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Annual Report

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ZF STEERING GEAR (INDIA) LIMITED.





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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

Dr. Dinesh Bothra

Walter Salvasohn

Ludwig Rapp

Sushen Gupta

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@zfindia.com

SHARE TRANSFER AGENTS

M/s. Intime Spectrum Registry Ltd.,
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West)
Mumbai- 400 078
Telephones: 022-5555371/454
Fax: 022- 5555353
E-mail: isrl@vsnl.com

COMPANY SECRETARY

Satish Mehta

**NOTICE**

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

Day : Saturday

Date : July 30, 2005

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, 2005 together with the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. A. H. Firodia-Chairman, who retires by rotation, and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Abhay Firodia, who retires by rotation, and is eligible for re-appointment.
5. To appoint a Director in place of Mr. B. N. Deshmukh, 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 an Ordinary Resolution:
"RESOLVED THAT Mr. Ludwig Rapp, 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. Werner Speier 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."
8. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:
"RESOLVED THAT the authorized Share Capital of the Company be, and is, hereby increased from Rs. 5,00,00,000/- (Rupees Five crore) to Rs. 10,00,00,000/- (Rupees Ten crore) by creation of further 50,00,000/- (Fifty lac) Equity shares of Rs. 10/- (Rupees Ten) each."
9. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company relating to the Share Capital be and is hereby altered by deleting the same and by substituting in place and stead thereof the following new Clause V.

Clause V

The Authorized Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten crore) divided into 1,00,00,000 (One crore) Equity Shares of Rs. 10/- (Rupees Ten) each with powers to increase the capital from time to time and divide the shares of the original or any increased capital into several classes and to attach thereto respectively, such preferential, qualified or special rights, privileges or conditions as regards capital, dividends, voting or otherwise as the regulations of the Company, as originally framed or altered by Ordinary Resolutions shall, for the time being prescribe and determine."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by deleting existing Article 4 and by substituting in place and stead thereof the following Article 4.

Article 4

The Authorized Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten crore) divided into 1,00,00,000 (One crore) Equity Shares of Rs. 10/- each with powers to increase the capital from time to time and divide the shares of the original or any increased capital into several classes and to attach thereto respectively, such preferential, qualified or special rights, privileges or conditions as regards capital, dividends, voting or otherwise as the regulations of the Company as originally framed or altered by Ordinary Resolutions shall, for the time being prescribe and determine."

11. 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 applicable provisions of the Companies Act, 1956 and the Articles of Association of the Company and in accordance with the guidelines issued by the Securities Exchange Board of India (SEBI) and subject to such other necessary approvals, if any required, and pursuant to the recommendation of the Board of Directors of the Company, an aggregate sum not exceeding Rs. 4,53,66,500/- (Rupees Four crore fifty three lac sixty six thousand five hundred only) drawn out of the Company's Securities Premium Account and/ or such accounts as are permissible to be utilized for the purpose, be and is hereby capitalized and the sum not exceeding Rs. 4,53,66,500/- (Rupees Four crore fifty three lac sixty



six thousand five hundred only) be transferred to Share Capital and be applied for issue and allotment of Equity Shares not exceeding 45,36,650 (Forty five lac thirty six thousand six hundred fifty only) of Rs. 10/- (Rupees Ten) each as Bonus Shares credited as fully paid-up, to the Members of the Company holding Equity Shares of Rs. 10/- (Rupees Ten) each, whose names stand on the Company's Register of Members on such date ('Record Date') as the Board may determine, in the proportion of 1 (One) fully-paid Equity Share of Rs. 10/- (Rupees Ten only) for every 1 (One) Equity Share of Rs. 10/- (Rupees Ten only) held as on the Record Date and that the new Bonus Shares so issued and allotted shall be treated for all purposes as an increase of the Nominal amount of the Equity Share Capital of the Company held by each such member and not as income and the said Equity Shares be issued and allotted, inter-alia on the following terms & conditions:

- (a) The new Equity Shares of Rs. 10/- (Rupees Ten only) each to be issued and allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects with, and carry the same rights as the existing Equity Shares of the Company, except that they shall not be entitled to any dividend declared or paid prior to the date of allotment.
- (b) No Letters of Allotment shall be issued for the Bonus Shares and the Share Certificates in respect thereof shall be delivered within Three months/ statutory period from the date of their allotment or in case the shares are held in demat form, the Bonus Equity Shares will be credited to the demat account of beneficiary member within the permitted time.
- (c) The issue and allotment of fully-paid new Equity Shares as Bonus Shares to the extent that they relate to non-residents shall be subject to the approval of Reserve Bank of India under the Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force).

