



# ZF STEERING GEAR (INDIA) LIMITED

[www.zfindia.com](http://www.zfindia.com)

## 37<sup>th</sup>

Annual Report  
2016-2017

Steering Towards Future



## BOARD OF DIRECTORS

### Chairman & Managing Director

Mr. Dinesh Munot

### Jt. Managing Director

Mr. Jinendra Munot

### Chief Executive Officer

Mr. Utkarsh Munot

### Non-Executive Directors

Mr. Manish Motwani

Mr. Ludwig Rapp  
(Upto 15.03.2017)

Mr. M. L. Rathi

Mr. Shridhar S. Kalmadi

Mr. Ajinkya Arun Firodia

Mr. Jitendra A. Pandit

Mr. S. A. Gundecha

Mrs. Eitika Munot

Mr. Soumitra Bhattacharya

### CHIEF FINANCIAL OFFICER (CFO)

Mr. Jinendra Jain

### COMPANY SECRETARY

Mr. Satish Mehta

### Audit Committee

Mr. S. A. Gundecha - Chairman

Mr. M. L. Rathi

Mr. Jitendra A. Pandit

### Stakeholders Relationship Committee

Mr. Jitendra A. Pandit - Chairman

Mr. M. L. Rathi

Mrs. Eitika Munot

### Nomination and Remuneration Committee

Mr. M. L. Rathi - Chairman

Mr. Jitendra A. Pandit

Mr. Manish Motwani

### Corporate Social Responsibility Committee

Mr. Dinesh Munot - Chairman

Mr. Jinendra Munot

Mr. Utkarsh Munot

Mr. M. L. Rathi

Mrs. Eitika Munot

### AUDITORS M/s. MGM & Co.

Chartered Accountants

### INTERNAL AUDITOR M/s. Udyen Jain & Associates

Chartered Accountants

### SECRETARIAL AUDITOR Mr. I. U. Thakur

Company Secretary

### REGISTERED OFFICE & WORKS

Gat Nos. 1242 & 1244,  
Village Vadu Budruk,  
Tal. Shirur, Dist. Pune – 412 216  
Maharashtra

**CIN: L29130PN1981PLC023734**

Tel: 02137-305100

Fax: 02137- 305302

E-mail Id: [enquiry@zfindia.com](mailto:enquiry@zfindia.com)

Web: [www.zfindia.com](http://www.zfindia.com)

### BANKERS

Kotak Mahindra Bank

Deutsche Bank AG

HDFC Bank

Bank of Maharashtra

Canara Bank

Yes Bank

### SHARE TRANSFERAGENTS

Link Intime India Pvt. Ltd.

Block No. 202, A Wing, 2nd Floor,  
Akshay Complex, Off. Dhole Patil Road,  
Pune – 411 001

Tel: 020-26160084,

Fax: 020- 26163503

E- mail: [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

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## NOTICE

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

Day : Wednesday

Date : August 02, 2017

Time : 3.00 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
  - a. the (Standalone) Audited Financial Statements of the Company for the Financial Year ended March 31, 2017, together with the Reports of the Directors and the Auditors thereon, and
  - b. the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2017 and the Report of the Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Utkarsh Munot (DIN: 00049903), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To re-appoint M/S. MGM & Company, Chartered Accountants (Firm Registration Number: 117963W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 600,000 plus taxes and out of pocket expenses.

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

**Satish Mehta**  
Company Secretary  
Membership No. : F3219

**May 30, 2017**

Registered Office:

Gat No. 1242/44, Village Vadu Budruk,

Tal. Shirur, Dist. Pune - 412 216.

CIN: L29130PN1981PLC023734

## Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (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. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Profile of the Director being re-appointed, as required by the Corporate Governance Code under Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015 entered into with the Stock Exchange), are annexed to the Notice.
3. Members/ Proxies/ Representatives should bring the enclosed duly filled attendance slip, for attending the Meeting. Copies of the Annual Report or Attendance Slip will not be distributed at the Meeting.

### 4. Voting through electronic means:

- a. In compliance with the provisions of Section 108 of the Companies Act, 2013 (**the Act**), Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer remote e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with 'Central Depository Services (India) Limited' (CDSL) to facilitate remote e-voting.

Remote E-voting is optional and members shall have the option to vote either through remote e-voting or by way of poll-paper at the Annual General Meeting. Members who have cast their votes by remote e-voting prior to Meeting, may attend the Meeting, but shall not be entitled to cast their votes again.

