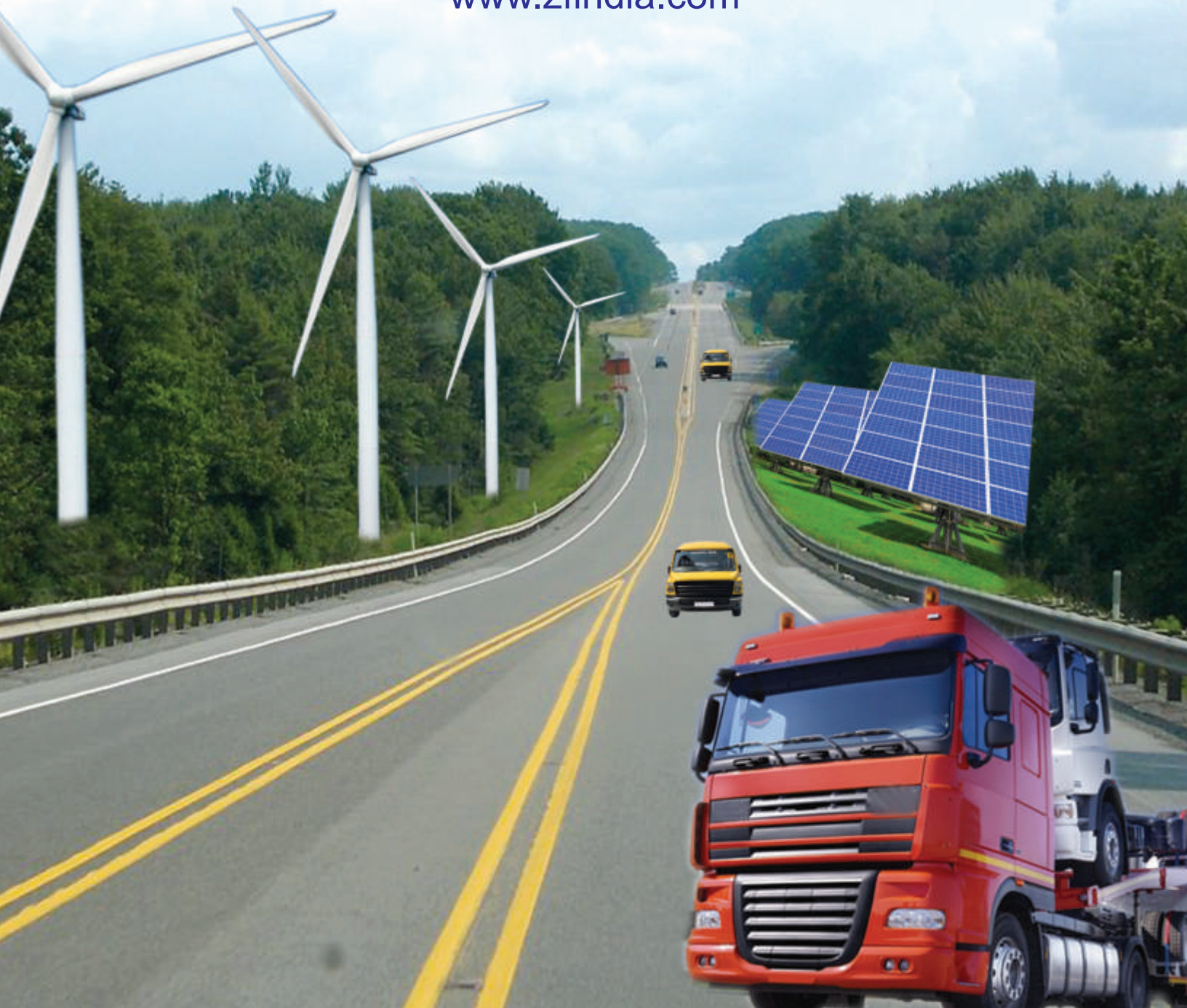




# ZF STEERING GEAR (INDIA) LIMITED

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



34th Annual Report  
2013-2014

Steering Towards Future





**Shri Utkarsh Munot, Executive Director of the Company,  
receiving Felicitation from Shri Narendraji Modi**



**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. Manish Motwani

Mr. Ludwig Rapp

Mr. M. L. Rathi

Mr. Shridhar S. Kalmadi

Mr. Ajinkya Arun Firodia

Mr. Carl Magnus Backlund

Mr. Jitendra A. Pandit

Mr. Klaus Traeder

(Alternate Director for Mr. Carl Magnus Backlund)

### CHIEF FINANCIAL OFFICER (CFO)

Mr. Jinendra Jain

### COMPANY SECRETARY

Mr. Satish Mehta

### 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

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.

Tel. : 02137 - 252223 Fax : 02137 - 252302

E-mail : enquiry@zfindia.com

Website : www.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: 020-26161629 Fax: 020-26163503

E-mail : pune@linkintime.co.in

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## NOTICE

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

Day : Wednesday  
Date : July 30, 2014  
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 consider and adopt the Audited Financial Statement of the Company for the Financial Year ended March 31, 2014, the reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Carl Magnus Backlund (DIN: 03573869), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To re-appoint Messrs 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 up to the conclusion of next Annual General Meeting of the Company and to authorize the Board of Directors of the Company to fix their remuneration.

### SPECIAL BUSINESS:

5. To appoint Mr. Manish Motwani (DIN: 00394860) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT**, pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder read with Schedule IV to the Companies Act, 2013. Mr. Manish Motwani (DIN: 00394860), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Manish Motwani as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to March 31, 2019, not liable to retire by rotation.”
6. To approve the remuneration of the Cost Auditors for the Financial Year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or

re-enactment thereof, for the time being in force), M/s. Joshi Apte & Associates, the Cost Auditors, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

**Satish Mehta**

Company Secretary

**May 21, 2014**

**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.**

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

- 2) The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business mentioned in the Notice is annexed hereto.
- 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) Profiles of the Directors being appointed/ re-appointed, as required by the Corporate Governance Code (Clause 49 VI A of the Listing Agreements entered into with the Stock Exchange), are annexed to the Notice.
- 5) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer 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 e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting.

6) **The instructions for members for voting electronically are as under:-**

**(A) In case of members receiving e-mail:**

- i) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"

Demat Shareholder –

USER ID- For NSDL: 8 Character DP ID followed by 8 Digits Client ID

or CDSL: 16 digits beneficiary ID

Physical shareholder - Folio Number registered with the Company

- v) Now, fill up the following details in the appropriate boxes:
  - PAN\* Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)
  - DOB# Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
  - DIVIDEND BANK DETAILS# Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
  - \* Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: ZFS0614 in the PAN field.

# Please enter any one of the details in order to login.

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach „Password Creation" menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & \*). 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. Kindly note that this changed

password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.

- viii) Click on the relevant EVSN on which you choose to vote.
- ix) 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.
- x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xi) 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.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

**(II) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:**

- (B) Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote
- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- (D) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders" of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (E) In case you have any queries or issues regarding e-voting, 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)
- 7) The Company has appointed Mr. Sridhar G Mudaliar, Practicing Company Secretary, as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
- 8) A copy of this notice has been placed on the website of the Company and the website of CDSL.

- 9) The Register of Members and Share Transfer Books of the Company will remain closed from July 23, 2014 to July 30, 2014 (both days inclusive) for the purpose of payment of dividend to those Members, whose names stand on the Register of Members as on July 30, 2014. 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 22, 2014 as per the details furnished by the depositories for this purpose.
- 10) 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.
- 11) 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.
- 12) 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.
- 13) Pursuant to provisions of Section 205A and 205C 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 (IEPF) of the Central Government. Accordingly, unclaimed dividends for the financial years 1995-96 to 2006-07 have been transferred to the Investor Education and Protection Fund of the Central Government. Unclaimed dividend for financial years 2007-08 and thereafter is still lying with the Company. Shareholders who have not yet en-cashed the dividend warrants for financial years 2007-08 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. The details of the 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).
- 14) The Annual Report 2013-14 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)
- 15) 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.

- 16) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days up to the date of the 34th Annual General Meeting.

## Annexure to the Notice

### Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013.

As required by Section 102(1) of the Companies Act, 2013, in respect of the item of Special Business in this Notice.

#### Item No. 5

Mr. Manish Motwani is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors in June 23, 1998. Mr. Manish Motwani retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Manish Motwani being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. Manish Motwani for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Manish Motwani (i) consent in writing to act as director in Form DIR -2 Pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Manish Motwani as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Manish Motwani, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft-letter for the appointment of Mr. Manish Motwani as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Manish Motwani as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Manish Motwani, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 5 for the approval of the members.

#### Item No. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Joshi Apte & Associates, the Cost Auditors, to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2015 on a remuneration of Rs. 2,75,000/- (Two Lac Seventy Five Thousand) plus applicable Government Taxes plus Travelling and out of pocket expenses at actual.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

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

**Satish Mehta**  
Company Secretary

**May 21, 2014**

#### 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                              | Mr. Manish Motwani   | Mr. Carl Magnus Backlund  |
|--|--|---|
| Date of Birth                            | 02.10.1967   | 18th March, 1974  |
| Date of Appointment                      | 23rd June, 1998  | 27th July, 2011   |
| Qualification                            | Master's Degree in Computer Engineering from University of Hawaii at Monoa.<br>Bachelor of Engineering in Electronics and Communication from Osmania University<br>Stanford Certificate in Engineering Management Science (EMS) from Stanford University.  | Diploma in Mechanical Engineering from the Royal Technical University, Stockholm, Sweden.<br>Business Administration from SUNY, Albany, NY.   |
| Expertise in Specific Functional areas   | He has worked with Intergraph Corp., USA & Sun Microsystems, USA.<br>Currently, he is holding the position of Managing Director in Kinetic Communications Ltd. and JHS Taigene Electrical Co. Pvt. Ltd.<br>He is associated with the Company since 1998.   | 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.<br>From 2008 until April 2011 he worked in the Corporate Development department of ZF Group.<br>Since April 2011, he is Vice President Corporate Development and Strategy at ZF Lenksysteme GmbH. |
| Other Directorships held in India        | Kinetic Communications Ltd.<br>JHS Taigene Electrical Co. Pvt. Ltd.<br>Jaya Hind Sciaky Ltd.<br>Kinetic Hyundai Elevator & Movement.<br>Kinetic Auto Parking Systems P Ltd.<br>Chrysalis Castings P Ltd.<br>Ducati Eenergia (I) Pvt. Ltd.<br>Sitaram Real Estate Developers P Ltd.<br>Kinetic FG Tecnopolo Engg. Services P. Ltd.<br>Chrysalis Financial Services P Ltd. | ZF Lenksysteme India Pvt. Ltd.  |
| Membership of Committees                 | Audit Committee<br>Remuneration Committee  | Nil   |
| No. of Equity Shares held in the Company | Nil  | Nil   |

## Directors' Report

To the Members,

The Directors are pleased to present the 34th Annual Report and Audited Accounts for the year ended March 31, 2014.

### Financial Results

(Rs. in Million)

|                                     | 2013-2014     | 2012-13      |
|-------------------------------------|---------------|--------------|
| <b>Sales (net) and other Income</b> | <b>2984.3</b> | 3243.7       |
| Profit before depreciation and tax  | 659.1         | 721.4        |
| Depreciation                        | 210.4         | 231.4        |
| Provision for tax                   | 307.7         | 233.8        |
| Net Profit                          | 141.0         | 256.2        |
| Balance Brought Forward from        |               |              |
| Previous year                       | 22.1          | 12.6         |
| Amount available for appropriation  | <u>163.1</u>  | <u>268.8</u> |
| <b>APPROPRIATIONS</b>               |               |              |
| General Reserve                     | 70.0          | 161.8        |
| Proposed Dividend and Tax thereon   | 74.3          | 84.9         |
| Balance Carried Forward             | 18.8          | 22.1         |
|                                     | <u>163.1</u>  | <u>268.8</u> |

### Dividend

Your Directors are pleased to recommend a dividend of Rs. 7 per share for the year ended March 31, 2014.

### Management Discussion and Analysis

Financial Year 2013-14 was yet another challenging year for the Indian economy. The investment scenario was weighed down due to many factors. The uncertain macro-economic environment affected the automobile industry, too. The data published by SIAM (Society of Indian Automobile Manufacturers) indicate that the total sales of Commercial Vehicles for 2013-14 were down by 19% compared to the year before. The Medium and Heavy Commercial Vehicles recorded 22% dip in sales. Gravity of the situation can be gauged from the fact that in the financial year 2012-13, too, Medium and Heavy Commercial Vehicles were in negative territory year-on-year by 26%. Hence, this is the second year in a row that Commercial Vehicles sales are down compared to their corresponding previous year.

The recent cut in excise-duty in the Interim Budget, despite being passed on to the customers, did little to lift sales of automobiles in the country. This shows that the economic slowdown and higher interest rates continue to weigh high on demand. Truck fleet owners have remained highly cautious in adding new fleet despite record discounts, minimum margin money on the back of weak economic indicators, lower GDP and uncertain investment climate. Commercial Vehicle sector was also hurt due to lack of mining activities and stalled infrastructure projects. There has

been no respite from high inflation, rising fuel price and the unfavourable interest-rate regime that is dampening customer interest in a weak economy.

Keeping the above challenging economic conditions in perspective, sales-performance of Power Steering can be termed as satisfactory. Sales-performance of Mechanical Steering was impressive in view of growth in Tractor numbers, thanks to good monsoon. Throughout the year, due to weak rupee, landed cost of Rack & Pinion Power Steering became higher, thereby losing its price-competitiveness and sales numbers.

### Review of Operations

#### Operating Results of the Company

#### Auto Components

Comparative quantitative figures of Sales are as under:

(numbers)

| Type                                 | 2013-14 | 2012-13 | Growth  |
|--------------------------------------|---------|---------|---------|
| Power Steering                       | 162,437 | 178,192 | -8.84%  |
| Mechanical Steering                  | 185,676 | 152,641 | 21.64%  |
| Rack & Pinion Power Steering for Car | 3,019   | 16,930  | -82.17% |

Sales, in value terms, was down by 8.42%.

### Renewable Energy –

#### Solar

Financial Year 2013-14 was the second year of full year operations for your Company's 5 MW Solar Power Project at Gujarat Solar Park, Charnka Village, District Patan (Kutch) Gujarat. As you may be aware, the electricity generated is purchased by Gujarat Urja Vikas Nigam Limited (GUVNL), Government of Gujarat. The Plant generated 8.50 million Units of Electricity with sales-revenue of Rs. 95.11 million in the Financial Year 2013-14.

#### Wind Mills

Seven Wind Turbine Machines, owned and operated by the Company, located in districts of Satara and Ahmednagar, having aggregate capacity of 6.7 MW are mainly used for captive power consumption. Total 9.72 million units were generated in the financial year 2013-14. The 8.67 million Units used as captive consumption almost accounted for entire consumption of power of the Company's factory. The Company also sold 1.04 million units to Maharashtra Electricity Board with revenue of Rs.2.62 Million.

#### Other Income

Income received on financial-investments, held by the Company, was Rs. 59.6 million, lower compared to Rs. 103.3 million for the financial year 2012-13, in view of lackluster financial markets for major part of the year. It should also be noted that more than 50% of the Investment portfolio is allocated as the Company's contribution in the Joint-Venture Company, which is yet to yield any returns.



## Finance

Finance cost was Rs. 6.9 million against Rs. 36.4 million, as the Company had prepaid the Term Loan availed for the Solar Project by the end of financial year 2012-13.

## Profitability

Profit before Tax (PBT) for the year was Rs. 449 million against Rs. 490 million in the preceding year, mainly due to dip in Other Income. Despite drop in Sales by 8% and Other Income (from Investments) down by almost 42%, PBT has been impacted only by 9%, due to strict cost-cutting and austerity measures undertaken at all fronts.

