



# ZF STEERING GEAR (INDIA) LTD.

24TH ANNUAL REPORT  
2003-2004

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## BOARD OF DIRECTORS

### Chairman

A. H. Firodia

### Managing Director

Dinesh Munot

### Jt. Managing Director

Jinendra Munot

### Non-executive Directors

B. N. Deshmukh

D. S. Bomrah

Dr. Wolfgang Zeitz

Abhay Firodia

Manish Motwani

Werner Speier  
(up to July 17, 2003)

Dr. Dinesh Bothra

Walter Salvasohn

Ludwig Rapp  
(From July 17, 2003)

Sushen Gupta  
(From May 14, 2004)

### COMPANY SECRETARY

Satish Mehta

### 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

HDFC Bank Ltd.

ABN- Amro Bank N. V.

### REGISTERED OFFICE & WORKS

Gat Nos. 1242 & 1244

Village Vadu Budruk,

Taluka Shirur, Dist. Pune-412 216

Maharashtra.

### CORPORATE OFFICE

Eden Hall, 6th floor,

Near Deep Bunglow Chowk,

Shivajinagar, Pune- 411 016

Telephones: 020-25663271-74

Fax : 020-25663275

E-mail : sec@zfndia.com

### SHARE TRANSFER AGENTS

M/s. Intime Spectrum Registry Ltd.,

C-13, Pannalal Silk Mills Compound,

LBS Marg, Bhandup (West)

Mumbai- 400 078

Telephones: 022-55555371/454

Fax: 022- 55555353

E-mail: isrl@vsnl.com





## NOTICE

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

Day : Friday

Date : July 30, 2004

Time : 4.30 p.m.

Place : Registered 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, 2004 together with the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Manish Motwani, who retires by rotation, and is eligible for re-appointment.
4. To appoint a Director in place of Dr. Dinesh Bothra, who retires by rotation, and is eligible for re-appointment.
5. To appoint a Director in place of Dr. Wolfgang Zeitz, who retires by rotation, and is eligible for re-appointment.
6. To appoint Auditors and to authorize the Audit Committee of Directors to fix their remuneration.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** the consent of the Company be and is hereby accorded for the voluntary delisting of the Equity Shares of the Company from the Pune Stock Exchange Limited, in accordance with the provisions of the Companies Act, 1956, the Securities and Exchange Board of India (Delisting of Securities) Guidelines -2003, provisions of the Listing Agreements entered into with the Stock Exchange and other relevant Laws, Rules, Regulations and Guidelines and subject to such approvals, consents, permissions and sanctions of the Stock Exchange where the Shares of the Company is listed and any other appropriate authorities, as may be necessary."

**"FURTHER RESOLVED THAT** the Board of Directors of the Company (whether acting by itself or through any Committee thereof or through any Director or person authorized by it) be and is hereby authorized to seek voluntary de-listing as aforesaid, to do all such acts, deeds and things as may be necessary in this regard and to settle any question, difficulty or doubt for giving effect to the above Resolution as it may, in its absolute discretion, deem fit and to accept such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting its approval and which may be agreed to by the Board of Directors without being required to seek any further approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval expressly by the authority of this Resolution."

8. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the necessary approvals, if any, consent be and is hereby accorded to Mr. Utkarsh Munot, son of Mr. Dinesh Munot, Managing Director of the Company, to hold and continue to hold an office or place of profit in the Company with effect from May 14, 2004 on the following terms and conditions:

(a) **Designation:** Manager-Works

(b) **Grade:** M05

(c) **Salary:**

Basic Rs.11,500/- per month with such annual increments admissible under the Grade.

(d) **Commission:** Nil

(e) **Perquisites:**

• Conveyance Allowance	: Rs. 3,600/-	per month
• House Rent Allowance	: Rs. 3,450/-	per month
• Medical Reimbursement	: Rs. 1,300/-	per month
• Education Allowance	: Rs. 1,600/-	per month
• Misc. Allowance	: Rs. 600/-	per month
• Leave Travel Allowance	: Rs. 1,200/-	per month
• Bonus	: Rs. 500/-	per month
• Provident Fund & Gratuity	: as applicable	under the Grade."