The Board of Directors have appointed Mr. I. U. Thakur, Practicing Company Secretary (C. P. No. 1402), who in the opinion of the Company, is a duly qualified person, as the Scrutinizer who will collate the electronic voting process in a fair and transparent manner.

**The instructions for shareholders voting electronically are as under:**

- i. The voting period begins on July 30, 2017 (9 a.m.) and ends on August 1, 2017 (5 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 26, 2017 (End of Day), may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii. Click on Shareholders/ Members.
- iv. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen.  
However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. **For Members holding shares in physical form**, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for the relevant **< ZF Steering Gear (India) Limited >** on which you choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii. If a demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii. **Shareholders can also cast their votes using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- xix. **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding evoting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- b. In the event, the draft resolution is assented to by the requisite majority of Shareholders by means of electronic voting, the date of declaration of result shall be deemed to be the date of passing of the said resolution at the Annual General Meeting.
- c. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. July 26, 2017. Shareholders are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent.
- d. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting, in the presence of at least two witnesses, not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the results of the voting forthwith.
- The Results declared along with the consolidated Scrutinizer's Report shall be placed on the Company's website [www.zfindia.com](http://www.zfindia.com) and on the website of CDSL. The results shall simultaneously be communicated to the BSE Limited.
5. A copy of this notice has been placed on the website of the Company and on the website of CDSL.
  6. The Register of Members and Share Transfer Books of the Company will be closed from July 28, 2017 to August 2, 2017 (both days inclusive).
  7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
  8. The Register of Contracts or Arrangement in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
  9. 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.
  10. 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, Link Intime India Pvt. Ltd., Block No. 202, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune- 411 001.
  11. 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 warrants so as to protect against fraudulent encashment.
  12. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with 'Link Intime India Pvt. Ltd.', if shares are held in physical mode or with their DPs, if the holding is in electronic mode. The registered e-mail address will be used for sending future communications.
  13. The route map showing directions to reach venue of the thirty-seventh AGM is annexed.
  14. Pursuant to the provisions of Section 124 of the Companies Act, 2013, 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 (IEPF) of the Central Government. Accordingly, unclaimed



dividends for the financial years 1995-96 to 2009-10 (Interim) have been transferred to the IEPF. Unclaimed final dividend for F. Y. 2009-10 is due for transfer in August 2017. Shareholders who have not yet encashed the dividend warrants for financial years 2009-10 (final) and thereafter are requested to contact the Company at the earliest.

Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, **all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account (in the name of the Company) within thirty days of such shares becoming due for transfer to the Fund.**

The Members/ claimants whose shares and unclaimed dividend have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fee as decided by the Authority from time to time. The Members/ claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.

**It is in the Members' interest to claim any un-encashed dividends and for future, opt for Electronic Clearing Service, so that dividends paid by the Company are credited to the investor's account on time.**

Members are requested to the Company for claiming the dividend for the aforesaid years.

The details of unclaimed dividends of the aforesaid years are available on the Ministry of Corporate Affairs website at [www.mca.gov.in](http://www.mca.gov.in) and on the website of the Company viz. [www.zfindia.com](http://www.zfindia.com).

15. The Annual Report 2016-17 of the Company circulated to the Members of the Company, will be made available on the Company's website at [www.zfindia.com](http://www.zfindia.com) and also on the website of the BSE Ltd. (Bombay Stock Exchange) at [www.bseindia.com](http://www.bseindia.com).
16. 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, Link Intime India Pvt. Ltd.
17. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, during business hours up to the date of the 37th

Annual General Meeting. The aforesaid documents will also be available for inspection by members at the Meeting.

18. In this Notice and Annexure thereto, the terms 'Shareholders' and 'Members' are used interchangeably.

### **Important Communication to Members**

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

#### **Open Demat Account and Dematerialize 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**

As per the provisions of Section 72 of the Companies Act, 2013, the facility for making nomination is available for the Members 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. 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](http://www.zfindia.com) under the section 'Investor'.

