

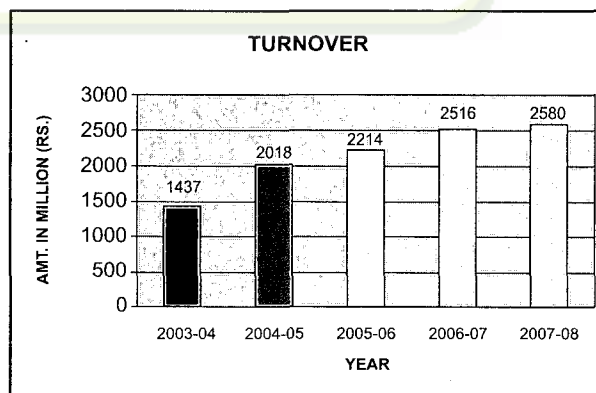
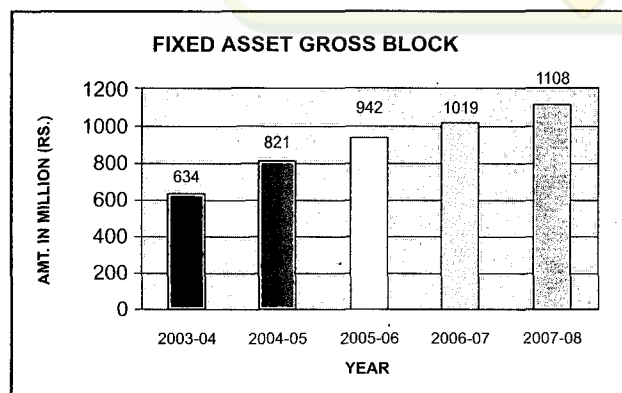
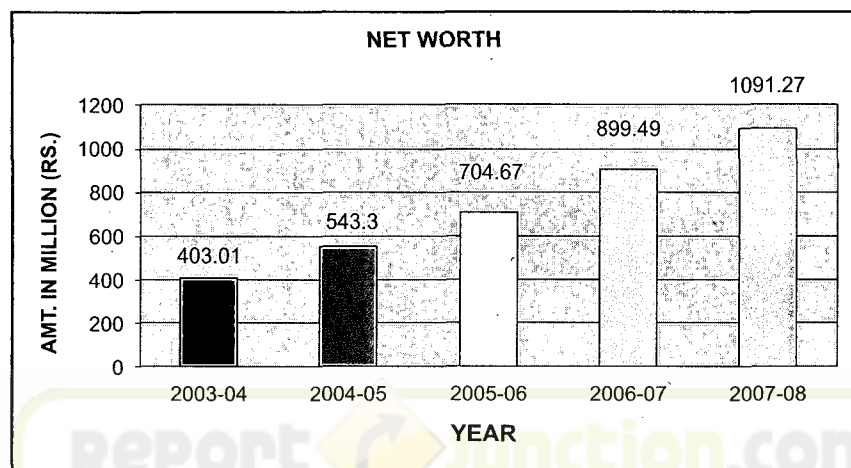
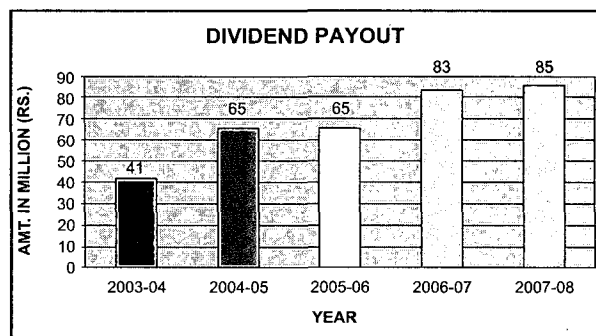
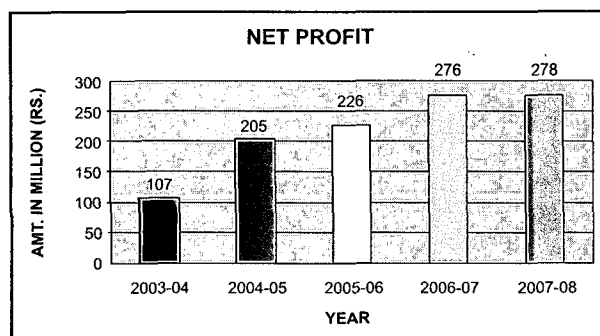
Steering Success with Safety