Earnings Per Share is Rs.15.55 for the year ended March 31, 2014.

## Outlook/ Opportunities

We expect demand outlook to continue to remain weak for Commercial Vehicles, primarily due to the uncertain macro-economic environment. In the long run though, expected easing of interest rates, following expected tapering of inflation, will revive demand and would be the key driver for volume growth. While the near term environment continues to remain challenging for the automotive sector, we believe the long-term structural growth drivers for the industry, such as GDP growth (leading to increasing affluence of rural and urban consumers), favorable demographics, low penetration levels, entry of global players and easy availability of finance, remain intact.

A new category of four-wheelers, 'Quadricycle' (alternative to auto rickshaw) will be allowed to ply in cities across the country, from October 2014. Notification to this effect has been issued by the Government. You will be pleased to know that your Company's Research and Development team has successfully developed a Rack and Pinion manual steering gear for the Quadricycle, which has been approved by the leading prospective Quadricycle- Manufacturer.

## Joint Venture (JV)

ZF Lenksysteme India Private Limited (Joint Venture with ZF Lenksysteme GmbH, Germany) (hereinafter 'JV Company')

After the incorporation in the year 2007 and FIPB (Foreign Investment Promotion Board)'s approval, the JV Company set up an Assembly and manufacture of Steering Gears for Commercial Vehicles, situate at Village Phulgaon, Alandi-Markal Road, Dist. Pune. The said plant was inaugurated on April 26, 2012. They have recently set-up an assembly-line for manufacture of Electronic Power Steering Systems for Passenger Cars.

The JV Company has reported a turnover of Rs. 184 million and incurred a loss of Rs. 479 million for Financial Year 2013-14. The said Company has incurred heavy capital expenditure and other expenses. The JV Company is in a process to acquire License and Know-how from ZF Lenksysteme, GmbH.

In the financial year under review, 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. 2145 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. 557.7 million. The Company, as per the contractual obligations undertaken by the Company continues to support the JV Company and invested the additional equity capital in the JV Company. The JV Company plans to further raise additional capital, by way of Rights issue, in the current financial year.

## 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, mainly from internal accruals.

### Renewable Energy - Solar Power Project

The Company is exploring the avenues of further investments in the Solar Power by way of new project/ expanding capacity to the existing project.

### Internal Control System

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 the Company 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, training programs (17 external and 11 internal) covering over 375.5 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, 2014 was 949.

Industrial relations at the Company's plant continued to be cordial and peaceful.

### 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.

### 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. 385,762/- during the year ended March 31, 2014 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 2007-08 is due for transfer to the IEPF on August 28, 2015.

### Directors

Dr. Hans Friedrich Collenberg relinquished his office as Director of the Company with effect from June 30, 2013. Dr. Dinesh Bothra resigned as Director of the Company with effect from August 19, 2013. The Board places on record its appreciation for the services rendered by Dr. Collenberg and Dr. Bothra.

At the 34th Annual General Meeting, Mr. Carl Magnus Backlund retires by rotation and being eligible, offers himself for re-appointment.

The Companies Act, 2013 provides for appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 (effective April 1, 2014) provides that independent directors shall hold office for a term of up to five consecutive years on the Board of a company.

All our non-executive (independent) directors were appointed as directors liable to retire by rotation under the provisions of the erstwhile Companies Act, 1956. The Board of Directors has been advised that non-executive (independent) directors so appointed would continue to serve the term that was ascertained at the time of appointment as per the resolutions pursuant to which they were appointed. Therefore, only Mr. Manish Motwani, non-executive (independent) director, who will complete his present term at the ensuing Annual General Meeting of the Company in July 2014, being eligible and seeking re-appointment, be considered by the shareholders for re-appointment for a term of up to five consecutive years. Other Non-executive (independence) directors, who do not complete their term at the ensuing Annual General Meeting, will continue to hold office till the expiry of their term (based on retirement period calculation) and thereafter would be eligible for re-appointment for a fixed term in accordance with the Companies Act, 2013.

Profile of Mr. Backlund and Mr. Motwani, as required by Clause 49 of the Listing Agreement is provided in the Notice convening the Annual General Meeting.

### 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, 2014 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, 2014 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

M/s. MGM and Company, Chartered Accountants, retire as Statutory Auditors of the Company at the ensuing Annual General Meeting and offer themselves for re-appointment. A Certificate from them has been received to the effect that their re-appointment as Statutory Auditors of the Company, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013.

### Cost Auditors

The Board of Directors have appointed M/s Joshi Apte & Associates, Cost Accountants, for conducting the Statutory audit of the cost accounting records of the Company, for the financial year 2014-15. Cost Audit Report for the financial year 2013-14 will be filed within the prescribed time-limit.

### 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 21, 2014**

**Dinesh Munot  
Chairman & Managing Director**

## Annexure I to the Directors' Report 2013-14

### Particulars of Employees u/s 217 (2A)

Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the year ended on March 31, 2014.

- A. Name of the employees employed throughout the financial year and who were in receipt of remuneration for the year which, in the aggregate, was not less than Rs. 6,000,000 in terms of Section 217(2A)(a) (i):

| Name               | Age (Years) | Designation                  | Total Remuneration Received (Rs.) | Qualification   | Date of Commencement of Employment | Experience | Last Employment held |                           |
|--------------------|-------------|------------------------------|-----------------------------------|---|------------------------------------|------------|----------------------|---------------------------|
|                    |             |                              |                                   |   |                                    |            | Name of the Company  | Designation               |
| Mr. Dinesh Munot   | 66          | Chairman & Managing Director | 23,997,132                        | B.E.(Ele.) M.I.E.   | 01.07.1984                         | 40         | Kinetic Engg. Ltd.   | Executive Director        |
| Mr. Jinendra Munot | 62          | Jt. Managing Director        | 14,382,673                        | B.E.(Mech.)<br>M.S.(Mech.)<br>U.S.A, AMIE (India)                                   | 01.02.1986                         | 35         | Bajaj Tempo Ltd.     | Senior Manager (Projects) |
| Mr. Utkarsh Munot  | 33          | Executive Director           | 8,921,791                         | B.E. (Mechanical & Mfg. Engg.) U.S.A.<br>Diploma in Business Administration, U.S.A. | 14.05.2004                         | 11         | ---                  | ---                       |

- B. Name of the employees employed for the part of the financial year and who were in receipt of remuneration for the year which, in the aggregate, was not less than Rs. 500,000 p.m. in terms of Section 217(2A)(a) (i): **NIL**.

#### Notes:

- All appointments are contractual. Other terms and conditions are as per the Rules of the Company.
- Remuneration above includes salary, commission, medical expenses, allowances, perquisites (valued as per Income Tax Rules) and the Company's contribution to Provident Fund, wherever applicable.
- The employees are also entitled to gratuity, in addition to the above remuneration.
- Experience includes number of years of services both, within the Company and elsewhere, wherever applicable.
- Mr. Dinesh Munot, Mr. Jinendra Munot and Mr. Utkarsh Munot are related to each other.

## Annexure II to the Directors' Report 2013-14

Conservation of Energy, Technology Absorption, Companies' (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

### A. Conservation of Energy

- Automatic power factor controller installed for entire factory to maintain power factor at unity.
- Factory shop floor 250 W & 150 W overhead lamps replaced by 48W LED lamps, which provide better illumination and save energy.
- Waste water treated and recycled for gardening.

#### Wind Power Project

5 Windmills capively used, generated 8.67 millions units. These units catered to the plants total requirement of power.

Other 2 Windmills, generated 1.04 million units, which were sold to Maharashtra State Electricity Board (MSEB).

#### Solar Power Project

It has generated 8.50 million units till 31.03.2014. These units are sold to GUVNL (Gujarat Urja Vikas Nigam Limited) as per the PPA (Power Purchase Agreement) signed with Government of Gujarat.

### B. Technology Absorption, Research And Development

#### 1) Specific areas in which R & D has been carried out by the Company

- Import substitution.
- Process/ equipment developments.
- Value engineering and value analysis (VEVA).
- Up-gradation of existing products to the need of customers.
- Filed patent for Auto Setting Limiters.

#### 2) Benefits derived as a result of above R & D

The benefits to the company resulting from the above R & D are manifold.

These benefits have been reflected in terms of:

- Product quality and cost reduction
- Improvement in market share
- Indigenization of various components
- Reduction in foreign exchange outgo

#### 3) Future Plan of Action

Effort is being made to make R & D more result oriented, in improving the design and quality of products and towards cost effective indigenization of components.

Specific areas include development of new products (steering systems).

#### 4) Benefits derived as a result of above efforts

- Improvements in Manufacturing methods and quality standards.
- Aiming towards self sufficiency in engineering skills for manufacturing range of steering gears and connected products.**
- Development of cost effective, high performance engineering products.

### C. Foreign Exchange Earnings and Outgo

- Earnings in Foreign Exchange Rs. 31.36 million
- Expenditure in Foreign Exchange Rs. 6.20 million
- Value of Imports calculated on CIF basis-
  - Raw Material, Components etc Rs. 267.80 million
  - Capital Goods Rs. NIL

For and on behalf of the Board of Directors

Pune  
May 21, 2014

Dinesh Munot  
Chairman & Managing Director

## Annexure III to the Directors' Report

### Corporate Governance

#### 1. Company's Philosophy on Corporate Governance:

The Company is fully committed to attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its shareholders, employees, the government and its customers.

The Company believes that all its operations and actions must serve the underlying goals of achieving business excellence and increasing long-term shareholder value.

#### 2. Board of Directors:

The Board of Directors consists of 10 Directors (excluding Alternate Directors) of whom 3 are Executive and 7 are Non-executive. The Chairman of the Board is an Executive Director. The Non-executive

Details of Composition of the Board, category, attendance of Directors, number of other committee memberships are given below:

| Sr. No. | Name of the Director  | Category of Directorship   | Attendance Particulars               |                                | No. of other directorship and committee membership/ chairmanship |                      |                        |
|---------|---|----------------------------|--------------------------------------|--------------------------------|--|----------------------|------------------------|
|         |   |                            | Board Meetings during the FY 2013-14 | Last AGM Held on July 30, 2013 | Other Directorship #   | Committee Membership | Committee Chairmanship |
| 1       | Mr. Dinesh Munot (Chairman and Managing Director)                                       | Executive                  | 4                                    | Yes                            | 11   | -                    | -                      |
| 2       | Mr. Jinendra Munot (Jt. Managing Director)  | Executive                  | 4                                    | Yes                            | 6  | 1                    | -                      |
| 3       | Mr. Utkarsh Munot (Executive Director)  | Executive                  | 4                                    | Yes                            | 5  | -                    | -                      |
| 4       | Mr. Manish Motwani  | Non-Executive, Independent | 4                                    | Yes                            | 9  | -                    | -                      |
| 5       | Mr. Ludwig Rapp   | Non-Executive              | 2                                    | No                             | 1  | -                    | -                      |
| 6       | Mr. M. L. Rathi   | Non-Executive, Independent | 3                                    | Yes                            | 7  | -                    | -                      |
| 7       | Mr. Shridhar S. Kalmadi   | Non-Executive, Independent | 3                                    | Yes                            | 4  | -                    | -                      |
| 8       | Mr. Ajinkya Arun Firodia  | Non-Executive, Independent | 3                                    | Yes                            | 4  | -                    | -                      |
| 9       | Mr. Carl Magnus Backlund  | Non- Executive             | 4                                    | Yes                            | 2  | -                    | -                      |
| 10      | Mr. Jitendra A. Pandit  | Non-Executive, Independent | 4                                    | Yes                            | -  | -                    | -                      |
| 11      | Mr. Klaus Traeder (Alternate Director for Mr. Carl Magnus Backlund)                     | Non- Executive             | -                                    | Yes                            | 1  | -                    | -                      |
| 12      | Dr. Dinesh Bothra (upto 19.08.2013)   | Non-Executive              | 2                                    | Yes                            | 8  | -                    | -                      |
| 13      | Dr. Hans Friedrich Collenberg (upto 30.06.2013)   | Non-Executive              | -                                    | No                             | 3  | -                    | -                      |
| 14      | Mr. B. S. Iyer (Alternate Director for Dr. Hans Friedrich Collenberg – upto 30.06.2013) | Non-Executive              | 1                                    | No                             | 2  | -                    | -                      |

# Includes Directorship in Private Companies.

#### Relationship between Directors Inter-se

- Mr. Dinesh Munot and Mr. Jinendra Munot are brothers.
- Mr. Dinesh Munot is father of Mr. Utkarsh Munot.

Directors are eminent professionals with experiences in various fields. The Company has no nominee Director from any bank or financial institution.

The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all companies in which they are Directors.

#### Number of Board Meetings held and the dates on which held

The Board Meetings dates are normally pre-determined. During the year ended on March 31, 2014, the Board of Directors had 4 meetings. These were held on May 23, 2013, July 30, 2013, October 30, 2013 and January 29, 2014.

The information as specified in Annexure IA to Clause 49 of the Listing Agreements entered into with BSE Limited is regularly made available to the Board, whenever applicable and materially significant, for discussion and consideration.

### 3. Audit Committee:

During the year under review, the following Directors were the members of the Audit Committee: Members: Mr. Manish Motwani – Chairman, Dr. Dinesh Bothra (upto August 19, 2013), Mr. M. L. Rathi and Mr. Jitendra A. Pandit.

All the members of the Committee are Non-Executive Directors. The role, powers and functions of the Audit Committee are as stated in Clause 49 of the Listing Agreement.

In addition to the members of the Audit Committee, these meetings were attended by the Chairman & Managing Director, Chief Financial Officer (CFO), Internal Auditor and the Statutory Auditors of the Company. The Company Secretary acted as the Secretary to the Audit Committee.

The Committee reviews the financial statements before they are placed before the Board.

During the period under review, the Committee met 4 times on May 23, 2013, July 22, 2013, October 30, 2013 and January 29, 2014. The attendance record of the members of the Audit Committee is given below:

| Name of the Members | Mr. Manish Motwani | Mr. M. L. Rathi | Mr. Jitendra A. Pandit | Dr. Dinesh Bothra (up to 19.08.2013) |
|---------------------|--------------------|-----------------|------------------------|--------------------------------------|
| Meetings attended   | 4                  | 3               | 4                      | 2                                    |

The Committee is authorized by the Board in the manner as envisaged under Clause 49 (II) (C) of the Listing Agreement. The Committee has been assigned tasks as listed under Clause 49(II)(D) of the Listing Agreement. The Committee reviews the information as listed under Clause 49(II)(E) of the Listing Agreement.

The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the Board Meetings. The Chairman of the Audit Committee was present at the 33rd Annual General Meeting held on July 30, 2013.

### 4. Remuneration Committee:

During the year under review, the following Directors were the members of the Remuneration Committee: Members: Mr. Manish Motwani-Chairman, Mr. M. L. Rathi and Mr. Jitendra A. Pandit.

The Remuneration Committee has been constituted to recommend to the Board the amount of commission payable to each whole-time Director and periodically review and suggest revision of the remuneration package of the Managing/ Whole time Directors, based on performance of the Company, Statutory guidelines etc.

The Minutes of the Remuneration Committee Meetings are noted by the Board of Directors at the Board Meetings.

During the financial year, the Committee met on May 23, 2013. The attendance record of the members of the Remuneration Committee is given below:

| Name of the Members | Mr. Manish Motwani | Mr. M. L. Rathi | Mr. Jitendra A. Pandit |
|---------------------|--------------------|-----------------|------------------------|
| Meetings attended   | 1                  | 1               | 1                      |

#### Remuneration Policy

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

### Details of remuneration paid to Whole-time Directors for the year ended March 31, 2014 are as under:

(Amount in Rs.)

|               | Mr. Dinesh Munot  | Mr. Jinendra Munot | Mr. Utkarsh Munot |
|---------------|-------------------|--------------------|-------------------|
| Salary        | 12,048,504        | 6,657,600          | 3,707,232         |
| Perquisites*  | 7,463,127         | 4,390,421          | 2,609,472         |
| Commission    | Nil               | Nil                | Nil               |
| <b>Total</b>  | <b>19,511,631</b> | <b>11,048,021</b>  | <b>6,316,704</b>  |
| <b>Tenure</b> |                   |                    |                   |
| From          | 14.12.2011        | 01.04.2013         | 01.11.2011        |
| To            | 13.12.2016        | 31.03.2018         | 31.10.2016        |

\*Includes Company's Contribution to Provident Fund, wherever applicable.