**Profile of the Director being re-appointed as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India**

Particulars	Mr. Utkarsh Munot
DIN	00049903
Type	Whole- time Director
Age	36 years
Date of Appointment	October 31, 2006
Qualification	B.E. (Mech. & Mfg. Engg.) U.S.A.
Expertise in Specific Functional areas	Mr. Utkarsh Munot, is Bachelor in Mechanical Engineering and Manufacturing Engineering from the North Eastern University, Boston, USA. He also holds Diploma in Business Administration from the same University. Mr. Utkarsh Munot was working as 'Manager-Works' in the Company since May 14, 2004. He was appointed as 'Executive Director' of the Company from November 1, 2006. He has taken charge as 'Executive Director & Chief Executive Officer' with effect from May 19, 2016.
Other Directorships held in India	<ul style="list-style-type: none"> <li>- Emtech Solutions Pvt. Ltd.</li> <li>- Devashrya Realty Pvt. Ltd.</li> <li>- DM South India Hospitality Pvt. Ltd.</li> <li>- Yelben Engineering Pvt. Ltd.</li> <li>- B U Bhandari M &amp; M Realtors Pvt. Ltd.</li> <li>- Spiral EHL Engineering Private Limited.</li> </ul>
Membership of Committees (in the Company)	Corporate Social Responsibility (CSR) Committee
Membership of Committees (Others)	<p>He is also Executive Committee Member of ACMA (Automotive components Manufacturers Association of India) and Management Committee Member of Indira Institute of Management, Pune.</p> <p>He is National Coordinator of YBLF (Young Business Leaders Forum – Young Division of ACMA) and Member of 'Young Presidents' Organization (YPO).</p>
No. of Equity Shares held in the Company	1,191,494 equity shares of Rs. 10 each
Relationship between directors/ KMP inter-se	Mr. Utkarsh Munot is husband of Mrs. Eitika Munot and son of Mr. Dinesh Munot, Directors of the Company.
Number of Board Meetings attended during the financial year 2016-17	Four out of Four

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

**May 30, 2017**

Registered Office:  
Gat No. 1242/44, Village Vadu Budruk,  
Tal. Shirur, Dist. Pune - 412 216  
CIN: L29130PN1981PLC023734

**Satish Mehta**  
Company Secretary  
Membership No. : F3219

## Directors' Report

To the Members,

The Directors have pleasure in presenting the 37th Annual Report and the Company's Financial Statement for the financial year ended March 31, 2017.

### Financial Results

(Rs. In million)

Particular	Standalone		26% share in JV Company named 'Robert Bosch Automotive Steering Pvt. Ltd.'		Consolidated	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Sales (net) and other Income	3976.59	3872.57	618.68	429.25	4595.27	4301.82
Profit/ (Loss) before depreciation and tax	850.02	829.99	(80.46)	(145.54)	769.56	684.45
Depreciation and amortization expenses	278.93	247.36	56.06	58.51	334.99	305.87
Exceptional Items	-	-	47.84	-	47.84	-
Profit/ (Loss) before Tax (PBT)	571.09	582.63	(184.36)	(204.05)	386.73	378.58
Tax Expense	125.87	131.99	-	(7.14)	125.87	124.85
Profit/ (Loss) for the year (PAT)	445.22	450.64	(184.36)	(196.91)	260.86	253.73
Balance Brought Forward from Previous year	328.10	14.00	(558.00)	(361.10)	(229.90)	(347.10)
Transfer to General Reserve	Nil	Nil	Nil	Nil	Nil	Nil
Closing Balance under Profit and Loss Statement c/f	773.32	328.14	(742.36)	(558.01)	30.96	(229.87)

### Dividend

Your Directors are pleased to recommend a dividend of Rs.8/- per share for the financial year ended March 31, 2017.

### Management Discussion and Analysis

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in F.Y. 2017-18. India has become the sixth largest manufacturing country in the world. India is seen as an engine of global growth.

IMF in April 2017 retained its growth forecast of 7.2% for India for the fiscal year 2017-18, in its World Economic Outlook and also estimated that India would grow at 7.7% in 2018-19.

### Industry structure and developments

The overall Commercial Vehicles segment registered a growth of 4.3 percent in April-March 2017 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 2.5 percent and Light Commercial Vehicles grew by 5.5 percent during April-March 2017 over the same period last year.

The tractor industry has showed a positive growth during F.Y. 2016-17. While domestic volumes increased by 18.2% between

April 2016 - January 2017, exports remained flat. Domestic growth was fuelled by favourable farm sentiments as the southwest monsoon performance remained healthier compared to the previous two fiscals.