ZF STEERING GEAR (INDIA) LIMITED

28th Annual Report 2007-2008



5 Year Highlights



CONTENTS

General Information	1
Notice	2-5
Directors' Report	6-9
Corporate Governance & Shareholder Information	10-15
Auditors' Report	16-17
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement	20
Schedules A to O	21-26
Schedule P - Notes to Accounts	27-33
Proxy Form / Attendance Slip	35



BOARD OF DIRECTORS

Chairman

A. H. Firodia

Managing Director

Dinesh Munot

Jt. Managing Director

Jinendra Munot

Executive Director

Utkarsh Munot

Non-Executive Directors

D. S. Bomrah

Dr. Wolfgang Zeitz

Abhay Firodia

Manish Motwani

Dr. Dinesh Bothra

Walter Salvasohn

Ludwig Rapp

M. L. Rathi (w.e.f 27.05.2008)

B. N. Deshmukh
(passed away on 24.01.2008)

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.

REGISTERED OFFICE & WORKS

Gat Nos. 1242 & 12 44

Village Vadu Budruk,

Taluka Shirur, Dist. Pune-412 216

Maharashtra.

CORPORATE OFFICE

601-602, MCCIA Trade Tower,

International Convention Centre, 'A' Wing

403-A, Senapati Bapat Road,

Pune - 411 016.

Telephones : 020-3021 1600

Fax : 020 - 3021 1699

E-mail : satish.mehta@zfindia.com

SHARE TRANSFER AGENTS

M/s. Intime Spectrum Registry Ltd.,

Block No. 202, A Wing, 2nd Floor,

Akshay Complex, Off Dhole Patil Road,

Pune - 411 001.

Telephone : 020 - 2605 3503

Fax : 020 - 2594 6969

E-mail : isrl@vsnl.com

COMPANY SECRETARY & DGM - FINANCE

Satish Mehta



NOTICE

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

Day : Wednesday

Date : July 30, 2008

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, consider and adopt the Audited Balance Sheet as at March 31, 2008 and the audited Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Ludwig Rapp, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Abhay Firodia, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. D. S. Bomrah, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to authorize the Board 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 in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force), read with Schedule XIII thereto, and subject to such sanctions as may be necessary, the Company hereby accords its approval to the re-appointment of Mr. Jinendra Munot as Jt. Managing Director of the Company for a further period of five years w.e.f from April 1, 2008, on the terms and conditions, including those relating to remuneration, as set out under Item No. 7 of the Explanatory Statement annexed to this Notice."

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. M. L. Rathi, who was appointed by the Board of Directors of the Company, as a Director to fill the casual vacancy on the Board, caused by the death of Mr. B. N. Deshmukh and, who holds office up to date of this Annual General Meeting by reason of Section 262 of the Companies Act, 1956 (the Act), but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

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

Pune
May 27, 2008

Satish Mehta
Company Secretary

**Notes:**

- 1) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out the material facts in respect of special business under item Nos. 7 & 8 is annexed hereto.
- 2) **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 at its Registered Office not less than 48 hours before the Annual General Meeting.
- 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 Exchange), are annexed to the Notice.
- 4) The Register of Members and Share Transfer Books of the Company will remain closed from July 24, 2008 to July 30, 2008 (both days inclusive).
- 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., Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune-411 001.
- 7) 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.
- 8) Pursuant to provisions of Section 205 of the Companies Act, 1956, all unclaimed/ unpaid dividends up to and including the financial year 1994-95, have 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-411 004.

- 9) Pursuant to provisions of Section 205 A 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 dividends for the financial years 1995-96 to 1999-2000 have been transferred to the Investor Education and Protection Fund of the Central Government. Unclaimed dividend for financial years 2000-01 and thereafter is still lying with the Company. Shareholders who have not yet en-cashed the dividend warrants for financial years 2000-01 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.