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, and for removal of any difficulty or doubt, the Board (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this Resolution) be, and is, hereby authorized to do all such acts, deeds, matters and things as may, in its absolute discretion deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to the issue and allotment of Bonus Shares as aforesaid or any other matters incidental or consequential thereto."

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

Pune
May 28, 2005

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 Explanatory Statement setting out the material facts in respect of the special business under item Nos. 7 to 11 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, 2005 to July 30, 2005 (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. Members 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 Gymkhana, Pune- 411004.

- 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 1996-97 has been transferred to the Investor Education and Protection Fund of the Central Government. Unclaimed dividend for financial years 1997-98 and thereafter is still lying with the Company. Shareholders who have not yet en-cashed the dividend warrants for financial years 1997-98 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. A. H. Firodia, Mr. Abhay Firodia, and Mr. B. N. Deshmukh, 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. A. H. Firodia** has been associated with the Company since March 26, 1996. Mr. A. H. Firodia, 62, is B-Tech with distinction in Electrical Engineering from IIT, Mumbai. He is also MS in Electrical Engineering from Massachusetts Institute of Technology and MS in Management from Sloan School of Management, USA. He had bright academic career and was recipient of several Gold Medals and Merit Certificates. He has rich experience of over 36 years in Automobile Industry. He has also won many awards including 'Pimpri-Chinchwad Bhushan' from Pimpri-Chinchwad Municipal Corporation.

Chairmanship held in other Companies are:

- ♦ Kinetic Motor Company Ltd.
- ♦ Kinetic Engineering Ltd.
- ♦ Jaya Hind Sciaky Ltd.
- ♦ Kinetic Communications Ltd.
- ♦ Kinetic Marketing & Services Ltd.
- ♦ Ajinkya Holdings Pvt. Ltd.
- ♦ Kinetic Escalator & Elev. Ltd.
- ♦ JHS Taigene Electrical Co. Pvt. Ltd.
- ♦ Kaygee Auto Products Pvt. Ltd.

- (b) **Mr. Abhay Firodia**, 60, is B.A. (Hons.) and has an experience of about 37 years in the Automobile

Industry. He has been associated with various Corporate Bodies/Commerce Bodies.

He is associated with the following companies:

- ♦ Force Motors Limited : Chairman & Managing Director
- ♦ Jaya Hind Industries Limited : Chairman & Managing Director
- ♦ Dhoot Compack Limited : Director
- ♦ Sudarshan Chemical Industries Limited : Director
- ♦ Bharat Hotels Limited : Director
- ♦ Dhoot Industrial Finance Limited : Director
- ♦ RAN Chemicals Private Limited : Director
- ♦ Prasanna Holdings Private Limited : Director
- ♦ Jaya Hind Investments Private Limited : Director
- ♦ Dhanna Engineering Private Limited : Director

He is a Member in the following associations:-

- ♦ Automotive Research Association of India (ARAI)
- ♦ Indo-German Chamber of Commerce (IGCC)
- ♦ Confederation of Indian Industry (CII)
- ♦ Society of India Automobile Manufacturers (SIAM)
- ♦ Maharashtra Chamber of Commerce, Industries & Agriculture (MCCIA)
- ♦ Automotive Components Manufacturers' Association (ACMA)

- (c) **Mr. B. N. Deshmukh**, 86, M.A., LL.B. retired as Chief Justice of Bombay High Court. Mr. Deshmukh has been actively associated with various educational and cultural activities. He is the founder member and Chairman Advisory Committee of Symbiosis Law College beside the President to the Maharashtra Technical Education Society and Walchand College of Engineering at Sangli. He is the Executive Chairman of Dnyanprabodhini, Pune. He is not holding the position of Director in any other company.

- (d) **Mr. Ludwig Rapp**, 48, nominee-director from ZFLS Germany, the foreign collaborator, holds a degree in Engineering and Economics. He joined ZFLS Germany in 2002. Mr. Rapp is Vice President-Heavy Trucks Steering at ZFLS Germany. Mr. Rapp has rich experience in the field of engineering and logistics. He has also worked in the position of General Manager at Elring Klinger - plant Dettingen. Mr. Rapp has also worked for Standard Lorenz AG, Mannheim. Mr. Rapp is also Director in ZF Heavy Duty Steering Canada.



