



ZF STEERING GEAR (INDIA) LIMITED



**32nd Annual Report
2011-2012**

www.zfindia.com





EMPOWERING THE NATION with the Green Energy Initiatives!



Pioneers in Power Steering Gears in India

ZF Steering Gear (India) Ltd.

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. Ludwig Rapp
Mr. M. L. Rathi
Dr. Hans Friedrich Collenberg
Mr. Shridhar S. Kalmadi
Mr. Ajinkya Arun Firodia
Mr. Carl Magnus Backlund
(w.e.f. July 27, 2011)
Mr. Klaus Traeder
(Alternate Director for Mr. Carl Magnus Backlund)
Mr. B. S. Iyer
(Alternate Director for Dr. Hans Friedrich Collenberg)
Mr. Walter Salvasohn
(up to July 27, 2011)

CHIEF FINANCIAL OFFICER (CFO)
Mr. Jinendra Jain

COMPANY SECRETARY
Mr. Satish Mehta

AUDIT COMMITTEE

Mr. Manish Motwani (Chairman)
Mr. D. S. Bomrah
Dr. Dinesh Bothra

SHAREHOLDERS' GRIEVANCE COMMITTEE

Dr. Dinesh Bothra

REMUNERATION COMMITTEE

Mr. D. S. Bomrah (Chairman)
Mr. Manish Motwani

AUDITORS

M/s. MGM & Co.
Chartered Accountants

COST AUDITORS

M/s. Joshi Apte & Associates
Cost Accountants

INTERNAL AUDITORS

M/s. Pawan Jain & Associates
Chartered Accountants

BANKERS

YES Bank Ltd.
Bank of Maharashtra
Canara Bank
HDFC 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

REGISTRAR & 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: 020-26161629 Fax: 020-26163503
E-mail : pune@linkintime.co.in

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NOTICE

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

Day : Saturday
Date : July 28, 2012
Time : 4.00 p.m.
Place : Registered Office of the Company,
Gat Nos. 1242/ 44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune - 412 216.

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 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 2011-12.
3. To appoint a Director in place of Dr. Dinesh Bothra, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ajinkya Arun Firodia, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ludwig Rapp, 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, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force), and Schedule XIII of the said Act, (including any amendment or statutory modification thereto for the time being in force) and subject to such sanctions as may be necessary, the Company hereby accords its approval to the re-appointment and payment of remuneration and perquisites and giving of benefits and

amenities to Mr. Dinesh Munot as Chairman and Managing Director of the Company, for a further period of five years w.e.f from December 14, 2011 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 in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force), and Schedule XIII of the said Act, (including any amendment or statutory modification thereto for the time being in force) and subject to such sanctions as may be necessary, the Company hereby accords its approval to the re-appointment and payment of remuneration and perquisites and giving of benefits and amenities to Mr. Utkarsh Munot as Executive Director of the Company, for a further period of five years w.e.f from November 1, 2011 on the terms and conditions, including those relating to remuneration, as set out under Item No. 8 of the Explanatory Statement annexed to this Notice.”

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

Satish Mehta
Company Secretary

May 16, 2012

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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business in 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 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 21, 2012 to July 28, 2012 (both days inclusive) for the purpose of payment of dividend to those Members, whose names stand on the Register of Members as on July 28, 2012. 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 20, 2012 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 2003-04 have been transferred to the Investor Education and Protection Fund of the Central Government. Unclaimed dividend for financial years 2004-05 and thereafter is still lying with the Company. Shareholders who have not yet en-cashed the dividend warrants for financial years 2004-05 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 2011-12 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) 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.

Important Communication to Members

The following are the Company's recommendations to shareholders investors:

Open Demat Account and Dematerialise your shares

Investors should convert their physical holdings of securities into demat holdings. Holding securities in demat form helps investors to get immediate transfer of securities. No stamp duty is payable on transfer of shares held in demat form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

Consolidate Multiple Folios

Investors should consolidate their shareholding held in multiple folios. This would facilitate one-stop tracking of all corporate benefits on the shares and would reduce time and efforts required to monitor multiple folios.