### Details of remuneration paid to Non-Executive Directors for the year ended March 31, 2014 are as under:

The Company pays sitting fees to all the Non-Executive Directors at the rate of Rs. 10,000/- for each Board Meeting and Committee meeting attended.

None of the Non-Executive Directors holds any share in the Share-capital of the Company.

| Name   | Sitting Fees             |                              | Total Fees (Rs.) |
|--|--------------------------|------------------------------|------------------|
|  | Board Meeting Fees (Rs.) | Committee Meeting Fees (Rs.) |                  |
| Mr. Manish Motwani   | 40,000                   | 50,000                       | 90,000           |
| Mr. Ludwig Rapp*   | Nil                      | Nil                          | Nil              |
| Mr. M. L. Rathi  | 30,000                   | 40,000                       | 70,000           |
| Mr. Shridhar S Kalmadi   | 30,000                   | Nil                          | 30,000           |
| Mr. Ajinkya Arun Firodia   | 20,000                   | Nil                          | 20,000           |
| Mr. Carl Magnus Backlund*  | Nil                      | Nil                          | Nil              |
| Mr. Jitendra A. Pandit   | 40,000                   | 50,000                       | 90,000           |
| Dr. Dinesh Bothra (up to 19.08.2013)   | 20,000                   | 30,000                       | 50,000           |
| Dr. Hans Friedrich Collenberg* (up to 30.06.2013)  | Nil                      | Nil                          | Nil              |
| Mr. B. S. Iyer (Alternate Director for Dr. Hans Friedrich Collenberg – up to 30.06.2013) | 10,000                   | Nil                          | 10,000           |

\* Opted not to accept any sitting fees.

### 5. Shareholders' Grievance Committee:

The Board of the Company has constituted a Shareholders' Grievance Committee. The Committee looks into redressing of shareholders' complaints like transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc. and recommends measures for overall improvement in the quality of investor services.

The Company has an efficient system of dealing with investors' grievances. The Chairman & the Managing Director of the Company takes personal interest in all matters of concern for investors. The Company Secretary being the Compliance Officer carefully looks into each issue and reports the same to the Shareholders' Grievance Committee.

The total number of complaints received and replied to the satisfaction of shareholders, during the year under review, was 10. All the complaints were replied to the satisfaction of shareholders.

## 6. General Body Meetings:

Location and time for last 3 years' General Meetings were as:

| Year    | AGM      | Location   | Dates      | Time      | Special Resolutions Passed  |
|---------|----------|--|------------|-----------|---|
| 2010-11 | 31st AGM | Regd. Office:<br>Gat No. 1242/ 44,<br>Village- Vadu- Budruk, Tal. Shirur, Dist- Pune- 412216 | 27.07.2011 | 4.00 p.m. | No Special Resolution was passed.   |
| 2011-12 | 32nd AGM |  | 28.07.2012 | 4.00 p.m. |   |
| 2012-13 | 33rd AGM |  | 30.07.2013 | 4.00 p.m. | Special Resolution under Section 314 of the Companies Act, 1956 was passed. |

## Postal Ballot:

During the last Financial Year, no resolution under Section 192A of the Companies Act, 1956 was passed through Postal Ballot.

## 7. Disclosures:

- Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed elsewhere in this Annual Report.
- The Company has not entered into any other transaction of a material nature with the Promoters, Directors or the Management or relatives etc. that may have a potential conflict with the interests of the Company at large.
- With regard to matters related to capital markets, the Company has complied with all requirements of the Listing Agreements entered into with the BSE Ltd. as well as the regulations and guidelines of SEBI. No penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authority during the last three years in this regard.**
- Disclosures have also been received from the senior managerial personnel relating to the financial and commercial transactions in which they or their relatives may have a personal interest. However, none of these transactions have potential conflict with the interests of the Company at large.

## 8. Risk Management Framework:

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

## 9. Code of Conduct:

The Company has laid down a Code of Conduct ("Code") for all Board members and senior management of the Company. The Code is available on the website of the Company i.e. www.zfindia.com. The Code has been circulated to all the members of the Board and senior management and they have affirmed compliance with the Code.

All the Board members and senior management of the Company have confirmed compliance with the Code. A declaration signed by the Chairman & Managing Director is attached and forms part of the Annual Report of the Company.

## 10. Code of Conduct for Prevention of Insider Trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations 1992, as amended, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Code of Conduct is posted on the website of the Company. This Code of Conduct is applicable to all the Directors and the senior management of the Company.

## 11. Reconciliation of Share Capital Audit:

As stipulated by SEBI, the Practicing Company Secretary- Mr. Shridhar G. Mudaliar (FCS 6156, CP 2664) carries out the Secretarial Audit to reconcile the total Admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total Issued and Listed Capital. This audit is carried out every quarter and the report is submitted to the Stock Exchange as well as placed before the Board of Directors. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of Shares in dematerialized form (held with NSDL and CDSL) and total number of Shares in physical form.

## 12. Means of Communication:

The Quarterly Results of the Company are published in the following leading national and local language newspapers:

Economic Times/ Financial Express (English newspaper) and Maharashtra Times/ Lok Satta (Marathi newspaper)

The results are also displayed on the corporate website, www.zfindia.com.

Information about the Financial Results, Shareholding Pattern are electronically filed on 'Corp Filing'. Shareholders/ Investors can view the information by visiting the website of www.corpfiling.co.in.

## 13. General Shareholder Information:

### 13.1 34th Annual General Meeting:

|                           |  |
|---------------------------|--|
| <b>Day, date and time</b> | Wednesday, July 30, 2014 at 4.00 p.m.  |
| <b>Venue</b>              | Registered Office:<br>Gat No. 1242/ 1244,<br>Village – Vadu Budruk,<br>Tal. Shirur, Dist. Pune- 412 216. |

### 13.2 Financial Calendar:

The Company follows the period of April 1 to March 31, as the Financial Year. For the Financial Year 2014-15.

| Adoption of Quarterly Results for |                 |
|-----------------------------------|-----------------|
| Quarter ending                    | In the Month of |
| June 30, 2014                     | July 2014       |
| September 30, 2014                | October 2014    |
| December 31, 2014                 | January 2015    |
| Annual Accounts                   | May 2015        |
| 35th Annual General Meeting       | July 2015       |

**13.3 Book Closure:** July 23, 2014 to July 30, 2014 (both days inclusive).

### 13.4 Dividend Payment Date:

The dividend, as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting will be paid on or after August 1, 2014 to those shareholders whose names appear on the Company's Register of Members as of the close of the business hours on July 22, 2014

**13.5 Listing on Stock Exchange:** The Company's Equity Shares are listed on:

The Stock Exchange, Mumbai

Phiroze Jeejebhoy Towers, Dalal Street, Mumbai 400 001.

**The Company has paid the listing fees up to the year 2014-15 to the BSE Limited.**

**13.6 Stock Code/ Symbol:**

|  |                       |
|--|-----------------------|
| BSE  | 505163                |
| International Securities Identification Number. (ISIN)                     | INE116C01012          |
| Corporate identity Number (CIN)- allotted by Ministry of Corporate Affairs | L29130PN1981PLC023734 |

**13.7 Custodial Fees to Depositories:**

The annual custodial fees for the financial year 2014-15 has been paid to National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

**13.8 Stock Market Data:**

| Market Price of Company's Share at BSE |            |           | BSE SENSEX |           |
|--|------------|-----------|------------|-----------|
| Month                                  | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| APRIL 2013                             | 249.90     | 215.00    | 19,622.68  | 18,144.22 |
| MAY 2013                               | 232.50     | 211.00    | 20,443.62  | 19,451.26 |
| JUNE 2013                              | 230.00     | 212.05    | 19,860.19  | 18,467.16 |
| JULY 2013                              | 239.00     | 215.5     | 20,351.06  | 19,126.82 |
| AUG 2013                               | 237.50     | 214.50    | 19,569.20  | 17,448.71 |
| SEPT 2013                              | 235.00     | 204.15    | 20,739.69  | 18,166.17 |
| OCT 2013                               | 244.00     | 218.00    | 21,205.44  | 19,264.72 |
| NOV 2013                               | 244.00     | 225.00    | 21,321.53  | 20,137.67 |
| DEC 2013                               | 260.00     | 231.00    | 21,483.74  | 20,568.70 |
| JAN 2014                               | 279.00     | 225.05    | 21,409.66  | 20,343.78 |
| FEB 2014                               | 240.00     | 224.00    | 21,140.51  | 19,963.12 |
| MAR 2014                               | 289.90     | 226.00    | 22,467.21  | 20,920.98 |

**13.9 Registrar and Transfer Agents:**

The Company has appointed a SEBI registered Registrar & Transfer Agent- Link Intime India Pvt. Ltd. Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Pune- 411001 and their Mumbai Office- C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W) Mumbai- 400078 as Common Agency for share registry in terms of both physical and electronic w.e.f April 1, 2003.

**Pune** Phone No. (020) 2616 1629 Fax No. (020) 2616 3503

**Mumbai** Phone No. (022) 2596 3838 Fax No. (022) 2594 6969

**13.10 Share Transfer System:**

Transfer of shares in physical form are processed by Link Intime India Pvt. Ltd. and Share Certificates are dispatched within an average period of 15 days from the date of receipt of request, provided the relevant documents are complete in all respects.

**13.11 Shareholding Pattern as on March 31, 2014:**

| Category   | No. of Shares of Rs. 10 each | Percentage of shareholding |
|--|------------------------------|----------------------------|
| Indian Promoters (Munot Family)                    | 4,343,589                    | 47.87                      |
| Foreign Promoter (ZF Lenksysteme GmbH)             | 2,340,000                    | 25.79                      |
| Banks, Financial Institutions, Insurance Companies | 1,650                        | 0.02                       |
| Mutual Funds & UTI                                 | 3,069                        | 0.03                       |
| Foreign Institutional Investors                    | 4,800                        | 0.05                       |
| Private Corporate Bodies                           | 164,258                      | 1.81                       |
| Indian Public                                      | 2,183,091                    | 24.07                      |
| NRIs/ OCBs   | 32,843                       | 0.36                       |
| <b>Total</b>                                       | <b>9,073,300</b>             | <b>100.00</b>              |
| No. of Shareholders                                | <b>2014</b>                  | <b>2013</b>                |
| as on March 31                                     | 7,851                        | 8,330                      |

**Distribution of Shareholding (as on March 31, 2014)**

| No. of Shares held (Face Value of Rs, 10 each) | No. of Shareholders | % to total No. of shareholders | No. of Shares held | % to total No. of Shares |
|--|---------------------|--------------------------------|--------------------|--------------------------|
| 1- 500   | 7,004               | 89.21                          | 913,169            | 10.06                    |
| 501- 1000                                      | 456                 | 5.81                           | 340,970            | 3.76                     |
| 1001-5000                                      | 337                 | 4.29                           | 674,458            | 7.43                     |
| 5001-10000                                     | 19                  | 0.24                           | 128,448            | 1.42                     |
| 10001 & above                                  | 35                  | 0.45                           | 7,016,255          | 77.33                    |
| <b>Total</b>                                   | <b>7,851</b>        | <b>100.00</b>                  | <b>9,073,300</b>   | <b>100.00</b>            |

**13.12 Dematerialization of Shares & Liquidity:**

The details of Equity shares dematerialized and those held in physical form as on March 31, 2014 are given hereunder:

| Particulars of Equity Shares | Equity shares of Rs. 10 each |               | Shareholders |               |
|------------------------------|------------------------------|---------------|--------------|---------------|
|                              | Number                       | % of total    | Number       | % of total    |
| <b>Dematerialized form</b>   |                              |               |              |               |
| NSDL                         | 7,626,844                    | 84.06         | 4,612        | 58.74         |
| CDSL                         | 1,015,292                    | 11.19         | 1,801        | 22.94         |
| <b>Sub-total</b>             | <b>8,642,136</b>             | <b>95.25</b>  | <b>6,413</b> | <b>81.68</b>  |
| Physical Form                | 431,164                      | 4.75          | 1,438        | 18.32         |
| <b>Total</b>                 | <b>9,073,300</b>             | <b>100.00</b> | <b>7,851</b> | <b>100.00</b> |

Considering the advantage of dealing in securities in electronic/ dematerialized form, shareholders still holding shares in physical form are requested to dematerialize their Shares at the earliest. For further information/ clarification/ assistance in this regard, please contact Link Intime India Pvt. Ltd., Registrar and Share Transfer Agents.

As per the directions of SEBI, Equity Shares of the Company can be traded by all the investors only in dematerialized form. The Company's Shares are traded on BSE.

### 13.13 Outstanding GDR, ADR or Warrants:

There are no GDR, ADR or any Convertible instruments pending conversion or any other Instrument likely to impact the equity share capital of the Company.

### 13.14 Disclosure with respect to shares lying in suspense account:

| Particulars  | Shareholders | Shares |
|--|--------------|--------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year | 217          | 17,754 |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year         | -            | -      |
| Number of shareholders to whom shares were transferred from suspense account during the year                           | -            | -      |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year       | 217          | 17,754 |

The voting rights on the shares lying in suspense account are frozen till the rightful owner of Such shares claim the shares.

### 13.15 Status of compliance with non-mandatory requirements:

- The Company has constituted a Remuneration Committee of Directors comprising Independent Directors. The details of the Committee have been mentioned earlier in this Report.
- Since the Financial Results are published in leading newspapers as well as promptly displayed on the Company's website and www.corpfiling.co.in website, the results are not sent to each household of the shareholders.

### 13.16 Plant Locations:

| Segment                    | Address   |
|----------------------------|---|
| <b>Auto Components</b>     | Gat No. 1242/ 44, Village Vadu-Budruk, Tal. Shirur, Dist-Pune-412 216.(Maharashtra)   |
| <b>Solar Power Project</b> | Plot No. 45 & 46, Survey No. 152/1, Charanka, Santalpur, Patan (Gujarat)  |
| <b>Wind Power Projects</b> | <b>1. Supa Site-</b> At Post- Kavadya Dongar, Supa, Tal. Parner, Dist. Ahmednagar (Maharashtra)<br><b>2. Satara Site-</b> At Post- Vankusavade, Tal. Patan, Dist. Satara (Maharashtra)<br><b>3. Sadawaghapur Site-</b> At Post- Sadawaghapur. Tal. Sadawaghapur, Dist. Satara (Maharashtra) |

### 13.17 Address for Investor Correspondence:

- For transfer/ dematerialization of shares  
**Link Intime India Pvt. Ltd.**  
 (Formerly Intime Spectrum Registry Ltd.)  
 202 A-Wing, Second Floor, Akshay Complex,  
 Off Dhole Patil Road, Pune- 411 001  
 Phone- (020) 26161629/ 26163503  
 E-mail- pune@linkintime.co.in
- For payment of dividend and other correspondence  
**Secretarial Department:**  
 ZF Steering Gear (India) Ltd.  
 Corporate Identity Number (CIN)-L29130PN1981PLC023734  
 Eden Hall, 6th Floor, Near Deep Bunglow Chowk,  
 Model Colony, Pune- 411 016  
 E- Mail: satish.mehta@zfindia.com  
 Phone- 8055254908 Website- www.zfindia.com

For and on behalf of the Board of Directors

Pune  
May 21, 2014

Dinesh Munot  
Chairman & Managing Director

#### DECLARATION REGARDING CODE OF CONDUCT

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

Pune  
May 21, 2014

Dinesh Munot  
Chairman & Managing Director

#### CEO/ CFO Certification

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchange, we have certified to the Board that for the financial year ended March 31, 2014, the Company has complied with the requirements of the said sub clause.

