



**WE HAVE TAKEN THE FIRST STEP
IN CREATING A GREEN WORLD...**



**ZF STEERING GEAR
(INDIA) LIMITED**

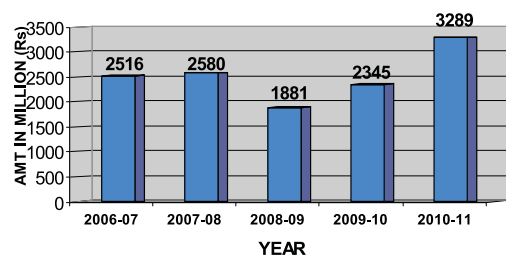
31st Annual Report 2010-11



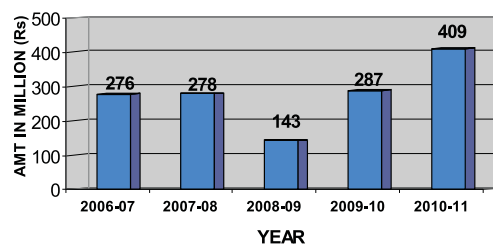
**TÜVRheinland®
CERT**
**ISO 14001
ISO/TS 16949**

5 Years Highlights

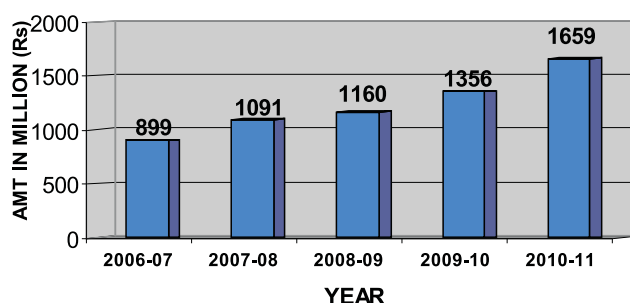
TURN OVER



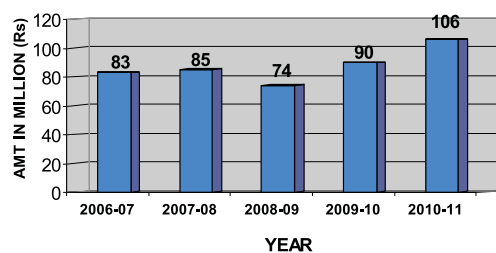
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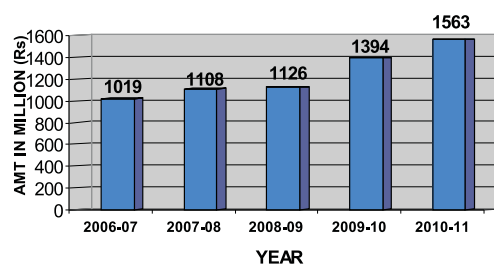
NET WORTH



DIVIDEND PAYOUT



FIXED ASSETS GROSS BLOCK



CONTENTS

General Information	1
Notice	2-4
Directors' Report	5-9
Corporate Governance and 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	27-34
Proxy Form / Attendance Slip	35

BOARD OF DIRECTORS

Chairman & Managing Director

Mr. Dinesh Munot

Jt. Managing Director

Mr. Jinendra Munot

Executive Director

Mr. Utkarsh Munot

Non-Executive Directors

Mr. D. S. Bomrah

Mr. Manish Motwani

Dr. Dinesh Bothra

Mr. Walter Salvasohn

Mr. Ludwig Rapp

Mr. M. L. Rathi

Dr. Hans Friedrich Collenberg

Mr. Shridhar S. Kalmadi

Mr. Ajinkya Arun Firodia

(w.e.f. July 14, 2010)

Mr. Klaus Traeder

(Alternate Director for Mr. Walter Salvasohn)

Mr. B. S. Iyer

(Alternate Director for Dr. Hans Friedrich Collenberg)

Mr. A. H. Firodia

(up to July 14, 2010)

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. MGM and Company

Chartered Accountants, Pune.

BANKERS

Bank of Maharashtra

Canara Bank

HDFC Bank Ltd.

YES Bank Ltd.