Register NECS Mandate and furnish correct bank account particulars with Company/ Depository Participant (DP)

Investors holding the shares in physical form should provide the national Electronic Clearing Services (NECS) mandate to the Company and investors holding the shares in demat form should ensure that correct and updated particulars of their bank account are available with the Depository Participant (DP). This would facilitate in receiving direct credits of dividends, refunds etc., from Companies and avoid postal delays and loss in transit. Investors must update their new bank account numbers allotted after implementation of Core Banking Solution (CBS) to the Company in case of shares held in physical form and to the DP in case of shares held in demat form.

Submit Nomination Form

Investors should register their nominations in case of physical shares with the Company and in case of dematerialized shares with their DP. Nomination would help the nominees to get the shares transmitted in their favour without any hassles. Investors must ensure that nomination made is in the prescribed Form and must be witnessed by two witnesses in order to be effective. The Form may be downloaded from the Company's website www.zfindia.com under the section 'Investor'.

Green Initiative

Register e-mail address:

To support the 'Green Initiative' in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with M/s. Link Intime India Pvt. Ltd., if shares are held in physical mode or with their DP, if the holding is in electronic mode.

Annexure to the Notice

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

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 November 3, 2011, re-appointed Mr. Dinesh Munot as Chairman and Managing Director of the Company for a further period of 5 years with effect from December 14, 2011.

A brief-profile of Mr. Dinesh 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 December 14, 2011.

Remuneration:

- (a) **Salary:** Rs. 6,50,000/- (Rupees Six Lakh Fifty Thousand) per month, with annual increment of 15%, effective April 1, each year.
- (b) **Commission:** Mr. Dinesh Munot shall be entitled to an annual performance linked incentive, as may be determined by the Board/ Remuneration Committee of Directors.
- (c) **Perquisites:** In addition to salary and commission, the following perquisites shall be paid to Mr. Dinesh Munot.
 - i) **Housing:** 60% of the Salary will be paid to Mr. Dinesh Munot as Housing Allowance per month.
 - ii) **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. Dinesh 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. Dinesh 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) **Hospitalization/ Medical Insurance:** Hospitalization / Medical Insurance for self and family, in accordance with the rules of the Company.
 - viii) **Provident 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 Chairman and 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 purpose.

Communication facilities: Telephone/ Telefax and other suitable communication facilities at the residence.

Free Gas, Electricity and Water facilities at residence/ reimbursement of expenditure incurred thereon.

(e) Overall Remuneration:

The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act, as may for the time being in force.

(f) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of Mr. Dinesh Munot as the Chairman and the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, commission and perquisites, as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors/ the Remuneration Committee, subject to approval of Central Government, if required.

Other Terms & Conditions:

- 1) As long as Mr. Dinesh Munot functions as Chairman and Managing Director of the Company, no sitting fee will be paid to him for attending the Meetings of the Board of Directors or Committee thereof.
- 2) Notwithstanding anything to the contrary herein contained, either party shall be entitled to terminate the Agreement at anytime by giving to the other party 180 days notice in writing in that behalf or salary in lieu thereof.

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

Memorandum of Concern or Interest of Directors:

Mr. Utkarsh Munot, Mr. Jinendra Munot and Dr. Dinesh Bothra, being relatives of Mr. Dinesh Munot and Mr. Dinesh Munot, himself are concerned or interested in the aforesaid appointment.

Item No. 8:

The Board of Directors of the Company at their meeting held on November 3, 2011, re-appointed Mr. Utkarsh Munot as Executive Director of the Company for a further period of 5 years with effect from November 1, 2011.

A brief-profile of Mr. Utkarsh 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 here under:

Tenure: For a period of five years with effect from November 1, 2011.

Remuneration:

- (a) **Salary:** Rs. 2,00,000/- (Rupees Two Lakh) per month, with annual increment of 15%, effective April 1, each year.
- (b) **Commission:** Mr.Utkarsh Munot shall be entitled to an annual performance linked incentive, as may be determined by the Board/Remuneration Committee of Directors.
- (c) **Perquisites:** In addition to salary and commission, the following perquisites shall be paid to Mr. Utkarsh Munot .
 - i) **Housing:** 60% of the Salary will be paid to Mr. Utkarsh 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. Utkarsh 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. Utkarsh 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 / Medical Insurance:** Hospitalisation / Medical Insurance for self and family, in accordance with the rules of the Company.
 - viii) **Provident 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 Executive 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 purpose.