Jinendra Jain  
Chief Financial Officer

Dinesh Munot  
Chairman & Managing Director

Pune  
May 21, 2014

#### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
ZF Steering Gear (India) Limited, Pune

We have examined the compliance of the conditions of Corporate Governance by **ZF STEERING GEAR (INDIA) LIMITED** for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. MGM & Co.**  
Chartered Accountants  
Firm Registration No. 117963W

**Mangesh Katariya**  
Partner  
Membership No. 104633

Pune  
May 21, 2014



## INDEPENDENT AUDITORS' REPORT

To,

**The Members**

**ZF Steering Gears (India) Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **ZF STEERING GEAR (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

For **MGM and Company**  
Chartered Accountants  
FRN: 117963W

**CA. Mangesh Katariya**  
Partner  
Membership No. 104633

**Pune**  
**May 21, 2014**

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ZF STEERING GEAR (INDIA) LIMITED, ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2014.**

On the basis of our examination of the books and records of the Company carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As informed to us, the management has physically verified most of the fixed assets during the year. No material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of the assets.
- (c) In our opinion and on the basis of information and explanation provided to us, the company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The inventory has been physically verified by the management during the current year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, the procedures for the physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stock and book stock were not material having regard to the size of operations of the Company and have been properly dealt with in the books of account.
- (iii) (a) The Company has neither granted nor has taken any loans, secured or unsecured, to or from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act. Consequently, paragraphs iii (b), iii (c) and iii (d) of the said Order are not applicable to the Company during the year covered by the report.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. Further, on the basis of our examination of books and records of the company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rupees Five Lacs or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposit from public within the meaning of Section 58A and Section 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 during the year. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Order of the Central Government under Section 209(1)(d) of the Act in respect of automotive spare parts and accessories, windmill and solar energy, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the company examined by us the particulars of dues of Income Tax, Sales Tax, Service Tax, Excise Duty, Custom Duty, Wealth Tax that have not been deposited with the appropriate authorities on account of any dispute, are as follows:

| Sr. No. | Nature of dues | Amount (Rs. in Million) | Financial Year                | Forum where the dispute is pending |
|---------|----------------|-------------------------|-------------------------------|------------------------------------|
| 1       | Income Tax     | 32.63                   | 2000-01<br>2001-02<br>2002-03 | CIT (Appeals), Pune                |
| 2.      | Service Tax    | 0.66                    | 2005-06                       | CCE, Pune                          |

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding debentures and has not defaulted in repayment of dues to financial institutions / banks.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to the chit fund and nidhi / mutual benefit fund / societies.

- (xiv) The Company is not dealing or trading in shares and other investments except investments made under normal course as part of its investment activities. In our opinion and according to the information and explanations given to us, proper records have been maintained. All the investments are held by the Company in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the Company has not raised any term loan during the year.
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, no funds raised on short term basis have been used for long term investment during the year.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us, the Company has not issued debentures during the year covered by this report or in the recent past.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of any fraud committed on or by the Company, or has been noticed or reported during the year, nor have we been informed of any such case by the management.

For **MGM and Company**  
Chartered Accountants  
FRN: 117963W

**CA. Mangesh Katariya**  
Partner  
Membership No. 104633

**Pune**  
**May 21, 2014**

## Balance Sheet as at 31st March, 2014

Rupees in Million

|             | Particulars                              | Note No. |          | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|-------------|--|----------|----------|---------------------------|---------------------------|
| <b>(I)</b>  | <b>EQUITY AND LIABILITIES</b>            |          |          |                           |                           |
| <b>(1)</b>  | <b>Shareholders' Funds</b>               |          |          |                           |                           |
|             | (a) Share Capital                        | 1        | 90.73    |                           | 90.73                     |
|             | (b) Reserves and Surplus                 | 2        | 2,165.53 |                           | 2,098.79                  |
|             |  |          |          | <b>2,256.26</b>           | <b>2,189.52</b>           |
| <b>(2)</b>  | <b>Non-Current Liabilities</b>           |          |          |                           |                           |
|             | (a) Long-term borrowings                 | 3        | 124.47   |                           | 145.84                    |
|             | (b) Deferred tax liabilities (Net)       | 4        | 78.99    |                           | 98.23                     |
|             | (c) Long term provisions                 | 5        | 16.71    |                           | 14.96                     |
|             |  |          |          | <b>220.17</b>             | <b>259.03</b>             |
| <b>(3)</b>  | <b>Current Liabilities</b>               |          |          |                           |                           |
|             | (a) Short-term borrowings                | 6        | 2.06     |                           | 24.41                     |
|             | (b) Trade payables                       | 7        | 398.93   |                           | 361.18                    |
|             | (c) Other current liabilities            | 8        | 104.83   |                           | 122.01                    |
|             | (d) Short-term provisions                | 9        | 99.35    |                           | 119.68                    |
|             |  |          |          | <b>605.17</b>             | <b>627.28</b>             |
|             | <b>Total</b>                             |          |          | <b>3,081.60</b>           | <b>3,075.83</b>           |
| <b>(II)</b> | <b>ASSETS</b>                            |          |          |                           |                           |
| <b>(1)</b>  | <b>Non-current assets</b>                |          |          |                           |                           |
|             | (a) Fixed assets                         |          |          |                           |                           |
|             | (i) Tangible assets                      | 10       | 937.23   |                           | 988.25                    |
|             | (ii) Intangible assets                   | 10       | 22.64    |                           | 3.14                      |
|             | (iii) Capital work-in-progress           | 10       | 44.99    |                           | 47.86                     |
|             | (iv) Intangible Assets under Development | 10       | -        |                           | 8.26                      |
|             |  |          |          | <b>1,004.86</b>           | <b>1,047.51</b>           |
|             | (b) Non-current investments              | 11       | 994.50   |                           | 858.31                    |
|             | (c) Long term loans and advances         | 12       | 167.55   |                           | 119.92                    |
|             | (d) Other non-current assets             | 13       | 0.20     |                           | 0.20                      |
|             |  |          |          | <b>1,162.25</b>           | <b>978.43</b>             |
| <b>(2)</b>  | <b>Current assets</b>                    |          |          |                           |                           |
|             | (a) Current Investment                   | 11       | -        |                           | 49.61                     |
|             | (b) Inventories                          | 14       | 260.14   |                           | 258.99                    |
|             | (c) Trade receivables                    | 15       | 473.81   |                           | 379.17                    |
|             | (d) Cash and Cash Equivalents            | 16       | 137.46   |                           | 292.95                    |
|             | (e) Short-term loans and advances        | 17       | 34.78    |                           | 57.92                     |
|             | (f) Other current assets                 | 18       | 8.30     |                           | 11.25                     |
|             |  |          |          | <b>914.49</b>             | <b>1,049.89</b>           |
|             | <b>Total</b>                             |          |          | <b>3,081.60</b>           | <b>3,075.83</b>           |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

As per our Report of even date attached.

For **MGM and Company**  
Chartered Accountants  
Firm Registration No. : 117963W

**Mangesh Katariya**  
Partner  
Membership No.104633

Pune, May 21, 2014

For and on behalf of the Board of Directors

**Dinesh Munot**  
**Jinendra Munot**  
**Utkarsh Munot**

**Ludwig Rapp**  
**M. L. Rathi**  
**Shridhar S. Kalmadi**  
**Carl Magnus Backlund**

**Jinendra Jain**  
**Satish Mehta**

Pune, May 21, 2014

Chairman & Managing Director  
Jt. Managing Director  
Executive Director

Directors

Chief Financial Officer  
Company Secretary

## Statement of Profit and Loss for the year ended 31st March, 2014

Rupees in Million

|       | Particulars  | Note No. |                | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|-------|--|----------|----------------|--|--|
| I.    | <b>Revenue from operations- Gross</b>  |          | <b>3254.87</b> |  | 3,497.06                               |
|       | <b>Less: Excise Duty</b>   |          | <b>343.89</b>  |  | 368.19                                 |
|       | Revenue from operations- Net   | 19       |                | <b>2,910.98</b>                        | 3,128.87                               |
| II.   | <b>Other Income</b>  | 20       |                | <b>73.29</b>                           | 114.80                                 |
| III.  | <b>Total Revenue (I +II)</b>   |          |                | <b>2,984.27</b>                        | 3,243.67                               |
| IV.   | <b>Expenses:</b>   |          |                |  |  |
|       | Cost of raw materials and components consumed (including purchase of traded goods)                         | 21       |                | <b>1,939.82</b>                        | 1,965.35                               |
|       | Changes in inventories of finished goods and work-in-progress  | 22       |                | <b>(98.70)</b>                         | (3.09)                                 |
|       | Employee benefit expense   | 23       |                | <b>312.29</b>                          | 322.21                                 |
|       | Other expenses   | 25       |                | <b>164.88</b>                          | 201.43                                 |
|       | <b>Total (IV)</b>  |          |                | <b>2,318.29</b>                        | 2,485.90                               |
| V.    | <b>Profit before Interest, tax, depreciation and amortization and exceptional item (EBITDA) (III - IV)</b> |          |                | <b>665.98</b>                          | 757.77                                 |
| VI.   | <b>Finance costs</b>   | 24       |                | <b>6.90</b>                            | 36.36                                  |
| VII.  | <b>Depreciation and amortization expense</b>   | 10       |                | <b>210.39</b>                          | 231.42                                 |
| VIII. | <b>Profit before exceptional items and tax (V - VI-VII)</b>  |          |                | <b>448.69</b>                          | 489.99                                 |
| IX.   | <b>Exceptional Items</b>   |          |                | -                                      | -                                      |
| X.    | <b>Profit before tax ( VIII+IX)</b>  |          |                | <b>448.69</b>                          | 489.99                                 |
| XI.   | <b>Tax expense:</b>  |          |                |  |  |
|       | (1) Current tax  |          |                | <b>145.00</b>                          | 110.00                                 |
|       | (2) Deferred tax   |          |                | <b>(19.24)</b>                         | 7.80                                   |
|       | (3) Taxation of earlier year(s)  |          |                | <b>181.89</b>                          | 116.00                                 |
|       |  |          |                | <b>307.65</b>                          | 233.80                                 |
| XII.  | <b>Profit(Loss) for the period (X-XI)</b>  |          |                | <b>141.04</b>                          | 256.19                                 |
| XIII. | <b>Earning per equity share (Face Value per share Rs. 10):</b>   |          |                |  |  |
|       | (1) Basic  |          |                | <b>15.55</b>                           | 28.25                                  |
|       | (2) Diluted  |          |                | <b>15.55</b>                           | 28.25                                  |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

As per our Report of even date attached.

For **MGM and Company**  
Chartered Accountants  
Firm Registration No. : 117963W

**Mangesh Katariya**  
Partner  
Membership No.104633

Pune, May 21, 2014

For and on behalf of the Board of Directors

**Dinesh Munot**  
**Jinendra Munot**  
**Utkarsh Munot**

**Ludwig Rapp**  
**M. L. Rathi**  
**Shridhar S. Kalmadi**  
**Carl Magnus Backlund**

**Jinendra Jain**  
**Satish Mehta**

Pune, May 21, 2014

Chairman & Managing Director  
Jt. Managing Director  
Executive Director

Directors

Chief Financial Officer  
Company Secretary

## Cash Flow Statement for the year ended 31st March, 2014

Rupees in Million

|   |  | Year ended 31st March, 2014 |                       | Year ended 31st March, 2013 |          |
|---|--|-----------------------------|-----------------------|-----------------------------|----------|
| <b>A</b>                                    | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                           |                             |                       |                             |          |
|   | Profit/(Loss) before tax:  |                             | 448.69                |                             | 489.99   |
|   | Adjustment for:  |                             |                       |                             |          |
|   | Depreciation/Amortisation  | 210.39                      |                       | 231.42                      |          |
|   | Finance Costs  | 6.90                        |                       | 36.36                       |          |
|   | (Profit)/ Loss on sale of fixed assets                               | (3.40)                      |                       | 2.65                        |          |
|   | (Profit)/ Loss on sale of investments                                | (44.50)                     |                       | (89.45)                     |          |
|   | Interest income  | (8.04)                      |                       | (8.06)                      |          |
|   | Dividend Income  | (7.07)                      |                       | (5.84)                      |          |
|   |  |                             | 154.28                |                             | 167.08   |
| <b>B</b>                                    | <b>Operating profit before Working Capital changes</b>               |                             | 602.97                |                             | 657.07   |
|   | Adjustments for changes in Working capital                           |                             |                       |                             |          |
|   | Long term Loans and advances   | (11.98)                     |                       | 4.50                        |          |
|   | Other non-current assets   | -                           |                       | -                           |          |
|   | Inventories  | (1.15)                      |                       | 10.00                       |          |
|   | Trade Receivables  | (94.64)                     |                       | (18.09)                     |          |
|   | Short term Loans and advances  | 23.14                       |                       | 15.81                       |          |
|   | Other current assets   | 2.95                        |                       | (6.06)                      |          |
|   | Long term Provisions   | 1.75                        |                       | 3.72                        |          |
|   | Trade Payables   | 37.75                       |                       | 110.37                      |          |
| Other current liabilities                   | 10.12  |                             | (49.55)               |                             |          |
| Short term Provisions                       | (4.05)   |                             | (25.02)               |                             |          |
|   |  | (36.11)                     |                       | 45.68                       |          |
| <b>C</b>                                    | <b>Cash generated from operations</b>                                |                             | 566.86                |                             | 702.75   |
|   | Income taxes paid (including wealth tax)                             |                             | (308.58)              |                             | (226.49) |
|   | <b>Net Cash from Operating activities</b>                            |                             | 258.28                |                             | 476.26   |
|   | <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                           |                             |                       |                             |          |
|   | Fixed Assets:  |                             |                       |                             |          |
|   | Purchase   | (269.35)                    |                       | (189.36)                    |          |
|   | Sale   | 5.29                        |                       | 78.32                       |          |
|   | Investments:   |                             |                       |                             |          |
|   | Purchase   | (365.63)                    |                       | (415.00)                    |          |
|   | Sale   | 335.73                      |                       | 680.34                      |          |
| Interest received                           | 8.04   |                             | 8.05                  |                             |          |
| Dividend received                           | 7.07   |                             | 5.84                  |                             |          |
|   |  | (278.85)                    |                       | 168.19                      |          |
| <b>D</b>                                    | <b>Net Cash from/used in investing activities</b>                    |                             |                       |                             |          |
|   | <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                           |                             |                       |                             |          |
|   | Proceeds from Long term borrowings                                   | -                           |                       | (312.25)                    |          |
|   | Sales Tax deferral   | (21.37)                     |                       | (18.28)                     |          |
|   | Proceeds from Short term borrowings                                  | (22.35)                     |                       | (145.30)                    |          |
|   | Interest paid  | (6.90)                      |                       | (36.36)                     |          |
|   | Dividend paid  | (84.30)                     |                       | (53.30)                     |          |
|   | <b>Net Cash from/used in financing activities</b>                    |                             | (134.92)              |                             | (565.49) |
|   | <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>        |                             | (155.49)              |                             | 78.96    |
|   | Cash and Cash Equivalents (Opening balance)                          |                             | 292.95                |                             | 213.99   |
| Cash and Cash Equivalents (Closing balance) |  | 137.46                      |                       | 292.95                      |          |
| <b>Notes :</b>                              |  |                             |                       |                             |          |
| 1   | Figures in brackets represent outflows of cash and cash equivalents. |                             |                       |                             |          |
| 2   | Cash and cash equivalents comprise of :                              |                             |                       |                             |          |
|   |  | <b>As at</b>                | <b>As at</b>          | <b>As at</b>                |          |
|   |  | <b>31st Mar, 2014</b>       | <b>31st Mar, 2013</b> | <b>31st Mar, 2012</b>       |          |
| a.  | Cash on hand   | 0.30                        | 0.57                  | 0.06                        |          |
| b.  | Balances with Banks:   |                             |                       |                             |          |
|   | - In Current Account and Fixed Deposits                              | 32.16                       | 7.38                  | 8.93                        |          |
| c.  | - Others   | 105.00                      | 285.00                | 205.00                      |          |
|   |  | 137.46                      | 292.95                | 213.99                      |          |

As per our Report of even date attached.