**"RESOLVED FURTHER THAT** the allowances and perquisites referred above be and are hereby authorized to be paid and allowed to Mr. Utkarsh Munot in accordance with the relevant schemes/ rules as applicable to the Grade M05, as may be in force from time to time."

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

**"RESOLVED THAT** Mr. Sushen Gupta, who was appointed as an Additional Director of the Company by the Board of Directors of the Company, pursuant to Article 89 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting by reason of Section 260 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 under the Articles of Association of the Company."

**By Order of the Board of Directors  
For ZF Steering Gear (India) Ltd.**

Pune  
May 14, 2004

**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 Nos. 7 to 9 of the Notice is annexed hereto.
- 3) Profiles of the Directors being appointed/ re-appointed, as required by the Corporate Governance Code (Clause 49 VI A of the Listing Agreements entered into with the Stock Exchanges), are annexed to the Notice.
- 4) The Register of Members and Share Transfer Books of the Company will remain closed from July 22, 2004 to July 30, 2004 (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.
- 5) 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.
- 6) Members holding shares in physical form are requested to intimate the changes, if any, in their registered addresses, to the Company's Registrar & Share Transfer Agents M/s. Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup- West, Mumbai- 400 078 or to their respective Depository Participants in case of shares held in electronic form.
- 7) Members holding shares in physical form may inform the Company's Registrars & Share Transfer Agents M/s. Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup- West, Mumbai- 400 078, their bank details for printing on the dividend warrants while Members holding shares in electronic form may give instructions regarding bank accounts in which they wish to receive their dividend, to their respective Depository Participants.
- 8) Members are advised that respective bank details and address as furnished by them or by NSDL/ CDSL to the Company, for shares held in physical form and in the dematerialized form respectively, will be printed on their dividend warrant so as to protect against fraudulent encashment.
- 9) Pursuant to provisions of Section 205 of the Companies Act, 1956, all unclaimed/ unpaid dividend up to and including the financial year 1994-95, has been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet en-cashed their dividend warrants for the said period, are requested to forward their claims in the prescribed Form II of the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978 to Registrar of Companies, Maharashtra, PMT Building, Deccan Gymkhanan, Pune- 411 004.
- 10) Pursuant to provisions of Section 205A and 205 C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund of the Central Government. Accordingly, unclaimed dividend for the financial year 1995-96 has been transferred to the Investor Education and Protection Fund of the Central Government. Unclaimed dividend for financial years 1996-97 and thereafter is still lying with the Company. Shareholders who have not yet en-cashed the dividend warrants for financial years 1996-97 and thereafter are requested to contact the Company at the earliest since no claim shall lie against the Company or the Investor Education and Protection Fund after transfer as mentioned above.

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### INFORMATION REQUIRED TO BE FURNISHED UNDER THE CORPORATE GOVERNANCE CODE

#### Reappointment of Directors

At the ensuing Annual General Meeting, Mr. Manish Motwani, Dr. Dinesh Bothra, and Dr. Wolfgang Zeitz, retire by rotation and are eligible for reappointment. The information/ details to be provided for the aforesaid Directors under the Corporate Governance Code are as under:

- (a) **Mr. Manish Motwani**, 37, holds Master's Degree in Computer Engineering from University of Hawaii at Manoa and Bachelor of Engineering in Electronics and Communication from Osmania University. He has also received Stanford Certificate in Engineering Management Sciences (EMS) from Stanford University. He has worked with Intergraph Corp., U.S.A. & Sun Microsystems, U.S.A. Currently he is holding the position of Managing Director in Kinetic Communications Ltd and JHS Taigene Electrical Co. Pvt. Ltd. He is associated with ZF India since 1998.

#### Directorship held in other companies are:

- ⇒ Kinetic Communications Ltd. Managing Director
- ⇒ JHS Taigene Electrical Co. Pvt. Ltd. Managing Director
- ⇒ Kinetic Marketing & Services Ltd. Director
- ⇒ Kinetic Escalator & Elevator Ltd. Director
- ⇒ Kinetic E-Biz Pvt. Ltd. Director
- ⇒ Jaya Hind Sciaky Limited Director

- (b) **Dr. Dinesh Bothra**, 36, is B. Tech from IIT, Delhi. He has also done his M.S and Ph. D. from U.S.A. Dr. Bothra is having rich experience in the area of Bio-technology and environment pollution control. He has worked with the Premium Beverages, U.S.A as Process and Quality Consultant. He is associated with ZF India since 2000.

