

ZF STEERING GEAR (INDIA) LTD.



22nd ANNUAL REPORT
2001-2002





BOARD OF DIRECTORS

Chairman

A. H. Firodia

Managing Director

Dinesh Munot

Executive Director

J. H. Munot

Non-executive Directors

B. N. Deshmukh

D. S. Bomrah

Dr. Wolfgang Zeitz

Abhay Firodia

Manish Motwani

Werner Speier

Dr. Dinesh Bothra

Walter Salvasohn

Audit Committee

Manish Motwani (Chairman)

D. S. Bomrah

Dr. Dinesh Bothra

Shareholders Grievance Committee

Dr. Dinesh Bothra

Remuneration Committee

D. S. Bomrah (Chairman)

Manish Motwani

AUDITORS

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

Chartered Accountants

Pune.

BANKERS

Bank of Maharashtra

Canara Bank

ABN-Amro Bank N V

HDFC Bank Ltd.

REGISTERED OFFICE & WORKS

Gat No. 1242 & 1244

Village Vadu Budruk,

Taluka Shirur, Dist. Pune-412 216

Maharashtra.

Telephones: (02137) 52223/52459/52433

E-mail : zfindia@giaspn01.vsnl.net.in

CORPORATE OFFICE

Eden Hall, 6th floor,

Near Deep Bunglow Chowk,

Model Colony, Pune-411 016

Telephones: (020) 5663271-74

E-mail : zf-sec@zfindia.com

Company Secretary

Satish Mehta



NOTICE

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

Day : Wednesday
Date : July 31, 2002
Time : 4.30 p.m.
Place : Regd. Office of the Company
 Gat Nos. 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, 2002 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 re-appointment.
4. To appoint a Director in place of Dr. Wolfgang Zeitz, who retires by rotation, and is eligible for re-appointment.
5. To appoint Auditors and to authorize the Audit Committee of Directors to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Werner Speier, who was appointed as a Director of the Company by the Board of Directors of the Company, to fill in the casual vacancy on the Board, caused by the resignation of Mr. Andreas Hartmann and who holds office up to the date of this Annual General Meeting by reason of Section 262 of the Companies Act, 1956, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation."

7. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby approves the re-appointment of Mr. Dinesh Munot as Managing Director of the Company for a period of five years with effect

from December 14, 2001 on the terms and conditions those relating to including remuneration as set out under Item No. 7 of the Explanatory Statement annexed to this Notice."

By Order of the Board of Directors

Pune
June 11, 2002

Satish Mehta
Company Secretary

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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 Explanatory Statement setting out the material facts in respect of the special business under item No. 6 and 7 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **July 27, 2002 to July 31, 2002 (both days inclusive)**, for payment of dividend. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
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 can be made available at the Meeting.
5. Members are requested to notify immediately change in their address, if any, to the Company's corporate office specifying therein the Pin Code Number.
6. The Company has transferred Unpaid dividend up to 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 up to 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 provisions of Section 205A (5) of the Companies Act, 1956, as amended with effect from October 31, 1998 dividend 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 in the prescribed Form 2B.



INFORMATION REQUIRED TO BE FURNISHED UNDER THE CORPORATE GOVERNANCE CODE

Appointment/ Re-appointment of Directors

At the ensuing Annual General Meeting, Mr. A. H. Firodia and Dr. Wolfgang Zeitz, retire by rotation and are eligible for re-appointment. Mr. Werner Speier is being appointed as Director liable to retire by rotation. Mr. Dinesh Munot is being re-appointed as Managing Director of the Company for 5 years with effect from December 14, 2001. The information/ details to be provided for the aforesaid Directors under the Corporate Governance Code are as under:

- (a) **Mr. A. H. Firodia** has been associated with the Company since March 26, 1996. Mr. A. H. Firodia, 59, is B-Tech from IIT, Mumbai and did his post-graduation in Electrical Engineering from Massachusetts Institute of Technology, USA and further completed his MS in Management from Sloan School of Management. He is son of the Doyen of Indian Automobile Industry, late Mr. H. K. Firodia. Mr. A. H. Firodia has dynamic and visionary leadership in setting up the several reputed public limited companies in Automobile, Electronic and Financial Sectors. He has also distinction of being the President of MCCIA (Maharatta Chamber of Commerce, Industries and Agriculture). He has been awarded as 'Udyog Ratna' by Sahajeevan Foundation, Mumbai. Currently, he is holding the position of Chairman in ZF Steering Gear (India) Limited.