REGISTERED OFFICE & WORKS

Gat Nos. 1242 & 1244, 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
Tele : 020-3021 1600
Fax No: 020-3021 1699 .
E-mail : satish.mehta@zfindia.com

SHARE TRANSFER AGENTS

M/s. Link Intime India Pvt. Ltd ,
(Formerly Intime Spectrum Registry Ltd.)
Block No. 202, A Wing, 2nd Floor,
Akshay Complex, off Dhole Patil Road,
Pune- 411 001.
Tele : 020 - 2605 1629
Fax : 020 - 2605 3503
e-mail : pune@linkintime.co.in

COMPANY SECRETARY & DGM - FINANCE
Satish Mehta

NOTICE

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

Day : Wednesday

Date : July 27, 2011

Time : 4.00 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, 2011 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 note the payment of Interim Dividend and declare Final Dividend for the Financial Year 2010-11.
3. To appoint a Director in place of Mr. M. L. Rath, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Mr. Carl Magnus Backlund as Director to fill the vacancy to be caused by the retirement of Mr. Walter Salvason, who retires by rotation and, has expressed his inability to be re-appointed as Director of the Company.
5. To appoint a Director in place of Mr. Manish Motwani, 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 the following resolution as an Ordinary Resolution:
(Please refer to Note No. 11)

“RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter

referred to as “the Board” which term shall be deemed to include any Committee thereof) to create such Charges, Mortgages and Hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, to secure Rupee/ Foreign Currency Loans and Working capital facilities availed or proposed to be availed by the Company and securities (comprising fully/ partly convertible debentures, and/ or non-convertible debentures, with or without detachable or non-detachable warrants and/ or secured premium notes or other debt instrument) issued or to be issued by the Company, provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said Loans, shall not, at any time exceed the limit of Rs. 1250 million.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid.”

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

Satish Mehta

Company Secretary

May 26, 2011

Registered Office:
Gat No. 1242/44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune - 412 216.

Notes :

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies, in order to be effective, must be received by the Company at its Registered Office not less than 48 hours before the Annual General Meeting.

- 2) The Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business in the Notice 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 Agreement 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 20, 2011 to July 27, 2011 (both days inclusive) for the purpose of payment of dividend to those Members, whose names stand on the Register of Members as on July 27, 2011. The dividend in respect of Equity Shares held in electronic form will be payable to the beneficial owners of the Equity Shares as at the end of business hours on July 19, 2011 as per the 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. Link Intime India Pvt. 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 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 dividends for the financial years 1995-96 to 2002-2003 have been transferred to the Investor Education and Protection Fund of the Central Government. Unclaimed dividend for financial years 2003-04 and thereafter is still lying with the Company. Shareholders who have not yet en-cashed the dividend warrants for financial years 2003-04 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.

- 10) The Annual Report 2010-11 of the Company circulated to the Members of the Company, will be made available on the Company's website at www.zfindia.com and also on the website of the Bombay Stock Exchange at www.bseindia.com
- 11) **Item No. 7 is required to be passed by Postal Ballot and the relevant Postal Ballot Forms have already been sent.**
- 12) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrars and Transfer Agents, M/s. Link Intime India Pvt. Ltd.

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Raising of funds from time to time to meet the requirements of expansion/ diversification programme may require creation of a security by way of mortgage and/or charge on both movable and/or immovable assets of the Company, both present and future. Section 293 (1) (a) of the Companies Act, 1956, provides, inter alia that the Board of Directors of a Public Company shall not without the consent of such public company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company. The mortgage and/or charge to be created as aforesaid may be considered to be as disposal of the company's undertaking.

It is proposed to authorise the Board of Directors to create any security upto a limit of Rs. 1250 million.

Your approval is sought by voting by postal ballot in terms of the provisions of Section 192A and 293(1)(a) of the Companies Act, 1956 read with the provisions of the Companies (Passing of resolutions by Postal Ballot) Rules, 2001.

Directors of the Company recommend the resolution for the consideration and approval of the Members.

None of the Directors of the Company is in any way concerned or interested in this resolution.

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

Satish Mehta
Company Secretary

May 26, 2011
Registered Office:
Gat No. 1242/44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune - 412 216.

Important Communication to Members

The Ministry of Corporate Affairs has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail address, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send e-mail at sec@zfindia.com to update their e-mail address. These members are also requested to convert their physical holding to demat.