For **MGM and Company**  
Chartered Accountants  
Firm Registration No. : 117963W

**Mangesh Katariya**  
Partner  
Membership No.104633

Pune, May 21, 2014

For and on behalf of the Board of Directors

**Dinesh Munot**  
**Jinendra Munot**  
**Utkarsh Munot**

**Ludwig Rapp**  
**M. L. Rathi**  
**Shridhar S. Kalmadi**  
**Carl Magnus Backlund**

**Jinendra Jain**  
**Satish Mehta**

Pune, May 21, 2014

Chairman & Managing Director  
Jt. Managing Director  
Executive Director

Directors

Chief Financial Officer  
Company Secretary

## NOTES FORMING PART OF FINANCIAL STATEMENTS" (Contd...)

### NOTE 26. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### A) Basis of Preparation of Financial Statements :

- (i) The financial statements are prepared under the Historical Cost Convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and comply with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of Companies Act, 1956.
- (ii) Estimates and Assumptions used in preparation of the Financial Statements are based upon Management's evaluations of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

#### B) Fixed Assets and Depreciation :

##### (i) Fixed Assets :

Fixed Assets are stated at cost (net of Cenvat and sales tax credit) of acquisition or construction or at manufacturing cost in case of Company manufactured assets, less accumulated depreciation (except on free hold land). The cost includes freight, duties, taxes, and incidental expenses related to acquisition, installation, erection and commissioning.

##### (ii) Depreciation :

- a) Depreciation is provided as per the Written Down Value (w.d.v.) method at the rates specified in Schedule XIV to the Companies Act, 1956 except ERP Software would be charged off in three equal installment from the date of capitalisation .
- b) Leasehold land 's value is written off on the basis of the tenure.
- c) Depreciation is provided on pro-rata basis on additions/deductions during the year.

#### C) Investments :

Long term Investments are stated at cost. Provision is made to recognise any diminution in the value other than temporary, in the carrying amount of any long term investments.

Current Investments are carried at lower of cost and market value determined on an individual investment basis.

##### Investment in Immovable Property

Investment in Immovable Property that are not intended to be occupied substantially for self use by, or in the operations of the company, has been classified as investment property .Investment properties are carried at cost less accumulated depreciation .

#### D) Inventories :

Inventories are valued at the lower of cost (Value of cost is computed on a weighted average basis) and estimated net realisable value. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Excise duty is included in the value of finished goods inventory .Goods in transit are stated at actual cost incurred up to the date of balance sheet .

Scrap is valued at net realisable value.

Carbon Credit and Renewable Energy Certificate ( REC ) is valued at Cost or estimated net realisable value whichever is lower .

#### E) Revenue Recognition

Sale of goods is recognised when the significant risks and rewards of ownership of goods have passed on to the customers which is generally on dispatch of goods. Gross Sales include excise duty but excludes sales tax and are net of trade discounts.

#### F) Employees Retirement Benefits :

Defined Contribution plans: The company makes specified monthly contributions towards employee provident fund. Defined benefit plans: The company's gratuity and leave encashment are defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of services as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows.

The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the profit and loss account.

Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account in the year in which they relate .

**G) Foreign Currency Transactions :**

Transactions in foreign currency are accounted at exchange rates prevailing at the time of the transaction. All exchange gains / losses arising out of such transactions are taken to profit and loss account. Foreign currency monetary assets and liabilities are translated at the exchange rates prevailing on the last working day of the accounting year .

**H) Taxation :**

Provision is made for income tax liability which may arise on the results for the year at the current rate of tax in accordance with the Income-tax Act, 1961.

The deferred tax for timing differences between the book profit and tax profits for the year is accounted for using the tax rates enacted as of the balance sheet date. Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future.

**I) Segment Reporting**

**a) Identification of Segments**

The Company's operating business are organised and managed separately according to the nature of activity , with each segment representing a strategic business unit that offers different activity.

**b) Allocation of common costs**

Common allocable costs are allocated to each segment according to the sales of each segment to the total sales of the Company.

**c) Unallocated items**

Corporate assets and liabilities, income and expenses which relate to the Company as a whole and are not allocable to segments, have been included under unallocated items.

**J) Impairment of Assets :**

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the assets exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account to the extent the carrying amount exceeds recoverable amount. During the year there was no impairment of assets.

**K) Provisions and Contingent Liabilities**

a) Provisions in respect of present obligation arising out of past events are made in the accounts when reliable estimates can be made about the amount of obligation.

b) Contingent Liabilities are disclosed when there is a possible obligation that may, but probably will not, require an outflow of resources.

**L) Earnings per Share**

Basic and diluted earning per share is computed by dividing the net profit attributable to equity share-holders for the year, by the weighted average number of equity shares outstanding during the year.

**M) Warranty**

The estimate liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

**N) Government grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that [i] the Company will comply with the conditions attached to them, and [ii] the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate .Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged .



## Notes forming part of the Financial Statements

Rupees in Million

|   |   | As at<br>31st March, 2014                   | As at<br>31st March, 2013                 |   |
|---|---|---|---|---|
| <b>NOTE 1 - SHARE CAPITAL</b>   |   |   |   |   |
| <b>Authorised:</b>  |   |   |   |   |
| 10,000,000 (Previous period 10,000,000 ) equity shares of Rs. 10 each.  |   | 100.00                                      | 100.00                                    |   |
|   |   | 100.00                                      | 100.00                                    |   |
| <b>Issued, Subscribed and Paid up:</b>  |   |   |   |   |
| 9,073,300 (Previous period 9,073,300) equity shares of Rs. 10 each.   |   | 90.73                                       | 90.73                                     |   |
|   |   | 90.73                                       | 90.73                                     |   |
| <b>Reconciliation of the No. of shares outstanding at the beginning and at the end of the year:</b>   |   |   |   |   |
|   | As at<br>31st March, 2014<br>No of shares | As at<br>31st March, 2014<br>Rs. In Million | As at<br>31st March, 2013<br>No of shares | As at<br>31st March, 2013<br>Rs. In Million |
| No of shares outstanding at the beginning of the year   |   |   |   |   |
| - Equity shares   | 9,073,300                                 | 90.73                                       | 9,073,300                                 | 90.73                                       |
| Add: Additional shares issued during the year   |   |   |   |   |
| - Equity shares   | -   | -   | -   | -   |
| Less: Shares forfeited / Bought back during the year  |   |   |   |   |
| - Equity shares   | -   | -   | -   | -   |
| No of shares outstanding at the end of the year   | 9,073,300                                 | 90.73                                       | 9,073,300                                 | 90.73                                       |
| - Equity shares   |   |   |   |   |
| <b>Notes:</b>   |   |   |   |   |
| i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:   |   |   |   |   |
| Particulars   | as at 31st March, 2014                    |   | as at 31st March, 2013                    |   |
|   | No. of shares                             | % holding                                   | No. of shares                             | % holding                                   |
| Equity Shares:  |   |   |   |   |
| ZF Lenksysteme, GmbH  | 2,340,000                                 | 25.79                                       | 2,340,000                                 | 25.79                                       |
| Mr. Utkarsh Munot   | 1,191,494                                 | 13.13                                       | 1,191,494                                 | 13.13                                       |
| Mr. Dinesh Munot  | 949,290                                   | 10.46                                       | 949,290                                   | 10.46                                       |
| ii) Terms/Rights attached to Equity Shares  |   |   |   |   |
| The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share The Company declares and pays dividend in Indian Rupee. The dividend proposed by the Board of Directors is subject to approval in the ensuing Annual General Meeting. |   |   |   |   |
| During the Year ended on 31st March, 2014, the amount of per share dividend recognised as distributions to equity shareholders was Rs.7 (P.Y. Rs.8)   |   |   |   |   |
| In the event of Liquidation of the Company, the holder of each equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.  |   |   |   |   |
| The distribution will be in proportion to the number of equity shares held by shareholder.  |   |   |   |   |
|   |   | As at<br>31st March, 2014                   | As at<br>31st March, 2013                 |   |
| <b>NOTE 2 - RESERVES AND SURPLUS</b>  |   |   |   |   |
| <b>Capital Reserve:</b>   |   |   |   |   |
| As per last Balance Sheet   |   | 3.50  | 3.50                                      |   |
| Additions during the year   |   | -   | -   |   |
|   |   | 3.50  | 3.50                                      |   |
| <b>Securities Premium Account:</b>  |   |   |   |   |
| As per last Balance Sheet   |   | 23.23                                       | 23.23                                     |   |
| Additions on shares issued during the year  |   | -   | -   |   |
|   |   | 23.23                                       | 23.23                                     |   |
| <b>General Reserve:</b>   |   |   |   |   |
| As per last Balance Sheet   |   | 2,050.00                                    | 1,888.18                                  |   |
| Add: Transfer from Profit & Loss Account  |   | 70.00                                       | 161.82                                    |   |
|   |   | 2,120.00                                    | 2,050.00                                  |   |

## Notes forming part of the Financial Statements (Contd....)

Rs. in Million

|  |   | As at   |   |  |  |  |               |
|--|---|---|---|--|--|--|---------------|
|  |   | 31st March, 2014                              | 31st March, 2013                              |  |  |  |               |
| <b>Surplus i.e. Balance in Profit and Loss statement</b>   |   |   |   |  |  |  |               |
| As per last Balance Sheet                                  | 22.06   |   | 12.61   |  |  |  |               |
| Add: Profit / (Loss) for the period                        | 141.04  |   | 256.19  |  |  |  |               |
| Less: Appropriations                                       |   |   |   |  |  |  |               |
| Proposed Dividend  | 63.51   |   | 72.59   |  |  |  |               |
| Tax on Proposed Dividend                                   | 10.79   |   | 12.33   |  |  |  |               |
| Transfer to General Reserve                                | 70.00   |   | 161.82  |  |  |  |               |
|  |   | 18.80   | 22.06   |  |  |  |               |
| <b>Total</b>   |   | <b>2,165.53</b>                               | <b>2,098.79</b>                               |  |  |  |               |
| <b>NOTE 3 - LONG TERM BORROWINGS</b>                       |   |   |   |  |  |  |               |
| <b>Loans and Advances from other than related parties:</b> |   |   |   |  |  |  |               |
| Deferred payment liabilities Unsecured (Note No. 3a)       |   |   |   |  |  |  |               |
| (Sales Tax Deferral under Package Schemes of Incentives)   | 124.47  |   | 145.84  |  |  |  |               |
|  |   | 124.47  | 145.84  |  |  |  |               |
| <b>Total</b>   |   | <b>124.47</b>                                 | <b>145.84</b>                                 |  |  |  |               |
| <b>NOTE 3a :</b>   |   |   |   |  |  |  |               |
| <b>Repayment Schedule</b>                                  |   |   |   |  |  |  |               |
| Year   | Package Scheme of incentives 1988 (I) EC-2862 | Package Scheme of incentives 1993 (I) EC-3305 | Package Scheme of incentives 1993 (I) EC-4206 | Additional Incentives under Package Scheme 1988/ EC-1499 | Incentive under 1998 Power Generation Policy (0.70 MW) | Incentive under 1998 Power Generation Policy (1.00 MW) | Total Amount  |
| 2014-15  | 0.93  | 7.59  | 7.19  | -  | 2.33   | 3.33   | 21.37         |
| 2015-16  | -   | 5.17  | 9.81  | -  | 3.49   | 5.00   | 23.47         |
| 2016-17  | -   | 0.45  | 9.81  | -  | 4.66   | 6.67   | 21.59         |
| 2017-18  | -   | -   | 8.90  | -  | 5.82   | 8.33   | 23.05         |
| 2018-19  | -   | -   | 6.50  | 1.07   | 5.71   | 8.33   | 21.61         |
| 2019-20  | -   | -   | 2.62  | 1.07   | 4.54   | 6.67   | 14.90         |
| 2020-21  | -   | -   | -   | 1.07   | 3.38   | 5.00   | 9.45          |
| 2021-22  | -   | -   | -   | 1.07   | 2.21   | 3.33   | 6.61          |
| 2022-23  | -   | -   | -   | 1.07   | 1.05   | 1.67   | 3.79          |
|  | <b>0.93</b>                                   | <b>13.21</b>                                  | <b>44.83</b>                                  | <b>5.35</b>  | <b>33.19</b>   | <b>48.33</b>   | <b>145.84</b> |

## Notes forming part of the Financial Statements (Contd....)

|   |   |   |
|---|---|---|
| Part I of 1988/ Package Scheme of Incentives -  | } | Sales Tax incentive scheme of Govt. of Maharashtra, by way of deferment of Sales Tax liability, for expansion carried out by the Company, being eligible unit under the scheme, implemented then through SICOM (The State Industrial and Investment Corporation Of Maharashtra Limited) |
| Part I of 1993/ Package Scheme of Incentives -  |   |   |
| Additional Incentives under Package Scheme 1988 |   | Additional Incentives Scheme of Govt. of Maharashtra, by way of deferment of Sales Tax liability, as per Govt. Circular No. IDL 1005/(C.R.354)/ IND-8 Dated 06.11.2006.   |
| 1998 Power Generation promotion policy-         |   | Sales Tax incentive scheme of Govt. of Maharashtra, by way of deferment of Sales Tax liability, for achieving required Power Load Factor (PLF) for the Company's Wind Farm project, implemented through MEDA (Maharashtra Energy Development Agency)                                    |

| Rupees in Million  |                           |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
| <b>NOTE 4 - DEFERRED TAX LIABILITY</b>   |                           |                           |
| (i) Break up of deferred tax liability as at year end :<br>Nature of timing difference   |                           |                           |
| Provision for Depreciation   | 106.24                    | 127.94                    |
| <b>Total</b>   | <b>106.24</b>             | <b>127.94</b>             |
| (ii) Break up of deferred tax asset as at year end:<br>Provision for Employee Benefits   |                           |                           |
|  | 27.25                     | 29.71                     |
| <b>Total</b>   | <b>27.25</b>              | <b>29.71</b>              |
| (iii) Deferred tax (asset)/liability net:  | <b>78.99</b>              | <b>98.23</b>              |
| <b>NOTE 5 - LONG- TERM PROVISIONS</b>  |                           |                           |
| Provision for Employee Benefits  | 16.71                     | 14.96                     |
| <b>Total</b>   | <b>16.71</b>              | <b>14.96</b>              |
| <b>NOTE 6 - SHORT TERM BORROWINGS</b>  |                           |                           |
| <b>Loans and Advances from other than related parties:</b>   |                           |                           |
| Loans repayable on demand (Secured)<br>- Cash Credit Facilities  | 2.06                      | 24.41                     |
| (Above loans from banks are Secured by Hypothecation of Stocks and Book Debts and Second Charge on Plant and Machinery at Factory)   |                           |                           |
| <b>Total</b>   | <b>2.06</b>               | <b>24.41</b>              |
| <b>NOTE 7 - TRADE PAYABLES</b>   |                           |                           |
| Trade payables ( Refer note no. 39 )   | 398.93                    | 361.18                    |
| <b>Total</b>   | <b>398.93</b>             | <b>361.18</b>             |
| <b>NOTE 8 - OTHER CURRENT LIABILITIES</b>  |                           |                           |
| Current maturities of long-term debt   | 21.37                     | 16.88                     |
| Unpaid dividends   | 4.87                      | 4.25                      |
| Other payables<br>(Including payable for Capital Goods, Advances from Customers, Employee related Statutory Obligations, VAT/ Sales Tax payable, Withholding Tax payable, etc) | 78.59                     | 100.88                    |
| <b>Total</b>   | <b>104.83</b>             | <b>122.01</b>             |
| <b>NOTE 9 - SHORT-TERM PROVISIONS</b>  |                           |                           |
| Provision for Employee Benefits  | 19.71                     | 22.91                     |
| <b>Provision-Others:</b>   |                           |                           |
| Provision for Warranty   | 2.90                      | 3.75                      |
| Proposed Dividend  | 63.51                     | 72.59                     |
| Tax on proposed dividend   | 10.79                     | 12.33                     |
| Other Provisions<br>(Including provision for Taxation net of Advance Tax Payments)   | 2.44                      | 8.10                      |
| <b>Total</b>   | <b>99.35</b>              | <b>119.68</b>             |