#### Directorship held in other companies are:

- ⇒ ABR Organics Ltd. Director
- ⇒ Bio Katalysis (India) Pvt. Ltd. Director
- ⇒ Indo Bio Active Labs Pvt. Ltd. Director
- ⇒ Xtree Technologies Pvt. Ltd. Director
- ⇒ Serval India Pvt. Ltd. Director
- ⇒ Lance Organics Pvt. Ltd. Director
- ⇒ Aromatic Polyimides Pvt. Ltd. Director

(c) **Dr. Wolfgang Zeitz, 55**, is a nominee-Director from ZF Lenksysteme GmbH. 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 ZSK and Union Special. Dr. Zeitz joined ZF Germany as Vice President Truck Division in 1994. Since April 1, 2001 he is Executive Officer Steering Division of ZF Lenksysteme GmbH. 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
- ⇒ ZF Steering Jincheng (Nanjing) Director

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

**ITEM No. 7:**

Presently, the Equity Shares of our Company are listed on the following Stock Exchanges:

1. The Stock Exchange, Mumbai (BSE)
2. Pune Stock Exchange Limited (PSE)

From the information furnished by the Stock Exchanges, it is observed that, over the years, the trading volumes of the Company's Shares on Pune Stock Exchange Limited has been nil or negligible. There is no significant and tangible advantage accruing to the Shareholders in continuing to keep the Shares listed on the Pune Stock Exchange Limited. On the contrary, it results in recurring cost and additional administrative work for the Company. Accordingly, the Board of Directors at the Board Meeting held on May 14, 2004 decided to have the Shares voluntarily delisted from the Pune Stock Exchange Limited. However, the Shares will continue to be listed on BSE on which almost the entire trading in the Company's Shares takes place.

The Securities and Exchange Board of India has mandated the Company's Shares for compulsory trading and settlement only in electronic form with effect from March 26, 2001. Since the Shares will continue to be listed on BSE which has nation-wide electronic trading terminals, no inconvenience will be caused to the Shareholders.

As required by the Securities and Exchange Board of India (Delisting of Securities) Guidelines-2003, the approval of the Members by way of Special Resolution, is required for voluntary delisting of the Shares from the Pune Stock Exchange Limited. The proposed voluntary delisting is in the interest of the Company, and hence, the Board of Directors commends Resolution No. 7 for your approval.

None of the Directors is interested in this Resolution.

**ITEM No. 8:**

Mr. Utkarsh Munot was appointed as Manager - Works with effect from May 14, 2004, by the Board in their meeting held on that day.

Mr. Utkarsh Munot, 23, is qualified as Bachelor in Mechanical Engineering and Manufacturing Engineering from the North Eastern University, Boston, USA. He also holds Diploma in Business Administration from the same University. He is taking keen interest in various activities

of the Company and his efforts/contribution has been appreciated by the senior management.

Mr. Utkarsh Munot is son of Mr. Dinesh Munot, Managing Director of the Company, and therefore, approval of the members under Section 314 of the Companies Act, 1956 is necessary for him to hold and to continue to hold office or place of profit in the Company on the terms and conditions of remuneration as proposed in the resolution.

None of the Directors, except Mr. Dinesh Munot is concerned or interested in this Resolution.

**ITEM No. 9:**

Mr. Sushen Gupta is a graduate (B.S.) in Mechanical Engineering and Industrial Management from Carnegie Mellon University, Pittsburgh. He is specially trained in Fluid dynamics and has actively worked on Engine development of Boeing 777. He has good experience in the field of large acquisitions and in setting up big projects.

Presently, Mr. Gupta is actively associated with Actia India Pvt. Ltd., a joint-venture company with Actia SA, France for manufacturing of On-Board-Electronics for Indian Automotive Industry.