Communication facilities: Telephone/ Telefax and other suitable communication facilities at the residence.

Free Gas, Electricity and Water facilities at residence/ reimbursement of expenditure incurred thereon.

(e) Overall Remuneration:

The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act, as may for the time being in force.

(f) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of Mr. Utkarsh Munot as the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, commission and perquisites, as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors/ the Remuneration Committee, subject to approval of Central Government, if required.

Other Terms & Conditions:

- 1) As long as Mr. Utkarsh Munot functions as Executive Director of the Company, no sitting fee will be paid to him for attending the Meetings of the Board of Directors or Committee thereof.
- 2) Notwithstanding anything to the contrary herein contained, either party shall be entitled to terminate the Agreement at anytime by giving to the other party 180 days notice in writing in that behalf or salary in lieu thereof.

Approval of the Shareholders under Section 269 read with Schedule XIII of the Companies Act, 1956, is required for appointment/ re-appointment of Executive Director and for payment of remuneration to him. Hence, the Board of Directors commends Resolution No. 8 for your approval.

Memorandum of Concern or Interest of Directors:

Mr. Dinesh Munot, being father of Mr. Utkarsh Munot and Mr. Utkarsh Munot, himself are concerned or interested in the aforesaid appointment.

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

Satish Mehta

Company Secretary

May 16, 2012

Registered Office:

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

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

Particulars	Dr. Dinesh Bothra	Mr. Ajinkya Arun Firodia	Mr. Ludwig Rapp	Mr. Dinesh Munot	Mr. Utkarsh Munot
Date of Birth	June 1, 1967	October 24, 1979	April 7, 1957	December 8, 1947	December 30, 1980
Date of Appointment	July 28, 2000	July 14, 2010	July 17, 2003	November 8, 1986	October 31, 2006
Qualification	B.Tech- IIT, Delhi M.S. & Ph.D, U.S.A.	Bachelor of Engineering and Economics from Ivy League University/Brown University, U.S.A.	Degree in Engineering and Economics.	B.E (Ele.) M.I.E	B.E. (Mech. & Mfg. Engg.), U.S.A., Diploma in Business Admin., U.S.A.
Expertise in Specific Functional areas	Dr. Bothra runs companies with specific focus on pharmaceutical, biotechnology and speciality materials.	Mr. Firodia has worked as a financial analyst in Mergers & Acquisitions department in J. P. Morgan in New York. Post that he was heading the sales, marketing and service functions for Kinetic Motor Company Limited for their 2 wheelers, including scooters and motorcycles. These functions included produce, development, positioning & advertising, sales & distribution and service across a nationwide network. Since 2009, he is working with Kinetic Engineering Limited as the Managing Director, which is a leading company in the area of manufacture of transmission, engine and body parts components and assemblies.	Mr. Rapp has Rich experience in field of Engineering and Logistics. He is Vice-President- Heavy Trucks Steering at ZF Lenksysteme, GmbH. He has also worked in the position of General Manager at Eirring Klingner-Plant Dettingen. Mr. Rapp has also worked for Standard Lorenz AG, Mannheim.	Mr. Dinesh Munot is a Professional Engineer over 38 years of experience in the automotive industries. In the year 2010, he took charge as Chairman & Managing Director of ZF Steering Gear (India) Ltd. He was Elected as President of Automotive Components Manufacturers Association of India (ACMA). He was bestowed with 'Lifetime Achievement Award' from Nagar Road Industry Chamber of Commerce, Pune in October 2008.	Mr. Utkarsh Munot is currently fully responsible for entire works management, including materials management, spare parts, after sales service and logistics.
Other Directorships held in India	Indo BioActive Labs Pvt. Ltd., Neozol Pharmaceuticals Pvt. Ltd., Accela Pharmaceuticals Pvt. Ltd., Redox Bio Systems Pvt. Ltd., ABR Organics Ltd. Serval India Pvt. Ltd. Bio Katalysis (India) Pvt. Ltd.	Kinetic Engineering Ltd. Kinetic Marketing & Services Ltd. Kinetic Auto Ltd. Jaya Hind Sciaky Ltd.	ZF Lenksysteme India Pvt. Ltd.	Kinetic Motor Company Ltd. ZF Lenksysteme India Private Ltd. Sanghvi Movers Ltd. Emtech Solutions Pvt. Ltd. Indo-BioActive Labs Pvt. Ltd. DM South India Hospitality Pvt. Ltd. Neo Zoi Pharmaceuticals Pvt. Ltd. Accela Pharmaceuticals Pvt. Ltd.	Emtech Solutions Pvt. Ltd. Devashree Pvt. Ltd. DM South India Hospitality Pvt. Ltd.
Membership of Committees	Nil	Nil	Nil	Kinetic Motor Company- Remuneration Committee.	Nil
No. of Equity Shares held in the Company	Nil	Nil	Nil	949,290	1,191,494