Chairmanship held in other Companies are:

- ☛ Kinetic Motor Company Ltd.
- ☛ Kinetic Engineering Ltd.
- ☛ Jaya Hind Sciaky Ltd.
- ☛ Kinetic Finance Ltd.
- ☛ Kinetic Communications Ltd.
- ☛ Kinetic Marketing & Services Ltd.
- ☛ Ajinkya Holdings Pvt. Ltd.
- ☛ Kinetic Escalator & Elev. Ltd.
- ☛ Kinetic E-Biz Pvt. Ltd.

- ☛ Ravindra Software Pvt. Ltd.
- ☛ JHS Taigene Electrical Co. Pvt. Ltd.
- ☛ Kaygee Auto Products Pvt. Ltd.

- (b) **Dr. Wolfgang Zeitz**, 53, is a nominee director from ZF Germany. Dr. Zeitz is a graduate in Mechanical Engineering and holds Doctorate degree in Tools Engineering. Dr. Zeitz has held senior positions in many companies including RTW and ZSK. Dr. Zeitz joined ZF Germany as Chief of Ball & Nut Power Steering Gears Division. At present, he is Director-Truck Steering. Dr. Zeitz is Director in ZF India since November 1995.

Chairmanship/ Directorship held in other Companies are:

- ☛ ZF Heavy Duty Steerings- Canada- Chairman
- ☛ ZF Sistemas de Direcao- Brazil -Director

- (c) **Mr. Werner Speier**, 60, nominee director from ZF Germany the foreign collaborator, holds an Engineering degree. Mr. Speier joined ZF Germany in 1980. Presently, Mr. Speier is the General Manager - Joint Ventures. Mr. Speier has also worked for Ford Motor Company. He has served in Germany, England and Scotland. He has more than 44 years of experience in Engineering industry, during which he has held various senior positions. His association with ZF India is since starting of ZF India. He is not holding Directorship in any other company.

- (d) **Mr. Dinesh Munot**, 55, is BE (MIE). He has more than 28 years of experience in the automobile industry. In the year 1985, Mr. Dinesh Munot was awarded as "Outstanding Young Person of the Year" by Indian Jaycees. He was elected as the President of ACMA (Automotive Components Manufacturers Association of India), the apex body representing automotive component manufacturers from all over India.

He is functioning as Managing Director of the Company since 1984. The Company has benefited from his rich experience and expertise.

Directorship held in other Companies are:

- ☛ Kinetic Motor Company Ltd.
- ☛ Indo Bioactive Labs Pvt. Ltd.
- ☛ Xtree Technologies Pvt. Ltd.
- ☛ The Modern Foundry & Machine Works Ltd.

He is also a Committee Member in the Remuneration Committee of Kinetic Motor Company Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

The Board of Directors of the Company appointed Mr. Werner Speier as a Director of the Company on November 11, 1999 to fill the casual vacancy caused by resignation of Mr. Andreas Hartmann. As per the provisions of Section 262 of the Companies Act, 1956, he holds office up to the date of ensuing Annual General Meeting.



None of the Directors of the Company, except Mr. Werner Speier is interested in this Resolution.

Item No. 7

Mr. Dinesh Munot fulfills the conditions specified in part I and part II of schedule XIII of the Companies Act, 1956. The Board of Directors of the Company at their meeting held on October 24, 2001 re-appointed him as Managing Director of the Company for a period of 5 years with effect from December 14, 2001.

Approval of the Shareholders under Section 269 read with Schedule XIII of the Companies Act, 1956, is required for appointment/ re-appointment of a Managing Director and for payment of remuneration to him. Hence, the Board of Directors recommends Resolution No. 7 for your approval.