Explanatory Statement

As required by Section 173 of the Companies Act, 1956, in respect of the Items of Special Business in this Notice.

Item No. 7 : The Board of Directors of the Company at their meeting held on January 30, 2008, re-appointed Mr. Jinendra Munot as Jt. Managing Director of the Company for a further period of 5 years with effect from April 1, 2008.

A brief-profile of Mr. Jinendra Munot has been given separately as part of the Notice.

The terms and conditions of his appointment, including those relating to remuneration, are as given hereunder:

Tenure: For a period of five years with effect from April 1, 2008.

Remuneration:

- (a) **Salary:** Rs. 2,60,000/- (Rupees Two lakh Sixty Thousand) per month, with annual increment of 10%, effective April 1, each year.
- (b) **Commission:** Mr. Jinendra 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, Mr. Jinendra Munot will also be entitled to the following perquisites.
 - i) **Housing:** 60% of the Salary will be paid to Mr. Jinendra Munot as Housing Allowance per month.
 - ii) **Stock option:** Participation to employee stock option scheme, as may be evolved by the Company from time to time.



- iii) **Medical Reimbursement:** Reimbursement of medical expenses including hospitalization and surgical charges incurred in India and abroad for Mr. Jinendra Munot and his family as may be approved by the Board of Directors or as per the rules of the Company.
- iv) **Leave Travel Concession:** Leave travel concession for Mr. Jinendra Munot and family once in a year incurred in accordance with the rules specified by the Company.
- v) **Club Fees:** Reimbursement of membership fee up to 2 (two) clubs, including admission and life membership fee.
- vi) **Personal Accident Insurance:** Personal Accident Insurance Policy as per the rules of the Company.
- vii) **Hospitalisation Insurance:** Hospitalisation Insurance for self and family as per actual.
- viii) **Provident Fund & Superannuation Fund:** Company's Contribution to Provident Fund/ Special Salary in lieu thereof, in accordance with the rules of the Company.
- ix) **Gratuity :** Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- x) **Leave :** Leave with full pay or encashment as per the rules of the Company.
- xi) **Other Perquisites :** Subject to overall ceiling on remuneration mentioned herein below, the Jt. Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may from time to time decide.
- (d) **Amenities :** Provision of Car: The Company shall provide car/s with chauffeur for official as well as personal purposes. Communication facilities: Telephone/ Telefax and other suitable communication facilities at the residence.
- (e) **Overall Remuneration:** The aggregate of salary, commission 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.
- (f) **Minimum Remuneration :** In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, commission and perquisites shall be governed by the limits prescribed under the Section II of part II of Schedule XIII to the Companies Act, 1956.

Other Terms & Conditions :

- 1) As long as Mr. Jinendra Munot functions as Jt. Managing Director of the Company, no sitting fee will be paid to him for attending the Meetings of the Board of Directors or Committee hereof.
- 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.

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

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

Item No. 8

At the Meeting held on May 27, 2008, the Board of Directors had appointed Mr. M. L. Rathi, as a Director to fill the casual vacancy, caused due to the death of Mr. B. N. Deshmukh, pursuant to Section 262 of the Companies Act, 1956.

A brief-profile of Mr. M.L. Rathi, has been given separately as part of the Notice.

None of the Directors of the Company, except Mr. M. L. Rathi is interested in this Resolution.

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

Pune
May 27, 2008

Satish Mehta
Company Secretary

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INFORMATION REQUIRED TO BE FURNISHED UNDER THE CORPORATE GOVERNANCE CODE :

Appointment/ Re-appointment of Directors

At the ensuing Annual General Meeting, Mr. Ludwig Rapp, Mr. D.S. Bomrah and Mr. Abhay Firodia retire by rotation and are eligible for re-appointment. Mr. Jinendra Munot is being re-appointed as Jt. Managing Director of the Company for 5 years with effect from April 1, 2008. Mr. M. L. Rathi is being appointed as Director liable to retire by rotation. The information/ details to be provided for the aforesaid Directors under the Corporate Governance Code are as under:



(a) **Mr. Jinendra Munot, 56** is BE (MIE). He obtained Masters of Science degree in Mechanical Engineering from University of Washington, U.S.A. He joined ZF India as General Manager in February 1986. From November 1988 to March 2003, he held the position of Executive Director in the Company. Since April 2003, he has been redesignated as Jt Managing Director of the Company. He has over 30 years of experience in the automobile industry in various capacities.

