting the Twentieth Annual Report of the Company and Audited Accounts for the year ended March 31, 2000.

### FINANCIAL RESULTS:

		(Rs. in lakh)
	1999-2000	1998-99
Profit before depreciation and tax	873.77	592.29
Depreciation	368.60	341.78
Provision for taxation	140.00	81.00
Net Profit	365.17	169.51
Less: Prior period adjustments	39.05	—
Balance Brought Forward from Previous year	86.58	91.92

Amount available for appropriations	412.70	261.43
-------------------------------------	--------	--------

### APPROPRIATIONS:

General Reserve	200.00	100.00
Interim Dividend and Tax thereon	125.89	—
Proposed dividend and Tax thereon	—	74.85
Balance Carried forward	86.81	86.58
	412.70	261.43

### DIVIDEND:

The Board of Directors had declared Interim Dividend @ Rs. 2.50 per share (25%) for the year ended March 31, 2000, which has been paid on May 16, 2000.

The Directors recommend that the Interim Dividend paid be taken as Final Dividend for 1999-2000. The dividend paid for previous year was Rs. 1.50 per share (15%).

### OPERATIONS:

The Indian economy started picking up its momentum from the second-half of 1999 after witnessing recessionary trends for almost two years. The turnaround in economy helped the automobile sector to stage a comeback. Heavy and Medium commercial vehicles recorded an impressive growth of about 33%. The tractor sector registered a minimal growth.

Your Company, catering to the above segments, improved its performance remarkably. During the year under review, your Company sold 18,409 Power Steering Gears and 73,364 Mechanical Steering Gears, as against 12,735 Power Steering Gears and 57,248 Mechanical Steering Gears in the previous year. The total sales amounted to Rs. 5,795 lakh as against Rs. 4,238 lakh in the previous year, thereby showing an improvement of 36.7%.

### CURRENT YEAR'S PROSPECTS AND FUTURE OUTLOOK:

Commercial vehicle industry is expecting a moderate growth of about 10% in the year 2000-01, and with wider acceptance of Power Steering Gears, particularly on the buses and heavy commercial vehicles, your Company is confident of achieving higher sales in the current year.

### FINANCE:

During the year, the Company repaid the final installment of redemption of Debentures placed with UTI and consequently, the interest-bill

for the year was lower compared to the previous year.

Deployment of surplus funds of the Company has handsomely contributed to the 'Other Income'.

### FIXED DEPOSITS:

Your Company has not accepted any fixed deposit from public.

### YEAR 2000 COMPLIANCE:

Your Company managed to roll over to the new millennium in a smooth manner. All the critical production, information system, communication as well as other support equipment are working satisfactorily.

### 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.

### INDUSTRIAL RELATIONS:

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

### DIRECTORS:

Mr. Andreas Hartmann resigned as a Director of the Company from November 27, 1999. The Directors place on record their appreciation of the services rendered by Mr. Andreas Hartmann. Mr. Werner Speier has been appointed by the Board in his place.

Dr. Hermann Strecker, Mr. D. Ahuja and Mr. Abhay Firodia, directors, of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment except Mr. D. Ahuja, who in view of his other commitments will not seek re-election.

The Board takes this opportunity to record its appreciation of the valuable advice given by Mr. D. Ahuja to the Company over the years.

### 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  
June 3, 2000

A.H. FIRODIA  
CHAIRMAN



**ANNEXURE TO THE DIRECTORS' REPORT 1999-2000**

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 saving and using energy most efficiently.
- ▶ Continuous power factor correction capacitors have been installed to monitor the power factor more effectively.
- ▶ Equipment are continuously monitored to avoid leakage of compressed air. Machines electrical circuits modified to reduce electrical power consumption.

**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 development
- ▶ 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 Escorts Tractors, New Holland Tractors and Swaraj Mazda Tractors.

**4) Benefits derived as a result of above efforts**

- ▶ Improvement 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. 9.44 lakh.    |
| ▶ Foreign Exchange used       | Rs. 1394.44 lakh. |

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

Pune  
June 3, 2000

**A.H. FIRODIA**  
CHAIRMAN

**AUDITORS' REPORT TO THE MEMBERS:**

We have audited the attached Balance Sheet of **ZF STEERING GEAR (INDIA) LIMITED**, as at March 31, 2000 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 above, we report that:

(a) We have obtained all the information and explanations 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 mandatory 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 Significant Accounting Policies and 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 the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2000

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  
June 3, 2000

**N.F. KARNAVAT**  
PROPRIETOR

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Para 1 of our report of even date)

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. As explained to us, all the fixed assets have been physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies have been noticed on such verification, as compared to book records.
- 2) None of the fixed assets have been revalued during the year.
- 3) The stocks of finished goods, stores, spare parts and raw materials are physically verified by the Management at reasonable intervals during the year and/ or at the close of the financial year, the discrepancies noticed on such verifications as compared with the book records were not significant and the same have been properly dealt with in the books of account. In our opinion, the valuation of the above referred stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year except for changes as required by Accounting Standard 2 (Revised) issued by the Institute of Chartered Accountants of India (Refer Note No. 16, Schedule 'Q') and the same has no material impact on the Profit for the year.
- 4) The Company has not taken any loans, secured or unsecured, from companies/firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
- 5) The Company has granted the unsecured loans to companies, firms or the other parties listed in the register maintained under Section 301 of the Companies Act, 1956, in the regular course of business, and considering the explanations given to us in this regard, the rates of interest & other terms of conditions of the above are not, prima-facie, prejudicial to the interest of the Company. We are informed that there are no companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- 6) The parties and employees to whom loans or advances in the nature of loans have been given by the Company have been repaying the principal amounts as stipulated and are also regular in payment of interest, wherever applicable.
- 7) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and also for the sale of goods and spare parts.
- 8) In our opinion and according to the information and explanations given to us, the transactions of purchase and sale of goods and materials made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable, having regard to prevailing market prices for such goods and materials or prices at which transactions for similar goods have been made with other parties.
- 9) The Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods during the year, and as explained to us, there were no unserviceable or damaged goods in respect of which a provision was required.
- 10) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from public to which the provisions of Section 58A and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.
- 11) In our opinion, reasonable records have been maintained for the sale and disposal of realisable scrap. We have been informed that the Company's operations do not generate any by-product.
- 12) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- 13) We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products.
- 14) The Company is regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
- 15) According to the information and explanations given to us, there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were outstanding as at March 31, 2000 for a period of more than six months from the date they became payable.
- 16) On the basis of (i) the examination of the books of account, (ii) the vouchers examined by us and (iii) the explanations given to us on our inquiries, no personal expenses, other than expenses under service contract obligations with the Company's employees and/or in accordance with the generally accepted business practices have been charged to revenue account.
- 17) The Company does not fall within the meaning of Clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

**For N.F. KARNAVAT & CO.**  
Chartered Accountants

Pune  
June 3, 2000

**N.F. KARNAVAT**  
PROPRIETOR