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

ITEM No. 7:

The Board of Directors of the Company appointed Mr. Ludwig Rapp as a Director of the Company on July 17, 2003, to fill the casual vacancy caused by resignation of Mr. Werner Speier. 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. Ludwig Rapp is interested in this Resolution.

ITEM No. 8, 9 & 10:

The present Authorized Share Capital of the Company is Rupees Five crore. The Board in the last meeting held on May 28, 2005 recommended issue of Bonus Shares in the ratio of 1:1, which will increase the total paid-up capital to Rs. 9,07,33,000/- of the Company. It is proposed to increase the authorized share capital to Rupees Ten crore by creating Fifty lac equity shares to enable the Company issue further capital.

Consequent upon the proposed increase of the Authorized Share Capital of the Company, the relevant clauses of the Memorandum of Association and Articles of Association of the Company are also required to be amended suitably. The resolutions are accordingly recommended for approval of the members.

None of the directors is interested in the Resolution.

ITEM No. 11:

During the last few years, there has been an impressive growth in the performance of your Company and consequently significant addition to the free reserves. Your Company has accumulated reserves of Rs. 4979.33 lac as on March 31, 2005.

Your Directors have the pleasure in proposing the issue of Bonus Share in the proportion of one Bonus Equity share for one existing Equity share held by capitalizing Rs. 4,53,66,500/- (Rupees Four crore fifty three lac sixty six thousand five hundred only) from the Company's Securities Premium Account and/ or such accounts as per the audited accounts of the Company. The capitalization of the reserves is proposed to be applied in paying up in full at par Equity Shares of Rs. 10/- each and distributed as fully paid Bonus Shares to and amongst the Members of the Company, whose names shall appear in the Register of Members on such date as may hereafter be determined by your Board of Directors.

Allotment of Bonus Shares to the non-resident Members of the Company will be subject to the approval, if any, from Reserve Bank of India to whom application will be made in due course.

These Bonus Shares shall rank pari-passu in all respects with the existing fully paid Equity Shares, except that these Bonus Shares shall not be entitled to any dividend declared or paid prior to the date of allotment.

Requisite application will be made to the Bombay Stock Exchange where the existing shares of the Company are already listed for permission to deal in such Bonus Shares.

The resolution as set out in this Notice is placed before the Meeting for the approval of the Members.

None of the Directors of the Company is concerned or interested in this resolution except that the Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of securities that may be allotted to them or to the Companies/ Entities of which they are Directors and / or Members and / or beneficiaries.

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

Pune
May 28, 2005

Satish Mehta
Company Secretary

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Directors' Report

To the Members,

The Directors have great pleasure in presenting the Twenty Fifth Annual Report and Audited Accounts for the year ended March 31, 2005.

FINANCIAL RESULTS

(Rs. in Million)

| | <u>2004-2005</u> | <u>2003-2004</u> |
|--|---------------------|------------------|
| Sales (net) and other Income | 1793.6 | 1,286.9 |
| Profit before depreciation and tax | 399.9 | 253.3 |
| Depreciation | 89.1 | 51.5 |
| Provision for tax | 105.9 | 94.5 |
| Net Profit | 204.9 | 107.3 |
| Balance Brought Forward from previous year | 19.1 | 2.7 |
| Amount available for appropriation | <u>224.0</u> | <u>110.0</u> |

APPROPRIATIONS

| | | |
|--------------------------------|---------------------|--------------|
| General Reserve | 142.5 | 50.0 |
| Proposed dividend | 56.7 | 36.3 |
| Corporate Dividend Tax thereon | 8.0 | 4.6 |
| Balance Carried Forward | 16.8 | 19.1 |
| | <u>224.0</u> | <u>110.0</u> |

Dividend

The Directors are pleased to recommend a dividend of Rs. 10/- per Equity Share (100%) plus a special dividend of Rs. 2.50 per Equity Share (25%) on the occasion of the Silver Jubilee Year, totaling Rs. 12.50 per Equity Share (125%) on the paid-up share capital for the year ended March 31, 2005.

Bonus Shares

The Directors also recommend, subject to the consent of the Members at the ensuing Annual General Meeting, a bonus of one share for every share held (1:1) by those members whose names shall appear in the Register of Members on the Record Date to be decided by the Board later on.

Management's Discussion and Analysis Report

The economy witnessed a good GDP growth in 2003-04 at 8.2% and in 2004-05 at 6.9%. The growth in 2004-05 was being driven mainly by manufacturing which grew by 8.9%, fastest in the past 8 years. Inflation, however, remains an area of concern on account of volatility in crude oil prices. The Government's thrust on infrastructure has been yielding good results.