Directorship held in other Companies are:

The Modern Foundry & Machine Works Ltd.

Varsha Forgings Ltd.

Prima- Feintechnik Pvt. Ltd.

Jaya Hind Investments Pvt. Ltd.

(b) **Mr. Ludwig Rapp, 51**, 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 Director in ZF Heavy Duty Steering, Canada.

(c) **Mr. Abhay Firodia, 63**, is B.A. (Hons.) and has an experience of about 40 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 Pvt. Limited	: Director
Prasanna Holdings Pvt. Limited	: Director
Jaya Hind Investments Pvt. Limited	: Director
Dhanna Engineering Pvt. Limited	: Director

He is Member in 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)
Maharatta Chamber of Commerce, Industries & Agriculture (MCCIA)
Automotive Components Manufacturers' Association (ACMA)

(d) **Mr. D. S. Bomrah, 72**, is a Mechanical Engineer. He is the member of the Society of Engineers- U.K, and SAE International. He has vast knowledge and experience in Automobile Engineering. He has held Senior Positions in well known Indian Industry like Telco, Hindustan Motors Machine Tools India, Jayahind Sciaky, Kinetic Engineering, Kinetic Motor Company.

Mr. Bomrah is also the Chairman in Ravjeet Engineering Specialities Pvt. Ltd.

(e) **Mr. M. L. Rath, 68**, is B.Sc from Pune University and diploma-holder in Mechanical Engineering from Cusrow Wadia Institute, Pune. He is also graduate from 'The Quality College' Florida, U.S.A. He did his special training in the Power Transmission Products at Lovejoy Inc. U.S.A. and in Couplings from Bibby Company, U.K. He is a successful entrepreneur and has launched projects in the fields of power transmission, engineering, finance etc. He is an active member of Rotary Club of Pune since 1972. His company, Rath Transpower Pvt. Ltd., is the first power transmission company in India to secure ISO 9001 Certification in 1993.

Chairmanship/ Directorship held in other companies are:

Rath Transpower Pvt. Ltd.	: Chairman & Managing Director
Polybond India Pvt. Ltd.	: Chairman
Lovejoy Finance Pvt. Ltd.	: Chairman
Marathwada Chemicals India Pvt. Ltd.	: Chairman
Rath Turboflex Pvt. Ltd.	: Managing Director
Rath Australia Pvt. Ltd. Australia	: Managing Director
Suvion Products Pvt. Ltd.	: Director
Rath Polybond Pvt. Ltd.- Australia	: Director
Toshbro. Pvt. Ltd.	: Director
Rath Dye Chem Pvt. Ltd.	: Director
Rath Engineering Services	: Managing Partner

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Directors' Report

To the Members,

The Directors are pleased to present the Twenty Eighth Annual Report and Audited Accounts for the year ended March 31, 2008.

FINANCIAL RESULTS

(Rs. in Million)

	2007-2008	2006-2007
Sales (net) and other Income	2301.0	2234.1
Profit before depreciation and tax	503.2	507.4
Depreciation	104.4	97.0
Provision for tax	120.3	134.8
Net Profit	278.5	275.6
Balance Brought Forward from Previous year	31.0	18.2
Amount available for appropriation	309.5	293.8
APPROPRIATIONS		
General Reserve	200.0	180.0
Dividend and Tax thereon	84.9	82.8
Balance Carried Forward	24.6	31.0
	309.5	293.8

Dividend

Your Directors recommend payment of a dividend at the rate of Rs. 8/- per share (80 %) for the year ended March 31, 2008.