Profile of the Directors being appointed/ re-appointed as required under Clause 49 of the Listing Agreement entered into with the Stock Exchange

Particulars	Mr. M. L. Rathi	Mr. Carl Magnus Backlund	Mr. Manish Motwani
Date of Birth	13 th August, 1940	18 th March, 1974	2 nd October, 1967
Date of Appointment	27 th May, 2008	27 th July, 2011 (subject to approval at the 31 st Annual General Meeting)	23 rd June, 1998
Qualification	B.Sc from University of Pune Engineering from Cusrow Wadia Institute, Pune. Graduate of 'The Quality College' Florida, U.S.A	Diploma in Mechanical Engineering from the Royal Technical University, Stockholm, Sweden. Business Administration from SUNY, Albany, NY.	Masters degree in Computer Engineering from the University of Hawaii at Manoa. Bachelor of Engineering in Electronics & Communication from the Osmania University. Stanford Certificate in Engineering Management Science (EMS) from Stanford University.
Expertise in Specific Functional areas	1. Technical Knowledge in Couplings & Power Transmission Products 2. Export Promotion for these products 3. Overall Commercial Knowledge & Expertise.	He joined ZF Friedrichshafen AG in 1998 in the Commercial Vehicle and Special Driveline Technology Division and worked in different positions and plants in Europe. From 2008 until April 2011 he worked in the Corporate Development department of ZF Group. Since April 2011, he is Vice President-Corporate Development and Strategy at ZF Lenksysteme GmbH.	He has worked with Intergraph Corp., USA & Sun Microsystems, USA. Currently, he is holding the position of Managing Director in Kinetic Communications Ltd. and JHS Taigene Electrical Co. Pvt. Ltd. He is associated with the Company since 1998.
Other Directorships held in India	Rathi Transpower Pvt. Ltd. (Chairman & Managing Director) Polybond India Pvt. Ltd. Rathi Turbo Flex Pvt. Ltd. Lovejoy Finance Pvt. Ltd. Marathwada Chemicals India Pvt. Ltd. Rathi Dye Chem Pvt. Ltd. Suviron Products Pvt. Ltd. Toshbro Pvt. Ltd. Rathi Polybond Pvt. Ltd.	ZF Lenksysteme India Pvt. Ltd. (proposed)	Kinetic Communication Ltd. Jaya Hind Sciaky Ltd. Ducati Energia (India) Pvt. Ltd. JHS Taigene Electrical Co. Pvt. Ltd. Kinetic Hankuk Electricals & Electronics Pvt. Ltd. Chrysalis Casting Pvt. Ltd. Kinetic Hyundai Elevator & Movement Technologies Ltd.
Membership of Committees	Nil	Nil	Nil
No. of Equity Shares held in the Company	Nil	Nil	Nil

Directors' Report

To the Members,

The Directors are pleased to present the 31st Annual Report and Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

(Rs. in Million)

	2010-2011	2009-2010
Sales (net) and other Income	3080.9	2219.8
Profit before depreciation and tax	731.0	489.1
Depreciation	148.7	76.1
Provision for tax	173.3	130.7
Net Profit	409.0	282.3
Depreciation / Taxation written-back	0.1	4.3
Balance Brought Forward from Previous year	10.0	13.4
Amount available for appropriation	<u>419.1</u>	<u>300.1</u>

APPROPRIATIONS

General Reserve	300.0	200.0
Proposed Dividend and Tax thereon	52.7	52.9
Interim Dividend and Tax thereon	52.9	37.2
Balance Carried Forward	<u>13.5</u>	<u>10.0</u>
	<u>419.1</u>	<u>300.1</u>

Dividend

In November 2010, your Company had paid an interim dividend of Rs. 5 per share. Your Directors are now pleased to recommend a final dividend of Rs.5 per share for the year ended March 31, 2011. The total dividend for the year 2010-11 would accordingly be Rs. 10 per share as against Rs. 8.50 per share for the year 2009-10.

Management Discussion and Analysis Report

The Indian economy exhibited a broad-based recovery in 2010-11 and could regain its pre-crisis growth trajectory. Agriculture showed a rebound. Industry too, achieved its earlier momentum. Services sector continued its near double digit march.

One of the most favourite and highly tracked sector in any economy is the Auto sector given its importance to the economy. According to a recent report published by KPMG, the Auto sector has been a key driver of the Indian economy, accounting for around 4% of India's GDP. The sector is especially of interest, after it has emerged stronger from the recent global downturn, and sales across all segments have seen record breaking numbers in the recent past. The Indian Automobile sector has emerged as the 7th largest and fastest growing market in the world in 2010. India has become a favourite investment destination as an Auto Hub, and is expected to remain the same in the future, too. This has attracted a lot of foreign investment

along with higher competition, thus driving the domestic players to become more efficient.

The overall Commercial Vehicles segment registered a positive growth of 30 percent during April-March 2011 as compared to the same period last year. Passenger Vehicles including Passenger Cars segment during April-March 2011 grew over 24 percent over same period last year.