## Notes forming part of the Financial Statements (Contd....)



### NOTE 10 - FIXED ASSETS

Rupees in million

|  | Gross Block at Cost  |                           |   |                     |                        | Depreciation / Amortization / Impairment |              |                            |                     |                       | Net Block              |                        |
|--|----------------------|---------------------------|---|---------------------|------------------------|--|--------------|----------------------------|---------------------|-----------------------|------------------------|------------------------|
|  | As at 1st April 2013 | Additions during the year | Disposals during the year/ written back | * Other Adjustments | As at 31st March, 2014 | Upto 31st March, 2013                    | For the year | On Disposals/ written back | * Other Adjustments | Upto 31st March, 2014 | As at 31st March, 2014 | As at 31st March, 2013 |
| <b>(I) TANGIBLE ASSETS</b>                 |                      |                           |   |                     |                        |  |              |                            |                     |                       |                        |                        |
| Land                                       | 3.30                 | -                         | -                                       | -                   | 3.30                   | -  | -            | -                          | -                   | -                     | 3.30                   | 3.30                   |
| Leasehold Land                             | 78.26                | -                         | -                                       | -                   | 78.26                  | 4.32                                     | 2.61         | -                          | -                   | 6.93                  | 71.33                  | 73.94                  |
| Buildings                                  | 104.47               | 52.99                     | -                                       | 18.18               | 139.28                 | 63.78                                    | 6.10         | -                          | 5.32                | 64.56                 | 74.72                  | 40.68                  |
| Plant & Equipment                          | 1,148.00             | 66.89                     | 28.60                                   | -                   | 1,186.29               | 840.91                                   | 94.17        | 26.75                      | -                   | 908.33                | 277.96                 | 307.09                 |
| Furniture & Fixtures                       | 15.00                | 23.37                     | -                                       | -                   | 38.37                  | 9.30                                     | 3.79         | -                          | -                   | 13.09                 | 25.28                  | 5.70                   |
| Vehicles                                   | 77.19                | 5.46                      | 1.20                                    | -                   | 81.45                  | 40.29                                    | 9.73         | 1.16                       | -                   | 48.86                 | 32.59                  | 36.90                  |
| Office Equipment                           | 17.25                | 5.79                      | -                                       | -                   | 23.04                  | 8.69                                     | 2.07         | -                          | -                   | 10.76                 | 12.28                  | 8.56                   |
| Electrical Installation                    | 12.70                | 7.91                      | -                                       | -                   | 20.61                  | 5.58                                     | 1.56         | -                          | -                   | 7.14                  | 13.47                  | 7.12                   |
| ETP/STP Plant                              | -                    | 5.40                      | -                                       | -                   | 5.40                   | -  | 1.15         | -                          | -                   | 1.15                  | 4.25                   | -                      |
| Wind Mills                                 | 321.76               | -                         | -                                       | -                   | 321.76                 | 230.62                                   | 25.35        | -                          | -                   | 255.97                | 65.79                  | 91.14                  |
| Solar                                      | 491.98               | -                         | -                                       | -                   | 491.98                 | 78.16                                    | 57.56        | -                          | -                   | 135.72                | 356.26                 | 413.82                 |
| <b>Total</b>                               | 2,269.91             | 167.81                    | 29.80                                   | 18.18               | 2,389.74               | 1,281.65                                 | 204.09       | 27.91                      | 5.32                | 1,452.51              | 937.23                 | 988.25                 |
| <b>(II) INTANGIBLE ASSETS</b>              |                      |                           |   |                     |                        |  |              |                            |                     |                       |                        |                        |
| Computer software development              | 4.77                 | 25.13                     | -                                       | -                   | 29.90                  | 1.64                                     | 5.63         | -                          | -                   | 7.27                  | 22.63                  | 3.13                   |
| Technical know how fees                    | 0.86                 | -                         | -                                       | -                   | 0.86                   | 0.85                                     | -            | -                          | -                   | 0.85                  | 0.01                   | 0.01                   |
| <b>Total</b>                               | 5.63                 | 25.13                     | -                                       | -                   | 30.76                  | 2.49                                     | 5.63         | -                          | -                   | 8.12                  | 22.64                  | 3.14                   |
| <b>TOTAL (I)+(II)</b>                      | 2,275.54             | 192.94                    | 29.80                                   | 18.18               | 2,420.50               | 1,284.14                                 | 209.72       | 27.91                      | 5.32                | 1,460.63              | 959.87                 | 991.39                 |
| <b>PREVIOUS YEAR</b>                       | 2,359.60             | 94.27                     | 178.33                                  | -                   | 2,275.54               | 1,150.10                                 | 231.42       | 97.36                      | -                   | 1,284.14              | 991.40                 | 1,209.50               |
| <b>CAPITAL WORK IN PROGRESS</b>            |                      |                           |   |                     |                        |  |              |                            |                     |                       | 44.99                  | 47.86                  |
| <b>INTANGIBLE ASSETS UNDER DEVELOPMENT</b> |                      |                           |   |                     |                        |  |              |                            |                     |                       |                        | 8.26                   |

**Note :**

\* During the Current year the Company has reclassified Building having gross block of Rs. 18.18 Million and net block of Rs. 12.21 Million respectively as investment property under non current investments as the same has now been let out for earning rental income.

## Notes forming part of the Financial Statements (Contd....)

Rupees in Million

|  |              |  | As at<br>31st March, 2014     | As at<br>31st March, 2013 |
|--|--------------|--|-------------------------------|---------------------------|
| <b>NOTE 11 a. INVESTMENT PROPERTY (At cost less accumulated depreciation)</b>  |              |  |                               |                           |
| Cost of land and building given on operating lease   |              |  | 18.18                         | -                         |
| Less: Accumulated depreciation ( Current year depreciation 0.66 million )  |              |  | 5.97                          | -                         |
| Total (A)  |              |  | 12.21                         | -                         |
| <b>b. INVESTMENTS ( Non-Trade, Long Term )</b>   |              |  |                               |                           |
| <b>AT COST:</b>  |              |  |                               |                           |
| <b>In Mutual Fund Units (Units of Rs. 10 each) - Unquoted</b>  |              |  |                               |                           |
| -  | (4,538,029)  | Reliance Annual Interval Fund - Series I -Growth           | -                             | 50.00                     |
| 2,315,994  | (3,859,990)  | DWS Treasury Fund - Investment Plan - Growth               | 30.00                         | 50.00                     |
| 4,013,185  | (7,843,066)  | Reliance Income Fund - Growth Plan - Bonus                 | 44.07                         | 86.25                     |
| 1,000,000  | (1,000,000)  | Sundaram SMILE Fund - Dividend                             | 10.00                         | 10.00                     |
| 1,191,838  | (1,191,838)  | Sundaram Select Midcap Fund - Dividend                     | 20.00                         | 20.00                     |
| -  | (5,500,000)  | Sundaram Fixed Term Plan CG 18 - Growth                    | -                             | 55.00                     |
| 466,843  | (466,843)    | HDFC Top 200 Fund - Dividend                               | 20.00                         | 20.00                     |
| 896,032  | (896,032)    | Reliance Regular Savings Fund-Equity - Dividend            | 20.00                         | 20.00                     |
| -  | (5,000,000)  | Kotak Fixed Maturity Plan - Series 77 - Growth             | -                             | 50.00                     |
| -  | (2,000,000)  | DSP Blackrock Focus 25 Fund - Dividend                     | -                             | 20.00                     |
| 1,750,000  | -            | ICICI Pru FMP Series 68 - 369 D - Growth                   | 17.50                         | -                         |
| 2,500,000  | -            | Reliance Fixed Horizon Fund-XXIV-Series 3-Growth           | 25.00                         | -                         |
| 3,000,000  | -            | BSL Fixed Term Plan - Series HM - Growth                   | 30.00                         | -                         |
| 3,459,403  | -            | Reliance Dynamic Bond Fund                                 | 57.50                         | -                         |
| 4,017,312  | -            | L & T Triple Ace Bond Fund                                 | 50.00                         | -                         |
| 792,290  | -            | SBI Magnum Balanced Fund - Dividend                        | 20.00                         | -                         |
| <b>Total (B)</b>   |              |  | <b>344.07</b>                 | <b>381.25</b>             |
| <b>In Tax-Free Secured Redeemable Non-Convertible Bonds of Face Value Rs. 1,000 each -Quoted, fully paid-up :</b>                    |              |  |                               |                           |
| 24,724   | (24,724)     | National Highway Authority of India (NHAI)                 | 24.38                         | 24.38                     |
| 19,935   | (19,935)     | Power Finance Corporation Ltd. (PFC)                       | 19.59                         | 19.59                     |
| <b>Total (C)</b>   |              |  | <b>43.97</b>                  | <b>43.97</b>              |
| <b>In Equity Shares - Quoted, fully paid-up :</b>  |              |  |                               |                           |
| 14,259   | (14,259)     | ICICI Bank Ltd. of Rs. 10/- each                           | 13.40                         | 13.40                     |
| 135,159  | (135,159)    | National Thermal Power Corporation of Rs. 10/- each        | 8.38                          | 8.38                      |
| 12,216   | (12,216)     | Tata Consultancy Services Ltd. of Re. 1/- each             | 2.60                          | 2.60                      |
| 3,948  | (3,948)      | Reliance Industries Ltd. of Rs. 10/- each                  | 3.17                          | 3.17                      |
| 76,105   | (76,105)     | NHPC Ltd. of Rs. 10/- each                                 | 2.74                          | 2.74                      |
| 4,000  | (4,000)      | Cummins India Ltd. of Rs. 2/- each                         | 1.70                          | 1.70                      |
| 60,000   | (60,000)     | KPIT- Cummins India Ltd. of Rs. 2/- each                   | 4.56                          | 4.56                      |
| -  | (9,000)      | Oil India Ltd. of Rs. 10/- each                            | -                             | 4.46                      |
| <b>Total (D)</b>   |              |  | <b>36.55</b>                  | <b>41.01</b>              |
| <b>In Equity Shares - Unquoted, fully paid up (In JV):</b>   |              |  |                               |                           |
| 55,770,000   | (39,208,000) | ZF Lenksysteme India Pvt.Ltd. (26% holding) of Rs.10/-each | 557.70                        | 392.08                    |
| <b>Total (E)</b>   |              |  | <b>557.70</b>                 | <b>392.08</b>             |
| <b>Total (A+B+C+D+E)</b>   |              |  | <b>994.50</b>                 | <b>858.31</b>             |
| <b>INVESTMENT(Current,At cost or Net Realisable value whichever is lower)</b>  |              |  |                               |                           |
| <b>In Zero-coupon Secured Redeemable Non-Convertible Debentures of Face Value Rs. 1,000,000 each -Unquoted, issued at Discount :</b> |              |  |                               |                           |
| -  | (57)         | Manappuram Finance Limited                                 | -                             | 49.61                     |
| <b>Total</b>   |              |  | <b>-</b>                      | <b>49.61</b>              |
| <b>LONG TERM INVESTMENTS :</b>   |              |  | <b>As at 31st March, 2014</b> |                           |
| <b>AGGREGATE VALUE OF :</b>  |              |  | <b>Book Value</b>             | <b>Market Value</b>       |
| Quoted Govt. Securities  |              |  | 43.97                         | 45.98                     |
| Quoted shares  |              |  | 36.55                         | 77.83                     |
| Unquoted Investments   |              |  | 913.98                        | -                         |

## Notes forming part of the Financial Statements (Contd....)

Rupees in Million

|  | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|--|---------------------------|---------------------------|
| <b>NOTE 12 - LONG TERM LOANS AND ADVANCES</b>  |                           |                           |
| (Unsecured, considered good unless otherwise stated)   |                           |                           |
| Loans and Advances to other than related parties:  |                           |                           |
| Capital Advances   | 114.47                    | 54.85                     |
| Security deposits  | 3.20                      | 3.12                      |
| Other Loans and Advances<br>(including loans to employees, Income taxes net of provisions)     | 49.88                     | 61.95                     |
| <b>Total</b>   | <b>167.55</b>             | <b>119.92</b>             |
| <b>NOTE 13 - OTHER NON CURRENT ASSETS</b>  |                           |                           |
| (Unsecured, considered good unless otherwise stated)   |                           |                           |
| Others   |                           |                           |
| - Voluntary Retirement Scheme  | 0.20                      | 0.20                      |
| <b>Total</b>   | <b>0.20</b>               | <b>0.20</b>               |
| <b>NOTE 14 - INVENTORIES</b>   |                           |                           |
| (At cost or net realisable value whichever is lower)   |                           |                           |
| Raw materials (including Goods in Transit Rs. 13.61 million (Previous year Rs. 24.56 million)) |                           |                           |
|  | 115.92                    | 213.47                    |
| Work - in - Progress   | 143.17                    | 44.83                     |
| Finished Goods   | 0.57                      | 0.52                      |
| Carbon Credit & Renewable Energy Certificate   | 0.48                      | 0.17                      |
| <b>Total</b>   | <b>260.14</b>             | <b>258.99</b>             |
| <b>NOTE 15 - TRADE RECEIVABLES</b>   |                           |                           |
| (Unsecured, considered good unless otherwise stated)   |                           |                           |
| 1) Trade Receivables Outstanding for a period exceeding six months                             | 2.06                      | 1.00                      |
| 2) Other Trade Receivables   | 471.75                    | 378.17                    |
| <b>Total</b>   | <b>473.81</b>             | <b>379.17</b>             |
| <b>NOTE 16 - CASH AND CASH EQUIVALENTS</b>   |                           |                           |
| Balances with Banks  |                           |                           |
| - On Current Account   | 31.51                     | 6.73                      |
| - In Fixed Deposits  | 0.65                      | 0.65                      |
| Cash on hand   | 0.30                      | 0.57                      |
| Others:  |                           |                           |
| - Investments in Debt Mutual funds   | 105.00                    | 285.00                    |
| <b>Total</b>   | <b>137.46</b>             | <b>292.95</b>             |
| <b>NOTE 17 - SHORT TERM LOANS AND ADVANCES</b>   |                           |                           |
| (Unsecured, considered good unless otherwise stated)   |                           |                           |
| Balance with Central Excise  |                           |                           |
|  | 10.68                     | 10.26                     |
| Others<br>(including advance to suppliers, prepaid expenses etc)                               | 24.10                     | 47.66                     |
| <b>Total</b>   | <b>34.78</b>              | <b>57.92</b>              |
| <b>NOTE 18 - OTHER CURRENT ASSETS</b>  |                           |                           |
| Other Bank Balances:   |                           |                           |
| - Balances with banks in   |                           |                           |
| - On Unpaid Dividend Accounts  | 4.87                      | 4.25                      |
| - Other  |                           |                           |
| Other current assets   | 1.12                      | 1.53                      |
| Interest on Fixed Deposit / others   | 2.11                      | 5.27                      |
| Voluntary Retirement Scheme  | 0.20                      | 0.20                      |
| <b>Total</b>   | <b>8.30</b>               | <b>11.25</b>              |
| <b>NOTE 19 - REVENUE FROM OPERATIONS- NET</b>  |                           |                           |
| Sale of products   | 3,138.45                  | 3,383.13                  |
| Income from Jobwork  | 0.53                      | 0.22                      |
| Sale of Solar Power  | 95.11                     | 95.30                     |
| Sale of Wind Power   | 2.62                      | 0.46                      |
| Royalty  | 0.28                      | 0.22                      |
| Scrap Sales  | 17.88                     | 17.73                     |
| Gross Revenue from Operations  | 3,254.87                  | 3,497.06                  |
| Less: Excise Duty  | 343.89                    | 368.19                    |
| <b>Total</b>   | <b>2,910.98</b>           | <b>3,128.87</b>           |