Management Discussion and Analysis Report

A combination of factors such as strong macroeconomic fundamentals, rich reservoir of intellectual manpower and the outsourcing boom, have transformed India into a globally competitive force. India, Asia's third largest economy, has averaged 8.6 % growth a year for the past five years, which is indeed commendable. But the present deterioration in global macro environment, its impact on financial flows coupled with tight domestic financial environment may not permit this growth-level to sustain at present level. Slowing growth and high inflation may lead to sub-8 % level of growth in 2008-09. The resilience of Indian economy will be severely tested on account of high import bill on back of high crude and other commodity prices together with global turmoil due to threat of American economy recession. Indian inflation number being well above the official target-rate, the inflation-management will remain on top of the agenda of the government. There are signs emerging of slowdown and deceleration in consumption and investment-growth. The year 2007-08, in a way, was a watershed year for the Indian automobile sector with leading global brands

making their entry into the Indian market and Indian companies going for acquisition of global automobile companies. India is poised to emerge as a major manufacturing as well as export base for the automobile companies across the world. However, the actual year-on-year sales in auto industry as a whole have gone down in 2007-08. The slowdown has been due to high interest rates and poor availability of retail finance (95 % of the commercial vehicles are financed) and a slowing economy. In current year's budget the government has cut down the basic excise rate from 16% to 14%, which is encouraging for auto sector.

The total sale of Medium and Heavy Commercial Vehicles was 293,094 nos. in 2007-08 against 294,166 in 2006-07. The Light Commercial Vehicles recorded a growth of 13 % in number of vehicles sold. Tractor industry has shown negative growth of 2 % (figures available up to November 2007) while compared to corresponding period of last year, thereby affecting sale of our Mechanical Steering Gears.

Review of Operations

Despite lackluster performance of commercial vehicles segment and increased competition from cheaper Chinese products, your Company did well in maintaining and marginally enhancing its sales numbers. In the face of a challenging business environment wherein commodity prices are sky-rocketing (steel being the major raw-material for your Company), customers constantly forcing price-reductions (Chinese competition being the main factor) and wage-bill going up due to talent-crunch, it was a herculean task to maintain the sales-margin. With the help of import-substitution and value-engineering, the Company could just maintain the profitability.

Operating Results of the Company

Sales

During the year under the review, your Company sold 134,729 **Power Steering Gears** (PSG) and 87,374 **Mechanical Steering Gears** (MSG) compared to 124,811 PSG and 92,155 MSG in the previous year. The total sales (including Excise) amounted to Rs. 2,580 million as against Rs. 2,516 million in the previous year.

It may be recalled that in 2006-07, your Company had made a foray into Passenger Car segment by supplying Rack & Pinion Power Steering. During 2007-08, 2583 nos. of this steering gear were sold against a higher planned quantity, as some modifications in the design were desired by our customer.



Other Income

Other Income registered a rise of 9.70% to Rs. 75 million from Rs. 68 million thanks to higher dividends received during the year.

Profitability

Margins were under tremendous pressure due to rising commodity prices such as alloy steel thereby price-increase in forgings and castings at one end and at other end price-reductions the Company had to offer to its customers, as explained earlier.

Profit before Tax for the year marginally declined by 2.8 % to Rs. 398.8 million from Rs. 410.4 million in the previous year but with the help of lower Tax provision Profit After Tax has improved marginally from Rs. 275 million to Rs. 278 million.

Opportunities/ Outlook for the Company

Keeping in mind the concerns such as interest rate, inflation and commodity prices, all at higher level but also considering the government's thrust on infrastructure and industrial climate in the country reasonably buoyant, we remain cautiously optimistic about the prospects in 2008-09.

We are in a process of developing a few new products and are also working on different applications of the existing products on new models of commercial vehicles.

The Company expects good growth in Rack & Pinion Power Steering, which your Company has developed for Indica car.

Joint Venture

During the year, the Joint-Venture Company was incorporated in the name of ZF Lenksysteme India Private Limited. The Joint-Venture Company has also received the permission from the Foreign Investment Promotion Board of India (FIPB) in February 2008. Your Company has already subscribed to 26 % capital of that company. 74 % capital is being held by our Collaborators, ZF Lenksysteme, GmbH. Additional capital is being raised in the current year so as to start business activities therein.