**Directorship held in other companies are:**

- ⇒ American Hotels and Restaurants Pvt. Ltd. Executive Director
- ⇒ Actia India Pvt. Ltd. Director
- ⇒ Kairali Estates & Exports Pvt. Ltd. Director
- ⇒ SMG Holdings Pvt. Ltd. Director
- ⇒ DMG Finance & Investments Pvt. Ltd. Director
- ⇒ Foresight Solutions Pvt. Ltd. Director

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Sushen Gupta as a Director of the Company. The Directors recommend the appointment of Mr. Sushen Gupta as a Director of the Company.

None of the Directors except Mr. Sushen Gupta and Mr. Dinesh Munot (Mr. Gupta is related to Mr. Dinesh Munot), is interested in the Resolution.

**By Order of the Board of Directors  
For ZF Steering Gear (India) Ltd.**

Pune  
May 14, 2004

**Satish Mehta**  
Company Secretary

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**DIRECTORS' REPORT**

To the Members,

The Directors have great pleasure in presenting the Twenty Fourth Annual Report and Audited Accounts for the year ended March 31, 2004.

**FINANCIAL RESULTS**

(Rs. in Million)

	<u>2003-2004</u>	<u>2002-2003</u>
<b>Sales (net) and other Income</b>	<b>1,286.9</b>	789.9
Profit before depreciation and tax	253.3	156.2
Depreciation	51.5	48.9
Provision for tax	94.5	39.8
Net Profit	107.3	67.5
Balance Brought Forward from previous year	2.7	10.8
Amount available for appropriation	<u>110.0</u>	<u>78.3</u>

**APPROPRIATIONS**

General Reserve	50.0	50.0
Proposed dividend	36.3	22.7
Corporate Dividend Tax thereon	4.6	2.9
Balance Carried Forward	19.1	2.7
	<u>110.0</u>	<u>78.3</u>

**DIVIDEND**

The Directors recommend a dividend of Rs. 8/- per share (80%) for the year ended March 31, 2004.

**MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

After a long period of slowdown and recession, the Indian Economy has been showing signs of recovery. The improved performance shown by various sectors backed by strong fundamentals has instilled a sense of optimism in the country. Continued investment in infrastructure sector, mainly highways, boosted demand in many industries particularly automotive.

The demand pick-up was evident across all the segments of automotive industry. The major growth in the Sales (Domestic + Exports) of 40 % was recorded by the Medium and Heavy Commercial Vehicles in the financial year 2003-04 over 2002-03. The Light Commercial Vehicles registered 33 % growth.

Tractor industry too, has shown the marginal improvement of 3 % over the previous year. Tractors recorded a total sales of 167,000 units in 2003-04.

**Review of Operations**

The year was very satisfactory for the Company posting all time high turnover and the profits. During the year under the review, your Company sold 59,546 **Power Steering Gears (PSG)** and 63,909 **Mechanical Steering Gears (MSG)** compared to 34,193 PSG and 60,049 MSG in the previous year.

**OPERATING RESULTS OF THE COMPANY****Sales**

The total sales (Net of Excise) amounted to Rs. 1,250 million as against Rs.779 million in the previous year. The Company was able to register a healthy growth of 60 % in Sales.

**Other Income**

Other Income swelled to Rs. 37 million from Rs. 11 million. You will observe from the relevant schedule that the surplus funds deployed by the Company have yielded good returns thanks to the favourable market conditions.

**Profitability**

Profit Before Tax for the year jumped to Rs. 202 million from Rs. 107 million in the previous year in view of higher sales and all-round efficiency in the operations.

Provision for Taxation is higher in view of the Company now deciding to provide in the books for the Income-tax deduction under dispute. The members may refer to Note 18 (Notes to Accounts-Schedule 'Q') for further details.

**Technical Know-how**

During the year, the Company obtained the Technical Know-how for the first phase assembly and testing for Servocom Steering Gears.

**Opportunities/ Outlook for the Company**

The revival of the Indian economy in general, and the ongoing investment in infrastructure sector, mainly highways, in particular, and more recognition for the use of Power Steering Gears, to ensure safety and comfort in driving, by the regulatory authorities and the customers, are the factors that augur well for the future growth of the Company. With the road infrastructure getting better, which will facilitate efficient road transportation, continued growth in the demand for buses and trucks is expected. The Company also plans to introduce new products.