Directors' Report

To the Members,

The Directors are pleased to present the 32nd Annual Report and Audited Accounts for the year ended March 31, 2012.

Financial Results

(Rs. in Million)

	2011-2012	2010-2011
Sales (net) and other Income	3597.3	3080.9
Profit before depreciation and tax	745.6	731.0
Depreciation	168.8	148.7
Exceptional Item	104.3	-
Provision for tax	216.5	173.2
Net Profit	464.6	409.1
Balance Brought Forward from Previous year	13.5	10.0
Amount available for appropriation	<u>478.1</u>	<u>419.1</u>
Appropriations:		
General Reserve	360.0	300.0
Proposed Dividend and Tax thereon	52.7	52.7
Interim Dividend and Tax thereon	52.7	52.9
Balance Carried Forward	12.7	13.5
	<u>478.1</u>	<u>419.1</u>

Dividend

In November 2011, an interim dividend of Rs. 5/- per share was declared and paid. The Board is pleased to recommend a final dividend of Rs. 5/- per share for the year ended March 31, 2012. Thus, the total dividend for the year 2011-12 would be Rs.10/- per share, same as paid for the year 2010-11.

Management Discussion and Analysis

Although, India still remains among the fastest growing economies, there was a significant slowdown, if compared with the growth in preceding two years. This reduction in the rate of growth is primarily due to deceleration in industrial growth, rising interest-rates and weak domestic business sentiment. India's Gross Domestic Product (GDP) is estimated to grow by 6.9 % in 2011-12, after having grown at the rate of 8.4 % in each of the preceding two years. The headline inflation remained high for most part of the year.

After registering a strong 30% or more growth over the fiscals 2009-10 and 2010-11, the growth in Commercial Vehicles (CV) slowed down and registered a growth of 20% or so in 2011-12. Passenger Cars registered a growth of 6 % only against 24 % in 2010-11. Several players postponed their expansion plans in

view of rising interest rates, credit-tightening, expectations of slowing industrial growth and stagnant freight-rates.

Review of Operations

Operating Results of the Company

Sales

Comparative quantitative figures of Sales are as under:

(numbers)

Type	2011-12	2010-11	Growth
Power Steering	208,420	180,639	15 %
Mechanical Steering	176,614	155,937	13 %
Rack & Pinion	22,439	20,430	10 %

Sales in value terms were up by 18 %, which was in line with the industry trend.

Other Income & Exceptional Item

Other Income includes receipt from Solar Power generated, amounting to Rs. 6.4 million. Income received on financial-investments made by the Company was Rs. 51.4 million, lower compared to Rs. 74.9 million for the financial year 2010-11.

During the year, the Company assigned leasehold rights of MIDC Industrial Plot at Talegaon, Pune. Exceptional item represents gains made from the transaction amounting to Rs. 104.33 million.

Profitability

Raw Material cost as a percentage of sales was up for the year due to higher commodity-prices and weaker rupee. Employees' costs have gone up by 31 % over the previous year due to need to align the remuneration with industry standards. Consequently, Profit before Tax for the year was Rs. 681 million against Rs. 582 million for the previous year.

Earnings Per Share has improved from Rs. 45.09 to Rs. 51.21.