## Notes forming part of the Financial Statements (Contd....)

Rupees in Million

|  | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|--|--|--|
| <b>NOTE 20 - OTHER INCOME</b>  |  |  |
| Interest Income  | 8.04                                   | 8.05                                   |
| Dividend Income from long term investments   | 7.07                                   | 5.84                                   |
| Net gain on sale of investments-long term  | 44.50                                  | 89.45                                  |
| Net gain on foreign currency transaction and translation   | 0.49                                   | (0.76)                                 |
| Sundry provisions and credit balances no longer required, written back   | (3.59)                                 | 1.17                                   |
| Other non-operating income (net of expenses directly attributable to such income)  | 10.23                                  | 11.05                                  |
| Government grant under PSI scheme *  | 6.55                                   | -                                      |
| * The Company obtained and recognized as income a government grant of Rs. In Million - 6.55 (31st March 2013 - NIL), for Industrial Promotion Subsidy [IPS] under Packaged Scheme of Incentive [PSI] 2007. |  |  |
| <b>Total</b>   | <b>73.29</b>                           | <b>114.80</b>                          |
| <b>NOTE 21 - COST OF MATERIAL CONSUMED</b>   |  |  |
| Raw Material Consumed (including purchase of traded goods)   | 1,875.30                               | 1,897.46                               |
| Fabrication and Processing charges   | 34.05                                  | 39.05                                  |
| Packing Material Consumed  | 30.47                                  | 28.84                                  |
| <b>Total</b>   | <b>1,939.82</b>                        | <b>1,965.35</b>                        |
| <b>NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK - IN - PROGRESS</b>   |  |  |
| Opening stock(A)   |  |  |
| Work - in - progress   | 44.83                                  | 41.82                                  |
| Finished goods   | 0.69                                   | 0.61                                   |
|  | 45.52                                  | 42.43                                  |
| Closing stock(B)   |  |  |
| Work - in - progress   | 143.17                                 | 44.83                                  |
| Finished goods   | 1.05                                   | 0.69                                   |
|  | 144.22                                 | 45.52                                  |
| <b>A-B</b>   | <b>(98.70)</b>                         | <b>(3.09)</b>                          |
| <b>NOTE 23 - EMPLOYEE BENEFITS EXPENSE</b>   |  |  |
| Salaries and Wages   | 275.53                                 | 282.48                                 |
| Contribution to provident and other funds  | 10.46                                  | 11.07                                  |
| Staff welfare expenses   | 26.30                                  | 28.66                                  |
| <b>Total</b>   | <b>312.29</b>                          | <b>322.21</b>                          |
| <b>NOTE 24 - FINANCE COSTS</b>   |  |  |
| Interest Expense   | 3.00                                   | 31.36                                  |
| Other Borrowing Costs  | 3.90                                   | 5.00                                   |
| <b>Total</b>   | <b>6.90</b>                            | <b>36.36</b>                           |
| <b>NOTE 25 - OTHER EXPENSES</b>  |  |  |
| Power and Fuel (Net of Credit for Windmill Income of Rs. 50.77 Million (P.Y. Rs. 56.99 Million) captively consumed)  | 14.50                                  | 25.95                                  |
| Repairs and Maintenance -  |  |  |
| Buildings  | 2.98                                   | 12.58                                  |
| Machinery  | 11.10                                  | 29.88                                  |
| Others   | 6.71                                   | 9.49                                   |
|  | 20.79                                  | 51.95                                  |
| Insurance  | 2.89                                   | 2.64                                   |
| Rates & Taxes (excluding taxes on income)  | 2.09                                   | 1.52                                   |
| Excise Duty -  |  |  |
| Relating to changes in inventories of finished goods   | 0.08                                   | 0.06                                   |
| Loss on sale/write off of fixed assets (net)   | -                                      | 2.65                                   |
| Selling and Distribution Expenses  | 35.46                                  | 42.62                                  |
| Windmill Expenses  | 30.01                                  | 17.48                                  |
| Solar Expenses   | 4.55                                   | 3.11                                   |
| Payment to Auditors (Net of Service Tax) -   |  |  |
| Audit Fees   | 0.30                                   | 0.25                                   |
| Tax Audit Fees   | 0.09                                   | 0.08                                   |
| VAT Audit Fees   | 0.05                                   | 0.04                                   |
| For Certification and other related work   | 0.04                                   | 0.01                                   |
| Limited Review   | 0.08                                   | 0.06                                   |
|  | 0.56                                   | 0.44                                   |
| Miscellaneous expenses   | 53.95                                  | 53.01                                  |
| <b>Total</b>   | <b>164.88</b>                          | <b>201.43</b>                          |

## Notes forming part of the Financial Statements (Contd....)

### NOTE 27 - THE NET EXCHANGE DIFFERENCES ARISING DURING THE YEAR:

Recognised appropriately in the profit and loss account - net gain - Rs. in Million 0.49 (31st March, 2013 - net loss - Rs. in Million 0.75)

### NOTE 28 - DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEES BENEFITS ARE AS UNDER:

#### (A) Defined Contribution Plan

Amount recognized as an expense in the Profit and Loss Account in respect of Defined Contribution Plans is Rs. Million 9.40

#### (B) Defined Benefit Plan

- i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Profit & Loss Account.
- ii) The Defined Benefit Plans comprise of Gratuity and Leave Encashment. Gratuity is funded. Gratuity is a benefit to an employee based on 15 days (depending on the grade/ category of employee and completed year of services) the last drawn salary of each year.

Amount Rs. In Million

| Particulars   | Gratuity   |            | Leave Encashment |            |
|---|------------|------------|------------------|------------|
|   | 31.03.2014 | 31.03.2013 | 31.03.2014       | 31.03.2013 |
| <b>(C) Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :</b>      |            |            |                  |            |
| 1 Present Value of Defined Benefit Obligation at the beginning of the year  | 73.14      | 60.12      | 20.58            | 14.53      |
| 2 Current Service cost  | 5.18       | 5.66       | 3.00             | 3.02       |
| 3 Interest Cost   | 5.88       | 5.05       | 1.64             | 1.19       |
| 4 Losses (gains) on Curtailment   | -          | -          | -                | -          |
| 5 Liabilities extinguished on settlements   | -          | -          | -                | -          |
| 6 Plan amendments   | -          | -          | -                | -          |
| 7 Actuarial (gains) / losses  | (6.60)     | 3.68       | (1.23)           | 2.96       |
| 8 Benefits paid   | (1.13)     | (1.37)     | (0.70)           | (1.12)     |
| 9 Present value of Defined Benefit Obligation as on 31.03.14  | 76.47      | 73.14      | 23.29            | 20.58      |
| <b>(D) Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :</b>                |            |            |                  |            |
| 1 Fair value of Plan assets at the beginning of the year  | 55.85      | 15.75      | -                | -          |
| 2 Expected return on plan assets  | 5.13       | 1.47       | -                | -          |
| 3 Actuarial gains and losses  | 0.04       | 0.43       | -                | -          |
| 4 Actual contributions by employer  | 2.32       | 38.19      | -                | -          |
| 5 Benefits paid   | -          | -          | -                | -          |
| 6 Plan assets as on 31st March,2014   | 63.34      | 55.84      | -                | -          |
| <b>(E) Analysis of Defined Benefit Obligation :</b>   |            |            |                  |            |
| 1 Defined Benefit Obligation as at 31st March,2014  | 76.47      | 73.14      | 23.29            | 20.58      |
| 2 Fair Value of Plan assets at the end of the year  | 63.34      | 55.84      | -                | -          |
| 3 Net (Asset)/Liability recognized in the Balance Sheet .   | 13.13      | 17.30      | 23.29            | 20.58      |
| <b>(F) Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :</b> |            |            |                  |            |
| 1 Present value of Defined Benefit Obligation   | 76.47      | 73.14      | 23.29            | 20.58      |
| 2 Fair value of plan assets   | 63.34      | 55.84      | -                | -          |
| 3 Funded status [Surplus/(Deficit)]   | (13.13)    | (17.30)    | (23.29)          | (20.58)    |
| 4 Unrecognized Past Service Costs   | -          | -          | -                | -          |
| 5 Net asset/(Liability) recognized in Balance Sheet   | (13.13)    | (17.30)    | (23.29)          | (20.58)    |



## Notes forming part of the Financial Statements (Contd....)

Amount Rs. in Million

| Particulars   | Gratuity          |                   | Leave Encashment        |                   |                   |
|---|-------------------|-------------------|-------------------------|-------------------|-------------------|
|   | 31.03.2014        | 31.03.2013        | 31.03.2014              | 31.03.2013        |                   |
| <b>(G) Components of employer expenses recognized .</b>   |                   |                   |                         |                   |                   |
| 1 Current Service cost  | 5.18              | 5.66              | 3.00                    | 3.02              |                   |
| 2 Interest cost   | 5.88              | 5.05              | 1.64                    | 1.19              |                   |
| 3 Expected return on plan assets  | (5.13)            | (1.47)            | -                       | -                 |                   |
| 4 Curtailment cost/(credit)   | -                 | -                 | -                       | -                 |                   |
| 5 Settlement cost/(credit)  | -                 | -                 | -                       | -                 |                   |
| 6 Past Service cost   | -                 | -                 | -                       | -                 |                   |
| 7 Actuarial Losses/(Gains)  | (6.64)            | 3.24              | (1.23)                  | 2.96              |                   |
| 8 Total expense recognised in the Statement of P & L  | (0.71)            | 12.48             | 3.41                    | 7.17              |                   |
| <b>(H) In respect of Funded Benefits with respect to gratuity and superannuation, the fair value of Plan assets represents the amounts invested through "Insurer Managed Funds"</b>               |                   |                   |                         |                   |                   |
| <b>(I) Principal Actuarial Assumptions :</b>  |                   |                   |                         |                   |                   |
| 1 Discount Rate (%)   | 9.20%             | 8.10%             | 9.20%                   | 8.10%             |                   |
| 2 Expected Return on plan assets (%)  | 9.00%             | 9.00%             | 0.00                    | 0.00              |                   |
| 3 Salary Escalation (%)   | 12.00%            | 12.00%            | 12.00%                  | 12.00%            |                   |
| 4 Expected Average remaining working lives of employees (years)   | 11.00             | 11.28             | 11.04                   | 11.28             |                   |
| a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.                            |                   |                   |                         |                   |                   |
| b) Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations |                   |                   |                         |                   |                   |
| c) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors                                 |                   |                   |                         |                   |                   |
|   | <b>31.03.2010</b> | <b>31.03.2011</b> | <b>31.03.2012</b>       | <b>31.03.2013</b> | <b>31.03.2014</b> |
| <b>(J) Experience History</b>   |                   |                   |                         |                   |                   |
| 1 Present Value of Obligation   | 40.55             | 46.09             | 60.12                   | 73.14             | 76.47             |
| 2 Plan Assets   | 10.61             | 14.17             | 15.75                   | 55.84             | 63.34             |
| 3 Surplus (Deficit)   | (29.94)           | (31.92)           | (44.37)                 | (17.30)           | (13.13)           |
| 4 Experience adjustments on plan liabilities (loss)/gain  | (1.30)            | 0.16              | (7.65)                  | 1.01              | 0.97              |
| 5 Experience adjustments on plan assets (loss)/gain   | 0.01              | 1.50              | (1.51)                  | 0.43              | 0.04              |
| * The same needs to be disclosed for 5 years  |                   |                   |                         |                   |                   |
| <b>Particulars</b>  | <b>Gratuity</b>   |                   | <b>Leave Encashment</b> |                   |                   |
|   | <b>31.03.2014</b> | <b>31.03.2013</b> | <b>31.03.2014</b>       | <b>31.03.2013</b> |                   |
| <b>(K) Actual return on plan assets:</b>  |                   |                   |                         |                   |                   |
| 1 Expected Return on plan assets  | 5.13              | 1.47              | -                       | -                 |                   |
| 2 Actuarial gains and (losses)  | 0.04              | 0.43              | -                       | -                 |                   |
| 3 Actual return on plan assets  | 5.17              | 1.90              | -                       | -                 |                   |
| <b>(L) Contributions expected to be paid to the plan during the next financial year Rs 2.5 Million.</b>   |                   |                   |                         |                   |                   |
| <b>NOTE 29 -</b>  |                   |                   |                         |                   |                   |
| Amount of borrowing costs capitalised during the year Rs. In Million - NIL (31st March, 2013- Rs. In Million - NIL)   |                   |                   |                         |                   |                   |

## Notes forming part of the Financial Statements (Contd....)

### NOTE 30 - RELATED PARTY DISCLOSURES:

#### A) Name of the related party and nature of relationship where control exists:

| Name of Related Party   | Nature of Relationship   |
|---|--|
| <b>ZF Lenksysteme, GmbH</b><br><br><b>ZF Shanghai Steering Co.Ltd., China</b><br><b>ZF Sistemas De Direcao Ltd, Brazil</b><br><b>ZF Steering Jincheng (Nanjing),China</b><br><br><b>Varsha Forgings Ltd.</b><br><br><b>ZF Lenksysteme India Pvt Ltd.</b><br><b>(Company has 26% stake in the company)</b> | Foreign Collaborator :<br><br>Associated Companies of ZF Lenksysteme, GmbH<br><br>Director's interested company<br><br>Joint venture company |
| <b>Mr. Dinesh Munot - Chaiman &amp; Managing Director</b><br><b>Mr. Jinendra Munot - Jt. Managing Director</b><br><b>Mr. Utkarsh Munot - Executive Director</b>   | Key Managerial Personnel   |
| <b>Mrs. Eitika U. Munot - Manager Co-Ordination (S.A.P. &amp; H.R.)</b>   | Relative of Key Managerial Personnel   |

#### B) Related Party Transactions:

Rs. in Million

| Name of Related Party  | Description of Relationship          | Nature of Transactions                 | Amount of Transactions 2013-14 | Amount Outstanding at the end of year 31-03-2014 |       | Amount of Transactions 2012-13 | Amount Outstanding at the end of year 31-03-2013 |       |
|--|--------------------------------------|--|--------------------------------|--|-------|--------------------------------|--|-------|
|  |                                      |  |                                | Credit   | Debit |                                | Credit   | Debit |
| ZF Lenksysteme, GmbH   | Foreign Collaborator                 | Sale of Goods                          | -                              | -  | -     | 0.96                           | 0.92   |       |
|  |                                      | Purchase of Raw materials & components | 147.79                         | 5.32   |       | 210.77                         | 14.60  |       |
|  |                                      | Dividend paid during the year          | 18.72                          | -  |       | 11.70                          |  |       |
| Other related parties:<br>ZF Shanghai Steering Co. Ltd., China<br>ZF Sistemas De Direcao Ltd., Brazil<br>ZF Steering Jincheng (Nanjing), China<br>Varsha Forgings Ltd. | Associate Companies                  | Sale of Goods                          | 0.76                           | -  | -     | 1.72                           | 0.45   | -     |
|  |                                      | Purchase of Raw materials & components | 162.79                         | 40.54  |       | 252.97                         | 37.60  |       |
| Mr. Dinesh Munot   | Key Managerial Personnel             | Remuneration                           | 19.51                          | -  |       | 21.78                          | 4.79   |       |
| Mr. Jinendra Munot   | Key Managerial Personnel             | Remuneration                           | 11.05                          | -  |       | 12.68                          | 2.65   |       |
| Mr. Utkarsh Munot  | Key Managerial Personnel             | Remuneration                           | 6.32                           | -  |       | 8.04                           | 2.40   |       |
| Mrs. Eitika U. Munot   | Relative of Key Managerial Personnel | Remuneration                           | 0.96                           | -  |       | 0.15                           | 0.08   |       |

## Notes forming part of the Financial Statements (Contd....)

### NOTE 31 - EARNINGS PER SHARE

- (a) The amount used as the numerator in calculating basic and diluted earnings per share is the net profit after tax for the year disclosed in the Profit and Loss Statement.
- (b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 9,073,300

**NOTE 32-** Details of provisions and movements in each class of provisions as required by the Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Accounting Standard-29)

| Particulars                                  | Rs. In Million            |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|  | Warranty                  | Warranty                  |
| Carrying Amount at the beginning of the year | 3.75                      | 4.00                      |
| Additional Provision made during the year    | 3.35                      | 2.90                      |
| Amounts Used during the year                 | 4.20                      | 3.15                      |
| Unused amounts reversed during the year      | -                         | -                         |
| Carrying Amounts at the end of the year      | 2.90                      | 3.75                      |

**Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits :**

#### Warranty Provision:

Warranty cost are accrued at the time of products are sold, based on past experience. The provision is discharged over the warranty period of 18 months from the date of sale.