None of the Directors other than Mr. Dinesh Munot, Mr. J. H. Munot and Dr. Dinesh Bothra, is interested in this Resolution.

Details of Remuneration:

Remuneration:

- a) **Salary:**
Rs.1,50,000/- (Rupees One lakh fifty Thousand) per month, with annual increment of 10% effective April, 1 each year.
- b) **Commission:**
Mr. Dinesh Munot shall be entitled to an annual performance related bonus as may be determined by the Board/ Remuneration Committee of Directors.
- c) **Perquisites:**
In addition to salary and commission, the following perquisites shall be paid to Mr. Dinesh Munot:
 - i) **Housing:**
60% of the Salary will be paid to Mr. Dinesh Munot as Housing Allowance per month.
 - ii) **Medical Reimbursement:**
Reimbursement of medical expenses including hospitalization and surgical charges incurred in India and abroad for Mr. Dinesh Munot and his family as may be approved by the Board of Directors or as per the rules of the Company.
 - iii) **Leave Travel Concession:**
Leave travel concession for Mr. Dinesh Munot and family once in a year incurred in accordance with the rules specified by the Company.
 - iv) **Club Fees:**
Reimbursement of membership fee up to 2 (two) clubs, including admission and life membership fee.
 - v) **Personal Accident Insurance:**
Personal Accident Insurance Policy as per the rules of the Company.
 - vi) **Contribution to Provident Fund, Superannuation Fund and Annuity Fund:**

Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund as per the Schemes of the Company to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

- vii) **Gratuity:**
Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- viii) **Leave:**
Leave with full pay or encashment as per the rules of the Company.
- ix) **Other Perquisites:**
Subject to overall ceiling on remuneration mentioned herein below, the Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may from time to time decide.
- d) **Amenities:**
 - i) **Provision of Car:**
The Company shall provide car/s with chauffeur for official as well as personal purposes.
 - ii) **Communication facilities:**
Telephone / Telefax and other suitable communication facilities at the residence.
 - iii) **Free gas, electricity, water, furnishings at the residence, as per the rules of the Company.**
Family shall include spouse, dependent children and parents of the appointee.
- Overall Remuneration:**
The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 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 in force.
- Minimum Remuneration :**
The minimum remuneration to be paid in the event of loss or inadequacy of profits in any financial year will be subject to as set out in the Section II of part II of Schedule XIII to the Companies Act, 1956.
- Other Terms & Conditions:**
 1. As long as Mr. Dinesh Munot functions as Managing Director of the Company, no sitting fee will be paid to him for attending the Meeting of the Board of Directors or Committee thereof.
 2. Notwithstanding anything to the contrary herein contained either party shall be entitled to terminate the Agreement at anytime by giving to the other party 180 days notice in writing in that behalf or salary in lieu thereof.

By Order of the Board of Directors

Pune
June 11, 2002

Satish Mehta
Company Secretary

DIRECTORS' REPORT

To the Members,

The Directors have great pleasure in presenting the Twenty Second Annual report and Audited Accounts for the year ended March 31, 2002.

FINANCIAL RESULTS:

	(Rs. in '000)	
	2001-2002	2000-2001
Profit before depreciation and tax	135,325	120,267
Depreciation	36,407	34,833
Provision for tax		
-Current Tax	7,650	24,500
-Deferred Tax	14,856	—
Net Profit	76,412	60,934
Balance Brought Forward from Previous year	7,117	8,680
Amount available for appropriations	83,529	69,614
APPROPRIATIONS:		
General Reserve	50,000	45,000
Proposed Dividend	22,683	15,878
Corporate Dividend Tax thereon	—	1,619
Balance Carried Forward	10,846	7,117
	83,529	69,614

DIVIDEND

The Directors recommend a dividend of Rs. 5.00 per share (50%) for the year ended March 31, 2002.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Your Company caters to the steering gear requirements of, mainly, the commercial vehicles, multi-utility vehicles and the tractors.