### Review of Operations and the State of Company's Affairs

#### Operations and Financial Performance of the Company

#### Auto Components

Comparative quantitative figures of Sales are as under:

(Numbers)

Type	2016-17	2015-16	Growth
Power Steering	253,363	246,647	2.72%
Mechanical Steering	111,742	116,245	-3.87%

Sales, in value terms, were up by 2.10%.

#### Renewable Energy- Solar Energy

Your Company's 5 MW Solar Power Project at Gujarat Solar Park, Charnka Village, District Patan (Kutch) Gujarat generated Rs.8.39 million Units of Electricity with sales-revenue of Rs.93.89 million in the F.Y. 2016-17. The entire electricity is purchased by Gujarat Urja Vikas Nigam Limited (GUVNL), a Government of Gujarat Company.



## Wind Energy

Seven Wind Turbine Machines, owned and operated by the Company, located in districts of Satara and Ahmednagar, having aggregate capacity of 6.7 MW, generated a total of 9.94 million units in the F.Y. 2016-17. All the units generated were used as captive consumption, which accounted for approximately 74.20% of the energy-consumption of the Company's factory at Village Vadu Budruk.

## Other Income

During the financial year, Income received on financial investments, held by the Company, was Rs. 53.49 million, higher compared to Rs. 36.71 million for the F.Y. 2015-16.

## Finance

Finance cost of the Company was Rs. 24.9 million against Rs. 17.7 million, in view of higher working capital requirement.

## Investments

Rs. 143 million were invested in as additional investment in the equity capital of the Joint Venture Company. Some of the other investments were redeemed during the year. Net effect is that Total Investments of the Company went up by Rs. 92.8 million, i.e. from Rs. 1645.8 million at March 31, 2016 to Rs. 1738.6 million at March 31, 2017.

## Credit Rating

ICRA, the Credit Rating Agency, has reaffirmed the A+ and A1+ rating for long and short term borrowing of the Company.

## Profitability

Profit for the year was Rs. 445.22 million as compared to Rs. 450.63 million for the F.Y. 2015-16. Earnings Per Share is Rs. 49.07 for the year ended March 31, 2017.

## Outlook, Opportunities and Threat

Government of India aims to make automobiles manufacturing the main driver of 'Make in India' initiative, as it expects India to be the third largest Automotive market and Commercial Vehicle production expected to grow to two million by 2026, as highlighted in the 'Auto Mission Plan 2016-26'.

The proposed 'Voluntary Vehicle Fleet Modernisation Plan' (V-VMP) has received an in-principle approval by the Committee of Secretaries. The proposal will have to be cleared by the Union Cabinet for implementation. The proposal provides incentives worth 8-12 percent of the cost of a new vehicle in lieu of surrendering the old ones and looks to get several million over-15-years-old vehicles off the road, thereby reducing vehicular emission. This policy, if implemented, will give a big boost to the Commercial Vehicles Industry.

A lot is expected to happen in 2017 on the regulatory front and with introduction of Goods and Service Tax (GST). With so many policy-level developments expected all through the year, the auto industry is surely expected to face a challenging year, as per 'Society of Indian Automobile Manufacturers' (SIAM).

ICRA - the Rating Agency, has forecast a growth of about 6-7% for the tractor industry (domestic + exports) in F.Y.2018, which is marginally lower than the long term CAGR estimate of 8-9% for the industry. ICRA says the long term industry drivers continue to remain intact.

## Subsidiaries, Associates and Joint Ventures

### Consolidated Financial Statements

The Company does not have any subsidiary. However, the Company has a Joint Venture with 'Robert Bosch Automotive Steering GmbH' in the name of 'Robert Bosch Automotive Steering Private Limited'.

The said Joint Venture has been established, as per the Joint Venture Agreement dated March 31, 2007. Robert Bosch Automotive Private Limited (**the Joint Venture Company**) is also an associate company of your Company, as your Company holds 26% of the total paid up equity share capital of the said Joint Venture Company.

This necessitates presentation of Consolidated Financial Statement of the Company with its Joint Venture/ Associate Company, in addition to Company's standalone Financial Statement, as per the provisions of the Companies Act, 2013 (**the Act**). The Annual Audited Consolidated Financial Statement together with the Report of the Auditors thereon forms part of this Annual Report.