Renewable Energy – Wind Power Energy

Seven Wind Turbine Machines, owned and operated by the Company and located in the Satara and Ahmednagar districts of Maharashtra, having aggregate capacity of 6.7 MW, are used for captive power consumption. Total 10,083,945 units were generated in the financial year 2011-12 which accounted for 96 % of the factory's consumption of power.

Outlook/ Opportunities

Given the current environment where the growth in industrial activity remains low and the operating environment for fleet operators remains weak, Automobile Industry is expected to defer capacity additions. In view thereof, the outlook in the near term appears subdued for Medium and Heavy Commercial Vehicles, whereas Light Commercial Vehicles may steadily grow. Society of Indian Automobile Manufacturers (SIAM) has forecasted a growth of 5-7 % for Medium and Heavy Commercial Vehicles in 2012-13, while it expects Light Commercial Vehicles to grow at 14-16 %.

The Reserve Bank of India (RBI) in its annual monetary policy for 2012-13 has cut some key rates by 50 basis points in an effort to push industrial growth and stimulate economy. The Indian Automobile Industry, which struggled with sluggish market due to high interests, welcomed RBI decision to cut lending rates, as this measure would boost buyers' sentiment.

Outlook for 2012-13 is subject to a number of risks, such as uncertain outlook for global commodity prices, especially crude oil, mounting fiscal deficit, large government borrowings and inflation. Auto Components industry faces added challenges in form of threat of low-cost imports, currency volatility and ability to invest on product development to move up the value chain.

However, from a long term perspective, outlook for the commercial vehicles remains strong in view of government focus on infrastructure development, new products and entry of more foreign players.

Joint Venture

ZF Lenksysteme India Private Limited (the JV)

As reported earlier, the Company made substantial investment in the JV Company. Moreover, the Company, as per the contractual arrangement existing with ZF Lenksysteme, GmbH, has rights relating to the management of the JV Company.

In February, 2012, additional capital, by way of Rights issue, has been raised by the JV Company. Consequently, the paid-up capital of the JV Company now stands at Rs. 819 million and your Company holds 26% of the total paid up capital of the JV Company.

Total investment of the Company in the JV Company stands at Rs. 212.94 million so far.

The JV Company has now set up its manufacturing plant, situated at Village Phulgaon, Alandi-Markal Road, Dist. Pune, in order to establish its manufacturing operations in steering systems. The said plant was inaugurated on April 26, 2012.

Expansion and Capital Expenditure

Steering Gear Systems

The Company is in a process to gradually enhance its installed capacity of Power Steering Gears and Mechanical Steering Gears and modernize its plant at Vadu Budruk.

Renewable Energy - Solar Power Project

Your Board is pleased to report the successful commissioning of the Company's 5 MW Solar Power Project at Gujarat Solar Park in Patan District of Gujarat. This project is in furtherance to the Company's commitment towards 'Green- Initiative'. The Project-Site is located in State run Solar Park in Charnka village, Santalpur Taluka, District Patan, Gujarat.

Company's 5 MW Solar Project was recognized and felicitated by the Government of Gujarat under the Gujarat Solar Policy, 2009. This plant adopts thin film technology using Market Leader First Solar Inc.'s Modules. The initial generation of Electricity, recorded so far from this Project, indicates that the project is one of the best performing solar projects in Gujarat.

The Government of Gujarat, through Gujarat Urja Vikas Nigam Limited (GUVNL) has agreed to purchase the units generated from this Project. The Company has entered into a Power Purchase Agreement with GUVNL.

Internal Control Systems

The Internal Control Systems 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 proper implementation of policies and procedures.

The Company's Audit Committee also regularly reviews the financial management reports and data, and interacts with the External and Internal Auditors for ascertaining 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, 25 training programs (1 external and 24 internal) covering over 252 training man-days were covered. It is expected that the customized development programmes, suitable to individual employees, to continue for the next few years. The total number of employees as on March 31, 2012 was 984.

Industrial relations continued to be cordial and peaceful.

Cautionary statement

The above Management Discussion and Analysis 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.

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. 261,691/- during the year ended March 31, 2012 to the Investor Education and Protection Fund (IEPF) established by the Central Government, in compliance with the provisions of Section 205C of the Companies Act, 1956. The said amount represents unclaimed