Review of Operations

Operating Results of the Company

Sales

Comparative quantitative figures of Sales are as under: (numbers)

Type	2010-11	2009-10	Growth
Power Steerings	180,639	121,342	49%
Mechanical Steerings	155,937	124,151	26%
Rack & Pinion	20,430	17,225	19%

Other Income

Other Income improved substantially from Rs. 59 million to Rs. 99 million in view of the better capital-market conditions for major part of the year.

Profitability

Raw Material cost as a percentage of sales was down by 2 % for the year due to lower commodity-prices, strong rupee and indigenization of some of the imported components. However, Employees' costs have gone up by 33 % over the previous year. Depreciation was higher at Rs. 149 million against Rs. 76 million (previous year) in view of the full year's depreciation on the 5 MW Wind Turbine Machines commissioned in March 2010. Consequently, Profit before Tax for the year was Rs. 582 million against Rs. 413 million in the previous year.

Earnings Per Share has jumped up from Rs. 31.59 to Rs. 45.09.

Renewable Energy – Wind Power Energy

As you are aware, the Company operates 7 Wind Turbine Machines, located at Satara and Ahmednagar, having aggregate capacity of 6.7 MW for its captive power consumption. The power generated out of these windmills is fed into Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) grid and the units so fed are deducted by MSEDCL in their bills raised on the Company's factory at Vadu Budruk. Total 6,510,888 units were generated in 2010-11 which constituted 73 % of the factory's consumption of power.

Outlook/ Opportunities for the Company

The automotive paradigm is shifting from Europe to Asia. Growing markets like India are increasingly becoming important and becoming primary markets for most European countries. SIAM (Society of Indian Automobile Manufacturers) have forecasted 18-21% growth for Light Commercial Vehicles, 16-18% growth for Passenger Cars, 12-14% growth for Utility Vehicles and 10-12% for Heavy Commercial Vehicles in 2011-12 over the previous year.

During 2010-11, your Company has added 3 important customers. Also, new steering types were developed for existing customers.

Automobile industry, however, is very interest-sensitive. Current inflation is threatening to plunge economy into crisis. Food-inflation remains a concern. Crude oil prices over \$100 a barrel and high metal prices could further accelerate inflation and interest-rates. RBI, through its recent policy-announcement, has manifested that the priority is to rein in headline inflation, even at the cost of lower growth going forward. This is a marked departure from their previous monetary-policy stance of supporting growth while containing inflationary pressures. The RBI has acknowledged that apart from higher global commodity prices, the single important risk may be higher oil prices. Although, prices of some of the metal prices have softened down in a last few days, there still remains an uncertainty. The focus has shifted from growth momentum to stability and anchoring inflation expectations. Economic growth is expected to moderate in the current year as monetary tightening takes effect.

Non-availability of adequate number of skilled manpower and increased wage bill are the constraints, every organization is facing today.

Despite these challenges, your Company remains positive about the near-term outlook.

Credit-Rating by ICRA

The Board is happy to announce that your Company got LA+ (adequate-credit-quality) for Term Loan and A1+ (highest-credit-quality) for working capital credit rating from ICRA.

Joint Venture (JV)

ZF Lenksysteme India Private Limited

During the year under report, additional capital, by way of Rights issue, has been raised by the JV Company in May 2010 and December 2010. Consequently, the paid-up capital of the JV Company now stands at Rs. 130 million. Your Company has subscribed to its entitlement, making its total investment in the JV Company to Rs. 33.8 million so far. Your Company's share of interest remains same at

26 % of the paid-up capital of the JV Company.

The JV Company has initiated necessary steps for acquiring the land and factory building on lease, in order to establish its assembly operations near Pune, in the current year.

Expansion and Capital Expenditure

Steering Gear Systems

By end of financial year 2010-11, the Company has expanded its installed capacity of Power Steering Gears to 3 lac units per annum and Mechanical Steering Gears to 2 lac units per annum at its existing factory at Vadu Budruk.

The Company has recently acquired a leasehold plot of land at MIDC Talegaon Industrial Area. The Company is examining various opportunities in respect of that plot.

Renewable Energy - Solar Power Project

The rising oil import bill has been the focus of serious concern due to the pressure it is exerting on the economy and the foreign exchange resources. It is also largely responsible for energy supply shortages. The need for harnessing renewable source of energy, has therefore, gained tremendous importance not only in order to meet the growing demand for energy but also for the fact that fossil fuels like coal, oil, petroleum products and other hydro carbons are fast depleting in the world and particularly in India.