### Joint Venture (JV)/ Associate Company

#### 'Robert Bosch Automotive Steering Private Limited'

The Joint Venture Company was incorporated in the year 2007, based on the above referred Joint Venture Agreement, for manufacture of products as defined in the said Agreement, which includes Steering Gears for Commercial Vehicles, Electric Steering Systems for Passenger Cars and other products. Though the Joint Venture Company started its activities since the year 2012 and established state of the art facilities in respect of Electric Power Steering Systems, but the success, uptill March 31, 2017, is limited.

Similarly, though the efforts and facilities for production of Servocomm Type Steering Systems are being made, the success there too, uptill March 31, 2017, is very limited. Thus, the facility of the Joint Venture Company situated at Village Phulgaon, Alandi Markal, District Pune, is not being exploited/utilized to the fullest extent.

Your Company, till March 31, 2017, has invested a sum of Rs. 1194.7 million in the equity share capital of the Joint Venture Company, representing 26% of the total paid up equity capital. The balance 74% of equity capital is held by 'Robert Bosch Automotive Steering GmbH', a German Company.

The turnover during the year under Report of this Joint Venture Company increased from Rs.1834 million to Rs. 2657 million and the losses for the year reduced from Rs. 757 million (previous year ended on March 31, 2016) to Rs. 709 million for the year ended on March 31, 2017.

As reported earlier there was erosion of more than 50% of the peak net worth of the Joint Venture Company during the immediate preceding four financial years. The Joint Venture Company accordingly filed the necessary information/ returns/ declarations with the Board for Industrial & Financial Reconstruction as per the Repealed Act, viz. the Sick Industrial Companies (Special Provisions) Act, 1985, in the month of November 2016.

Your Company undertook an obligation to continue to support the said Joint Venture Company and invested the additional funds in the acquisition of equity shares during the year under report. It is expected that your Company may be required to invest additional resources to support the said Joint Venture.

A statement, pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, containing the salient features of the financial statement of the Joint Venture Company is appended with the financial statement.

## Expansion and Capital Expenditure

### Steering Gear Systems

As indicated in our previous Report, with a view to establish a second manufacturing unit for auto components, the Company has acquired on lease, an industrial plot, during the year, at Pithampur, District Dhar, Madhya Pradesh. The planning work is in progress and the plant is expected to be operation in next 18-24 months. This will add to the manufacturing capacity of the Company and also bring proximity with some of the major customers of the Company.

### Internal Control System and its Adequacy

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. The scope of the Internal Audit is decided by the Audit Committee and the Board. There is an internal audit department which checks all the vouchers, financial reports, registers etc. To maintain its objectivity and independence, the Board has also appointed an external Auditor, which reports to the Audit Committee of the Board on a periodic basis.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies for various functions of the Company. Based on the report of Internal Auditor, process owners undertake corrective

action, wherever required in their respective areas and thereby strengthen the controls further. Audit observations and actions taken thereof are presented to the Audit Committee of the Board.

The Company's Audit Committee regularly reviews the financial management reports and data, and interacts with the External and Internal Auditors for ascertaining the adequacy of internal controls.

## Human Resources/ Industrial Relations

The industrial relations remained cordial during the year. As at end of March 31, 2017, the Company had 556 permanent employees on its roll.

### Cautionary statement

The above '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.

## Conservation of Energy, Research and Development, Technology Absorption and Innovation, Foreign Exchange Earnings and Outgo:

The details as required under the Companies (Accounts) Rules, 2014 are given in Annexure - I to this Report.

## Directors and Key Managerial Personnel

Mr. Ludwig Rapp resigned as Director of the Company with effect from March 15, 2017. The Board places on record its appreciation for the service rendered by Mr. Ludwig Rapp, during his association with the Company.

At the ensuing Annual General Meeting, Mr. Utkarsh Munot, retires by rotation and being eligible, offers himself for re-appointment.

The resolution for the above re-appointment along with brief Profile of Mr. Utkarsh Munot as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**the Listing Regulations**), forms part of the Notice of the 37th Annual General Meeting. The Board recommends this resolution.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence, as prescribed both under the Act and under the Regulation 16(b) of the Listing Regulations.

The Company has devised a Policy, for performance evaluation of Independent Directors, Board as a Whole, Committees of the Board and other individual Executive/ Non-Executive Directors. The Policy includes criteria for performance evaluation. The criteria are based upon age, experience, quality of participation in Board/ Committee proceedings, attendance at meetings, contribution by strategic inputs and others. The criteria along with additional requirements prescribed by Section 149