This company will introduce new products in India in due course of time.

Expansion and Capital Expenditure

The Company has expanded its installed capacity of Power Steering Gears from 240,000 to 270,000 per annum and of Mechanical Steering Gears from 120,000 to 140,000 per annum, during 2007-08, at a capital-expenditure of approx. Rs. 80 million. The expansion has been funded from the internal accruals.

Threats, Risks & Concerns the Management perceive

- Steel and alloy steel forms the basic material for the manufacturing of our products. Steel prices in the past few years have appreciated significantly.
- Fear of global economic recession may slow down the industrial growth, auto sector too may be affected.
- The rise in interest-rate, crude prices and inflation has direct and indirect impact on auto industry.
- Customs duty on imports has come down significantly over the last few years and it is further expected to come down. This added with appreciation of rupee results into cheaper imports (from China) of steering gears by our customers thereby the Company is losing continually its market-share.

Internal Control System

The Company's existing system of internal controls is commensurate with its size and nature of business. Company's Internal control ensures reliable financial reporting, better utilization of Company's resources, effectiveness of operations, compliance with the legal obligations and the Company policies and procedures. The Company's audit committee also regularly reviews with the management, external and internal auditors the adequacy of internal control systems.

Human Resource Development

The Company has been continuously training its employees in the newer technologies. Some of the employees also receive advanced training in the ZFLS plants. Various steps have been taken for improving the performance of employees. During the year, 37 training programs (6 external and 31 internal) covering over 544 Training man-days were covered. We expect to continue the customized development programmes to individual employees during the year as well.

Industrial relations continued to be cordial and peaceful. The total number of employees as on March 31, 2008 was 793.

Cautionary statement

The Management 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 II to this Report.

Transfer to Investor Education and Protection Fund

The Company has transferred a sum of Rs. 77,824.50 during the year ended March 31, 2008 to the Investor Education and Protection Fund (IEPF) established by the Central Government, in compliance with Section 205C of the Companies Act, 1956. The said amount represents unclaimed dividend lying with the Company for a period of 7 years from its date of payment.

Dividend declared by the Company for the Financial Year 2000-01 is due for transfer to the IEPF on August 29, 2008.

Directors

Mr. B. N. Deshmukh passed away on January 24, 2008. Mr. Deshmukh was associated with the Company for almost 24 years. The Board records its sincere appreciation for the excellent guidance, contribution and valuable services rendered by Mr B. N. Deshmukh during his tenure as a director of the Company

Mr. M. L. Rathie has been appointed as a Director to fill the casual vacancy in place of Mr. B. N. Deshmukh. Mr. Rathie will hold office up to the date of forthcoming Annual General Meeting and he is eligible for re-appointment.

Mr. Jinendra Munot was re-appointed as Jt. Managing Director of the Company for a period of 5 years with effect from April 1, 2008. Mr. Jinendra Munot's appointment is placed before the shareholders for their approval at the ensuing Annual General Meeting.

Mr. Ludwig Rapp, Mr. Abhay Firodia, and Mr. D. S. Bomrah, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

The above appointments and re-appointments form part of the Notice of the 28th Annual General Meeting and the relevant Resolutions are recommended for your approval. Profiles of these Directors as required by Clause 49 of the Listing Agreement with the Stock Exchange, are provided in the Notice convening the Annual General Meeting of the Company.

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, 2008 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, 2008 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 on a 'going concern' basis.

Corporate Governance Report

Pursuant to Clause 49 of the listing agreement, a detailed report on Corporate Governance is given in Annexure - III along with the Auditors' Certificate on its compliance, which forms part of this report.

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 is attached as Annexure I.

Acknowledgement

The Board of Directors takes this opportunity to express their gratitude for the assistance and co-operation received from ZF Lenksysteme- the Collaborators, Banks, Government Authorities, Customers, Suppliers, Members and other Business Associates.

The Board also acknowledges the understanding and support shown by all its employees.

For and on behalf of the Board of Directors

Pune
May 27, 2008

Dinesh Munot
Managing Director

Jinendra Munot
Jt. Managing Director