Review of Operations

During the year under review, your Company sold 28,589 Power Steering Gears compared to 23,200 in the previous year. The demand for Power Steering Gears is steadily improving in view of the mandatory requirement of its fitment in passenger buses. To ensure safety and comfort in driving, it is absolutely essential to have Power Steering Gears fitted on all medium & heavy commercial vehicles.

During the year, your Company sold 80,981 Mechanical Steering Gears compared to 81,089 in the previous year. Due to lackluster performance of Tractor industry, this division could not post any growth.

Productivity and Cost Reduction

With increasing pressure from the customers to reduce the Steering Gear prices over the years, the need to reduce costs and raise productivity has become very essential. While cost reduction was always in the focus, during the year with various modifications in the plant layout, establishing cell manufacturing concept and multi machine operation, the total strength was brought down from 446 Nos. to 417 Nos.

Vendor rationalisation

To achieve better and effective communication and control on input cost, vendor rationalization was initiated. The Company has reduced around 25 % suppliers in the financial year 2001-02 and would continue this exercise in the current year to further streamline the supplier chain.

Wind Power Project

During the year under review, your Company installed two windmills (0.35 MW each) at Vankusavade in Satara District and one windmill (1 MW) at Supa in Ahmednagar District. The capital expenditure on this account was Rs. 86.530 million.

The total annual power generation (approximately 31 lac units) will cover almost 80-90 percent of the present power requirements of the Company.

In addition to this, the Company has become entitled to sales tax incentives and accelerated depreciation, under the income tax provisions, for the financial years 2001-02 and 2002-03.

Opportunities, threats, risks and concerns

With more and more recognition to Power Steering Gears, the Company can look forward to a reasonable rate of growth in next few years.

However, constant pressure for price-reduction from customers and costs of inputs/ fixed costs going up, the margins will be under squeeze.

Outlook

The Company's future prospects are closely linked to the demand for commercial vehicles, multi-utility vehicles and tractors.

Financial Performance of the Company

Although the economic and investment environment continued to be sluggish, restricting the opportunities for growth, the Company was able to register a 13 % growth in Sales and 16 % growth in Profits (before Tax). This was achieved in difficult circumstances of continued pressure for price-reduction from customers.

Sales

The total sales amounted to Rs.812 million as against Rs.718 million in the previous year.

Other Income

Other Income for the year was substantially higher in view of the better yield on the funds deployed by the Company.

Profitability

Profit Before Tax for the year was Rs. 98.918 million compared to Rs. 85.434 million in the pervious year. Growth in the Profit is mainly attributable to cost-cutting, better productivity and enhanced other-income.

Debt Status

The Company is by and large a debt-free company. It carries debt only in respect of the (interest-free) sales tax incentives provided for its investment in plant at Vadu-Budruk. The incentives receivable for the windmills will add to this. The Company seldom avails the cash-credit facilities from its bankers.



Debtors

Debtors have gone down from Rs. 192 million to Rs. 122 million on account of the Company opting under Telco's Bill Discounting Scheme.

Internal Control System

The Company has adequate internal control system commensurate with its size and nature of business for ensuring efficiency of operations and protection of the Company's assets.

Human Resource Development

The Company believes that continuous training and updating of knowledge and skills are prerequisites of Human Resource Development and achievement of organizational goals. During the year, 27 training programmes (all external) covering over 600 Training man-days were covered.

Industrial relations continued to be cordial. The total number of employees as on March 31, 2002 was 417.

Cautionary Statement

The Management & Discussion Analysis Report is a forward looking statement based on the Company's projections, estimates and perceptions. These statements reflect the Company's current views with respect to the future events and are subject to risks and uncertainties. Actual results may vary materially from those projected here.

FIXED DEPOSITS

Your Company has not accepted any fixed deposit from public.

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 given in Annexure I to this Report.

DIRECTORS

Mr. Dinesh Munot was re-appointed as Managing Director of the Company for a period of 5 years with effect from December 14, 2001. Mr. Dinesh Munot's appointment is placed before the shareholders for their approval at the ensuing Annual General Meeting.