In view of the good monsoon forecast and depleted inventory of Tractors with the manufacturers/ dealers, we expect that demand for Mechanical Steering Gears will also improve.

**Expansion and Capital Expenditure**

In order to take advantage of the improved market situation and to maintain the growth momentum, the Company has decided to enhance the Installed capacity of the Power Steering Gears from 61,600 to 120,000 p.a. The Company has chalked out the Expansion project with the capital outlay of Rs. 320 million, which will be funded mainly from the internal accruals/ surplus funds parked by the Company.

**Threats, Risks and Concerns the Management perceive**

- Cost increase for basic materials like steel/ pig-iron etc. has a major impact on the Company's input costs.
- Due to frequent steel price revisions, availability of components, in right quality and at right time from the vendors is a constant cause of concern.
- The Automobile industry is a cyclical industry. It is very difficult to predict when the tide changes.
- As mentioned in our last Report, the preference is shifting towards multi-axle/ higher tonnage commercial vehicles, thereby restricting the numerical growth of commercial vehicles.
- The next few years are likely to see increasing international competition and increasing expectations of customers as they get more options.

### Collaborators

The Collaborators, ZF Lenksysteme, Germany (ZFLS) had a subsidiary, ZF Beteiligungsgesellschaft (ZFBTL) which was holding 1,170,000 shares of ZF India. As a part of restructuring, ZFBTL has been merged with the holding company - ZFLS, and consequently, ZFLS is now holding the shares of ZF India.

### Internal Control System

The Company has an adequate system of internal controls commensurate with its size and nature of business to ensure adequate protection of the Company's resources, efficiency of operations, check on cost structure and compliance with the legal obligations and the Company policies and procedures.

### Human Resource Development

Various steps have been taken for improving the performance of employees.

During the year, 11 training programmes (8 external and 3 internal) covering over 297 Training man-days were covered. The effects of training are being felt and have resulted in higher morale and motivation. We expect to continue the customized development programmes to individual employees during the year as well.

Industrial relations continued to be cordial. The total number of employees as on March 31, 2004 was 607.

### 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.

### Transfer to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the amount of dividend lying with the Company as unpaid or unclaimed for a period of seven years from the date they became due for payment, is required to be transferred to the Investor Education and Protection Fund set up by the Central Government. Accordingly, a sum of Rs. 41,805 was transferred during the year ended March 31, 2004 to the Investor Education and Protection Fund of the Central Government in respect of dividend lying with the Company as unclaimed.

### Voluntary De-listing from Pune Stock Exchange

Presently, the Company's Equity Shares are listed on the following Exchanges:

The Stock Exchange, Mumbai (BSE)

Pune Stock Exchange Ltd. (PSE)

The trading volumes on PSE have been nil/ negligible over the last three years. As such, continued listing does not result in the desired and commensurate benefit to the investors. In view of this and to reduce the recurring costs and administrative work for the Company, it is proposed to voluntarily de-list the Equity Shares of the Company from the Pune Stock Exchange. The shares will continue to be listed on the Stock Exchange, Mumbai (BSE). With the nation-wide and extensive network of trading terminals of BSE, investors have access to the online dealings in the Company's shares and therefore, the proposed de-listing of the Company's Shares will not affect the investors adversely. Necessary Resolution for the proposed voluntary de-listing forms part of the Notice of the Annual General Meeting and is recommended for your approval.

### DIRECTORS

Mr. Werner Speier, nominee Director of our Collaborators, ZF Germany, resigned from the Directorship of the Company with effect from July 17, 2003. The Board places on record its appreciation for the invaluable contribution and support extended by Mr. Werner Speier during his association with ZF India.

In place of Mr. Werner Speier, ZF Germany has nominated Mr. Ludwig Rapp. Mr. Rapp has been appointed as a Director of the Company with effect from July 17, 2003.

Mr. Manish Motwani, Dr. Dinesh Bothra and Dr. Wolfgang Zeitz, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. Sushen Gupta has been appointed as Additional Director and will hold office up to the date of the ensuing Annual General Meeting and he is 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, 2004 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 as at March 31, 2004 and of the profit of the Company for the year ended on that date.
- 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; and
- iv) That the Directors have prepared the accounts for the financial year ended March 31, 2004 on a 'going concern' basis.