The Indian Government is rightly giving thrust on the development of renewable energy to meet the energy demand of the country. In the 11th five-year plan, the Ministry of New and Renewable Energy (MNRE) has planned to increase the renewable energy capacity to 10% of the total energy mix in India by 2012. The projected increase in Solar capacity in India, can reduce India's carbon emissions by 2.5%, which is a tenth of 20-25% reduction, India volunteered at the international summit on Climate Change in Copenhagen. Indian Renewable Energy Development Agency (IREDA) has announced a number of financial and fiscal incentives for the development of Renewable Energy.

As continuous initiative for clean environment, your Company has been investing in Green Energy projects. Earlier, the Company has invested in Wind-Power projects. Your Company had applied for 5 MW Solar Project under the Gujarat Government's Solar Power Policy, as Solar radiation over Gujarat has maximum intensity in India and the average rainfall is scanty in most parts of the state, hence best suited for solar power generation. Gujarat Government selected very few companies, your Company being one of them. Your Company has adopted Thin Film Solar Photovoltaic

technology, after studying the factors like solar radiation, available area, temperature variation at site etc. This Project will enable your Company to generate clean energy, which will be a small contribution from your Company to the Government's clean energy drive and it will also help the Company in reducing Income Tax outgo in the current year and the next year.

Gujarat Government has committed to buy all the units generated from this project by way of a Power Purchase Agreement (PPA) signed by the Gujarat Urja Vikas Nigam Ltd. (GUVNL), by offering a special tariff of Rs. 15 per unit for the initial 12 years, starting from the date of commercial operation of the project and Rs. 5 per unit from the 13th year to 25th year.

The Project-Site is located in State run Solar Park in Charnka village, Santalpur Taluka, District Patan, Gujarat.

The total cost of the project is Rs.700 million, part of the funding will be by debt. We are happy to inform you that the Company has been able to effect a Financial Closure of the project, at a very attractive interest rate, considering the current high interest-rate regime.

Internal Control System

The Internal Control System of the Company is responsible for the financial reporting, assets, adherence to management policies and to conduct ethical conduct within the organization. The Company has independent Internal Auditors for conducting internal audits of the financial reporting and operations of the Company. 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 technical/ management skills. Various steps have been taken for improving the performance of employees. During the year, 30 training programs (2 external and 28 internal) covering over 150 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, 2011 was 909.

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. 159,840 during the year ended March 31, 2011 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.

Unclaimed Dividend for the Financial Year 2003-04 is due for transfer to the IEPF on September 18, 2011.

Unclaimed Share-certificates

Pursuant to the Securities and Exchange Board of India (SEBI)'s circular dated December 16, 2010 and the consequent amendment to the Listing Agreements, Letters have been sent by the Company's Registrar & Transfer Agent to 252 Members, whose share-certificates comprising 20,891 shares have remained unclaimed/ returned undelivered to the Company.

Directors

Mr. Walter Salvasohn, in view of his new assignment at ZF Shanghai Steerings, does not seek re-appointment at the ensuing 31st Annual General Meeting, when he is due to retire by rotation. The Board places on record its appreciation for the contribution made by Mr. Salvasohn during his tenure with the Company.

Mr. Magnus Backlund- Vice-President and Head of Corporate Strategy department, ZF Lenksysteme, GmbH, is proposed to be appointed in place of Mr. Salvasohn. Notice has been received from a member pursuant to Section 257 of the Companies Act, 1956 to this effect.

At the 31st Annual General Meeting, Mr. M L Rath, and Mr. Manish Motwani retire by rotation and being eligible, offer themselves for re-appointment.

The above appointment / re-appointments form part of the Notice of the 31st 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.

Corporate Social Responsibility

As a responsible citizen, your Company supports by way of regular Donations to 'Janwani', a Non-Government Organisation (NGO) promoted by MCCIA (Maharatta Chamber of Commerce, Industries and Agriculture), Pune. 'Janwani' takes up projects like Citizen Empowerment, Environment Focus, Waste Management, Road-Traffic and Public Transport to mention a few.

Your Company has so far donated to 'Janwani', Rs. 3 lac each in 2009-10 and 2010-11 and has committed to donate Rs. 4 lac in the current year.

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, 2011 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, 2011 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

The Company's Auditors, MGM and Company, Chartered Accountants (Registration Number 117963W) hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received the requisite Certificate from them pursuant to section 224(1B) of the Companies Act, 1956 confirming their eligibility for re-appointment as Auditors of the Company.

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 appreciation for the assistance and co-operation received from Banks, Government Authorities, Customers, Suppliers, Members, Collaborators 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 26, 2011

Dinesh Munot
Chairman & Managing Director

■ ■ ■