Mr. Werner Speier was appointed as a Director on November 27, 1999 to fill the casual vacancy caused by the resignation of Mr. Andreas Hartmann and will hold office up to the date of forthcoming Annual General Meeting and he is eligible for re-appointment. Mr. A. H. Firodia, Chairman, and Dr. Wolfgang Zeitz, director of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

i) That in the preparation of the accounts for the financial year ended March 31, 2002 the applicable Accounting

Standards have been followed along with proper explanation relating to material departures;

ii) That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) That the Directors have prepared the accounts for the financial year ended March 31, 2002 on a 'going concern' basis.

CORPORATE GOVERNANCE REPORT:

Your Company has always striven to incorporate appropriate standards for good Corporate Governance. It has taken adequate steps to ensure that the provisions of Corporate Governance as prescribed under the Listing Agreements with the Stock Exchanges, are complied with.

A detailed report on Corporate Governance is appearing as Annexure II to this Report along with the Auditors' Certificate on its compliance by the Company. General Shareholder Information is appearing as part of the said Annexure.

AUDITORS:

You are requested to appoint auditors for the current year. M/s. N. F. Karnavat & Co., Chartered Accountants, Auditors of the Company, who retire at the ensuing Annual General Meeting, are eligible for re-appointment.

PARTICULARS OF EMPLOYEES:

Information as required under Section 217 (2A) of the Companies Act, 1956 and the Rules framed there under 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, Banks, Government Authorities, Customers, Suppliers and Members of the Company.

Your Directors also wish to place on record their deep sense of appreciation for the devoted services of the Executives, staff and workers of the Company for its success.

FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS

Pune
June 11, 2002

A.H.FIRODIA
CHAIRMAN

ANNEXURE I TO THE DIRECTORS' REPORT

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.
- ☞ 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**

- a. New product development
- b. Import substitution
- c. Process/ equipment developments
- d. 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 :

- a. Product quality and cost reduction
- b. Improvement in market share
- c. Indigenisation of various components
- d. 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 and Swaraj Mazda.

4) Benefits derived as a result of above efforts

- a. improvements in Manufacturing methods and quality standards.
- b. Aiming towards self sufficiency in engineering skills for manufacturing.
- c. Range of steering gears.
- d. Development of cost effective, high performance engineering products.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a. Earning in Foreign Exchange Rs. Nil
- b. Foreign Exchange used Rs. 1273.92 lakh

**FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS**

Pune
June 11, 2002

**A.H.FIRODIA
CHAIRMAN**

ANNEXURE II TO THE DIRECTORS' REPORT**CORPORATE GOVERNANCE****1. Company's Philosophy on Code of Governance:**

The Corporate Governance Code was introduced by the Securities and Exchange Board of India (SEBI), based on the recommendations of the Committee on Corporate Governance chaired by Mr. Kumar Mangalam Birla to promote and raise the standards of Corporate Governance of listed companies. Subsequently, the Listing Agreement was amended by incorporating a new Clause 49 on Corporate Governance.

As per the schedule of implementation mentioned in Clause 49, your Company was required to implement the Corporate Governance Code during the financial year 2001-2002, but not later than March 31, 2002.

ZF INDIA has been practicing the broad principles of Corporate Governance over the years. In addition to the basic governance issues, your Company lay strong emphasis on trusteeship, transparency, accountability and integrity, in all facets of its operations, and in all its interactions with its shareholders, employees, the government and its customers.

ZF INDIA believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2. Board of Directors:

The Board of Directors consists of 11 Directors of whom 2 are Executive and 9 are Non-executive. The Non-executive Directors are eminent professionals with experiences in various fields. The Company has no nominee Director from any bank or financial institution.

Number of Board Meetings held and the dates on which held

Four Board Meetings were held during the year, as per the statutory requirement of the meetings. The dates on which the meetings were held are as follows: June 16, 2001, July 31, 2001, October 24, 2001, January 25, 2002.

Details of Composition of the Board, category, attendance of Directors, number of other committee memberships are given on Page No. 8.