Your Company is into the manufacture and marketing of steering gears for commercial vehicles and tractor industry.

The Commercial Vehicles industry recorded a growth of 27%, producing 350,033 vehicles during 2004-05 compared to 275,040 vehicles in the previous year. Production of Tractors recorded 248,178 units against 190,833 in 2003-04, a 30% increase.

Review of Operations

The year 2004-05 was a landmark year for the Company in which our business scaled new peak. With external environment also supporting, the Company has posted higher turnover and profits. During the year under the review, your Company sold 87,149 **Power Steering Gears (PSG)** and 76,791 **Mechanical Steering Gears (MSG)** compared to 59,546 PSG and 63,909 MSG in the previous year.

Operating Results of the Company

Sales

The total sales (including Excise) amounted to Rs.2,018 million as against Rs. 1,437 million in the previous year. The Company was able to register a healthy growth of 40 % in Sales.

Other Income

With rise in investment-income, Other Income registered a rise of 11% to Rs. 41.3 million from Rs. 37.3 million.

Profitability

Profit Before Tax for the year substantially improved to Rs. 311 million from Rs. 202 million in the previous year in view of higher sales and all-round efficiency in the operations. Despite rising metal prices, mainly of steel, the costs were kept in control with the help of import-substitution of some critical components.

Opportunities/ Outlook for the Company

The overall growth of the Indian economy, higher industrial growth, infrastructure investment etc. auger well for the Company's business. The demand for Power Steering Gears should grow in line with growth in Commercial Vehicles segment.

The Company is developing Rack & Pinion Power Steering for small passenger cars. A tripartite Development Contract has been entered into with ZF Germany and ZF Shanghai. The first phase assembly and testing is expected to begin in last quarter of this fiscal. The contribution, from Rack & Pinion Power Steering Gears, to the revenue will not be significant in first few years.

The demand for Mechanical Steering Gears of the Company may not grow significantly in the current-year, as the Tractor industry, after achieving around 30% growth in 2004-05, is expected to consolidate/ grow marginally.

Expansion and Capital Expenditure

The Company has expanded its installed capacity of Power Steering Gears from 61,600 to 120,000 per annum during 2004-05. In the current year, the Company is planning another expansion of 30,000 Power Steering Gears which will enhance its installed capacity to 150,000. This expansion too, will be funded from the internal accruals.



Threats, Risks and Concerns the Management perceive

- The Indian commercial vehicle industry has seen a three-year growth run. It may set into consolidation phase.
- Competition from imported steering gears, particularly from China, may eat into margins and volumes.
- Cost increase for basic materials like steel/ pig-iron etc. has a major impact on the Company's input costs.
- Availability of components, in right quality and at right time from the vendors is a constant cause of concern.
- Preference towards multi-axle/ higher tonnage commercial vehicles restricts the numerical growth of commercial vehicles.
- Customers' preference shifting from mere product supply to integrated system supplies.

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

Human capital is an extremely important and strategic resource of the Company. This resource has immensely contributed to the Company's growth over the years. Various steps have been taken for improving the performance of employees. During the year, 29 training programmes (15 external and 14 internal) covering over 300 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, 2005 was 727.

Cautionary statement

The Management's Discussion and 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. 45,878.44 was transferred during the year ended March 31, 2005 to the Investor Education and Protection Fund of the Central Government in respect of dividend lying with the Company as unclaimed.

Voluntary De-listing

In accordance with the approval granted by the shareholders, the Company has got its equity shares voluntarily de-listed from the Pune Stock Exchange Ltd. (PSE).

The Company's equity shares, however, continue to be listed on Stock Exchange, Mumbai (BSE), which has nation-wide trading terminals.

Directors

Mr. Ludwig Rapp was appointed as a Director on July 17, 2003 to fill the casual vacancy caused by the resignation of Mr. Werner Speier and will hold office up to the date of forthcoming Annual General Meeting and he is eligible for re-appointment. The Company has received a notice proposing his candidature for the directorship of the Company.

Mr. A. H. Firodia, Mr. Abhay Firodia and Mr. B. N. Deshmukh, Directors 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:

- That in the preparation of the accounts for the financial year ended March 31, 2005 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- 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, 2005 and of the profit and of the Company for the year ended on that date.
- 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
- That the Directors have prepared the accounts for the financial year ended March 31, 2005 on a 'going concern' basis.