**NOTE 33 - Value of imported and indigenous raw materials, components and packing material consumed:**

| Particulars           | For the year ended 31st March, 2014 |                | For the year ended 31st March, 2013 |                |
|-----------------------|-------------------------------------|----------------|-------------------------------------|----------------|
|                       | Value (Rs. In Million)              | Percentage (%) | Value (Rs. In Million)              | Percentage (%) |
| Imported              | 261.82                              | 14.22          | 459.28                              | 23.41          |
| Indigenously obtained | 1,579.30                            | 85.78          | 1,502.97                            | 76.59          |
| <b>Total</b>          | <b>1,841.12</b>                     | <b>100.00</b>  | 1,962.25                            | 100.00         |

**NOTE 34 - CIF Value of Imports**

| Particulars                               | For the year ended<br>31st March, 2014<br>Rs. In Million | For the year ended<br>31st March, 2013<br>Rs. In Million |
|---|--|--|
| Raw materials, Components and consumables | 267.80   | 423.74   |
| Capital Goods                             | -  | 3.67   |
| <b>Total</b>                              | <b>267.80</b>  | 427.41   |

**NOTE 35 - Contingent Liability:**

| Particulars   | As at<br>31st March, 2014<br>Rs. In Million | As at<br>31st March, 2013<br>Rs. In Million |
|---|---|---|
| Income Tax matters in respect of 'Penalty' under Appeal | 32.63                                       | 32.63                                       |
| Service Tax matters under Appeal                        | 0.66  | 3.63  |
| Co-acceptance of Import bills by the bankers            | 24.57                                       | 31.52                                       |
| Bill discounted   | 360.96                                      | 229.38                                      |
| Bank Guarantees by the Company                          | 12.10                                       | 4.30  |
| Claims against the company not acknowledged as debts    | 0.57  | 0.16  |
| <b>Total</b>  | <b>431.49</b>                               | 301.62                                      |

## Notes forming part of the Financial Statements (Contd....)

### NOTE 36 - Commitments:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. In Million - 59.17 (31st March 2013 - Rs. In Million - 42.97).
- b) The Company has deferred payment of certain Sales tax Liability under various Package Scheme of Incentives of Government of Maharashtra. The Company is required to comply with conditions of above package Schemes of Incentives, the various Eligibility Certificates granted under such Schemes, stipulations or undertaking as per the Agreements entered into in connection with the grant of incentive under the said Schemes or on the Eligibility Certificates.

### NOTE 37 - Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise :

| Particulars           | Amount in foreign currency |               | Equivalent amount Rs. in Million |               |
|-----------------------|----------------------------|---------------|----------------------------------|---------------|
|                       | Current Year               | Previous Year | Current Year                     | Previous Year |
| Sundry creditors USD  | 0.004                      | 0.32          | 0.221                            | 16.37         |
| Sundry creditors EURO | 0.06                       | 0.24          | 5.38                             | 17.22         |
| Sundry debtors USD    | 0.25                       | -             | 14.93                            | -             |

### NOTE 38 - Dividend amount proposed to be distributed to Shareholders Rs.7 (Rs. 8) per share.

**NOTE 39** - Under the Micro, Small and Medium Enterprises Development Act, 2006 certain disclosure are required to be made for enterprises which are covered under the Act. Since the company is in a process of compiling relevant information from its suppliers about their coverage under the said Act, no disclosures have been made. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

### NOTE 40 - EARNINGS IN FOREIGN EXCHANGE

| Particulars          | For the year ended<br>31st March, 2014<br>Rs. in Million | For the year ended<br>31st March, 2013<br>Rs. in Million |
|----------------------|--|--|
| FOB Value of exports | 31.36  | 9.50   |
| <b>Total</b>         | <b>31.36</b>   | <b>9.50</b>  |

### NOTE 41 - REMITTANCES IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

| Particulars   | Paid in Current year | Paid in Previous Year |
|---|----------------------|-----------------------|
|   | Final                | Final                 |
| (a) Year to which dividend relates                                  | <b>2013</b>          | <b>2012</b>           |
| (b) Number of non-resident shareholders to whom remittance was made | 1                    | 1                     |
| (c) Number of shares on which remittance was made                   | 2,340,000            | 2,340,000             |
| (d) Amount remitted (Rs. In Million)                                | 18.72                | 11.70                 |

### NOTE 42 - EXPENDITURE IN FOREIGN EXCHANGE

| Particulars                   | For the year ended<br>31st March, 2014<br>Rs. In Million | For the year ended<br>31st March, 2013<br>Rs. In Million |
|-------------------------------|--|--|
| Travelling and other expenses | 6.20   | 4.73   |
| <b>Total</b>                  | <b>6.20</b>  | <b>4.73</b>  |

## Notes forming part of the Financial Statements (Contd....)

**NOTE 43 -** In current year provision for current taxes includes provision for wealth tax of Rs. In Millions - 0.5 (31st March, 2013 - Rs. In Millions - 0.4)

**NOTE 44 -** The Company has 26% joint venture interest in ZF Lenksysteme India Private Limited (ZFLIPL), a company incorporated in India. As on March 31, 2014 the Company has further invested Rs. 165.62 Million (previous year Rs. 179.14 Million) in the share capital of this Joint Venture.

The Company's share of each of the assets, liabilities, income and expenses (each without elimination of the effect of transaction between the Company and the Joint Venture), related to its interest in the joint venture as per AS 27 on 'Financial Reporting of interest in Joint Ventures' (based on the unaudited accounts of the Joint Venture for the year ended March 31, 2014) are as under

| Particulars | As at<br>March 31st, 2014<br>Rs. In Million | As at<br>March 31st, 2013<br>Rs. In Million |
|-------------|---|---|
| Assets      | 390.65                                      | 346.93                                      |
| Liabilities | 390.65                                      | 346.93                                      |
| Particulars | For the year<br>2013-2014                   | For the year<br>2012-2013                   |
| Income      | 46.28                                       | 15.62                                       |
| Expenditure | 170.94                                      | 82.18                                       |

**NOTE 45-** Actual production, opening stock, closing stock and sales:

| Class of Goods   | Opening Stock |                         | Closing Stock |                     | Sales                |                       |
|--|---------------|-------------------------|---------------|---------------------|----------------------|-----------------------|
|  | Qty. No.      | Value Rs.<br>in Million | Qty. No.      | Value<br>in Million | Qty. No.             | Value<br>in Million   |
| Hydraulic Power<br>Steering Gears<br>including components/<br>spares | 74            | 0.46                    | 96            | 0.57                | 165,456<br>(195,122) | 2459.51<br>(2,795.21) |
| Mechanical<br>Steering Gears<br>including components/<br>spares      | -             | -                       | -             | -                   | 185,676<br>(152,641) | 671.92<br>(582.33)    |
|  | 74            | 0.46                    | 96            | 0.57                | 351,132              | 3131.43               |
|  | (160)         | (0.61)                  | (74)          | (0.46)              | (347,763)            | (3,377.54)            |

None of the company's Raw Material and Components are greater than 10 percent of total sales and consumption of raw material and hence the disclosure under Broad Heads of Materials has not given

The above figures are inclusive of Excise duty and Education Cess.

### NOTE 46 - Segment reporting

|          |  | Rs. in Million  |                 |
|----------|--|-----------------|-----------------|
|          | Particulars  | 31.03.2014      | 31.03.2013      |
| <b>1</b> | <b>Segment Revenue</b>   |                 |                 |
|          | a Auto Component   | 2,886.54        | 3,147.91        |
|          | b Renewable Energy   | 148.50          | 152.75          |
|          | Less: inter segment sale   | 50.77           | 56.99           |
|          | <b>Total Income</b>  | <b>2,984.27</b> | <b>3,243.67</b> |
| <b>2</b> | <b>Segment results</b>   |                 |                 |
|          | Profit( + ) / Loss ( - ) before tax and interest from each segment |                 |                 |
|          | a Auto Component   | 427.93          | 494.66          |
|          | b Renewable Energy   | 27.66           | 0.33            |
|          | Total  | 455.59          | 494.99          |
|          | Less :   |                 |                 |
|          | Interest   | 6.90            | 5.00            |
|          | Total profit before Tax  | 448.69          | 489.99          |
|          | Less : Tax Expenses  | 307.65          | 233.80          |
|          | <b>Net Profit</b>  | <b>141.04</b>   | <b>256.19</b>   |

## Notes forming part of the Financial Statements (Contd....)

### NOTE 46 - Segment reporting (Contd.)

Rs. In Million

|          | Particulars   | 31.03.2014      | 31.03.2013      |
|----------|---|-----------------|-----------------|
| <b>3</b> | <b>Total carrying amount of segment assets</b>                    |                 |                 |
|          | a Auto Component  | 2,518.18        | 2397.12         |
|          | b Renewable Energy  | 526.32          | 616.79          |
|          | Unallocable segment   | 36.60           | 62.05           |
|          | <b>Total segment assets</b>                                       | <b>3,081.10</b> | <b>3,075.96</b> |
| <b>4</b> | <b>Total amount of segment liabilities</b>                        |                 |                 |
|          | a Auto Component  | 821.28          | 864.98          |
|          | b Renewable Energy  | 1.12            | 12.86           |
|          | c. unallocable segment  | 2.44            | 8.60            |
|          | <b>Total segment liabilities</b>                                  | <b>824.84</b>   | <b>886.44</b>   |
| <b>5</b> | <b>Capital Employed</b><br>(Segment assets - Segment liabilities) |                 |                 |
|          | a Auto Component  | 1,696.90        | 1532.14         |
|          | b Renewable Energy  | 525.20          | 603.93          |
|          | c. Unallocable segment  | 34.16           | 53.45           |
|          | <b>Total capital employed in the company</b>                      | <b>2,256.26</b> | <b>2,189.52</b> |
| <b>6</b> | <b>Capital Expenditure incurred during the year</b>               |                 |                 |
|          | a. Auto component   | 192.94          | 72.78           |
|          | b. Renewable Energy   | -               | 21.49           |
| <b>7</b> | <b>Depreciation</b>   |                 |                 |
|          | a. Auto component   | 124.11          | 127.59          |
|          | b. Renewable Energy   | 86.28           | 103.83          |

**NOTE 47 -** During the year 2011-12, the company was subject to proceedings under Section 132 of the Income Tax Act, 1961 ('the Act'). As reported earlier, to avoid long protracted litigation, the company filed an application with the Income Tax Settlement Commission ('ITSC') on 17 September, 2012. On November 29, 2013 the ITSC has passed an Order u/S 245D(4) of the Act. Pursuant to the said Order, notice of demand u/S 156 of the Act was received on January 3, 2014 (date of Order December 28, 2013), wherein the additional tax-liability has been determined at Rs 181.89 million for 7 Assessment Years from 2006-07 to A.Y. 2012-13. The Company accordingly accounted additional tax-liability in the Profit & Loss Account under the head Tax Expenses

**NOTE 48 -** Corresponding Figures of the previous year have been regrouped/ recast, wherever necessary, so as to confirm with the current year's presentation.

As per our Report of even date attached.

For **MGM and Company**  
Chartered Accountants  
Firm Registration No. : 117963W

**Mangesh Katariya**  
Partner  
Membership No. 104633

Pune, May 21, 2014

For and on behalf of the Board of Directors

**Dinesh Munot**  
**Jinendra Munot**  
**Utkarsh Munot**

Chairman & Managing Director  
Jt. Managing Director  
Executive Director

**Ludwig Rapp**  
**M. L. Rathi**  
**Shridhar S. Kalmadi**  
**Carl Magnus Backlund**

Directors

**Jinendra Jain**  
**Satish Mehta**

Chief Financial Officer  
Company Secretary

Pune, May 21, 2014



## ZF STEERING GEAR (INDIA) LIMITED

Registered Office: Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune 412216, CIN: L29130PN1981PLC023734 Email Id: satish.mehta@zfindia.com, Website: www.zfindia.com, Phone: 02137-252223/ 252433, Fax: 02137-252302

### ATTENDANCE SLIP 34th ANNUAL GENERAL MEETING ON JULY 30, 2014

|   |  |
|---|--|
| Registered Folio/<br>DP ID & Client ID    |  |
| Name and address<br>of the shareholder(s) |  |
| Joint Holder 1                            |  |
| Joint Holder 2                            |  |

I/ We hereby record my/ our presence at the **34th Annual General Meeting** of the Company to be held on **Wednesday, July 30, 2014 at 4.00 p.m.** at the Registered Office of the Company at- **Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune 412216.**

Member's Folio/ DP ID/Client ID \_\_\_\_\_ Members' / Proxy's name in Block Letters \_\_\_\_\_ Members' / Proxy's Signature \_\_\_\_\_  
 Note: Please complete the Folio/DP ID-Client ID No. and name, sign this Attendance Slip and hand it over this slip.

#### ELECTRONIC VOTING PARTICULARS

| Electronic Voting Sequence Number | User ID | Password |
|-----------------------------------|---------|----------|
|                                   |         |          |

Note: Please read the instructions printed under the note no. 6 to the Notice of 34th Annual General Meeting dated July 30, 2014. The Voting period starts from 9.00 a.m. on July 24, 2014 and ends at 5.00 p.m. on July 26, 2014. The voting module shall be disabled by CDSL for voting thereafter.

**PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.**

## ZF STEERING GEAR (INDIA) LIMITED



Registered Office: Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune 412216, CIN: L29130PN1981PLC023734 Email Id: satish.mehta@zfindia.com, Website: www.zfindia.com, Phone: 02137-252223/ 252433, Fax: 02137-252302

### PROXY FORM 34th ANNUAL GENERAL MEETING ON JULY 30, 2014

|                       |  |
|-----------------------|--|
| Name of the Member(s) |  |
| Registered Address    |  |
| Email ID              |  |
| Folio No./ Client ID  |  |
| DP ID                 |  |

I/We, being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Email id : \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/ her

2. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Email id : \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/ her

3. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Email id : \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 34th Annual General Meeting of the Company, to be held on Wednesday, July 30, 2014 at 4.00 p.m. at Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune 412216 and any adjournment thereof in respect of such resolutions as are indicated below:

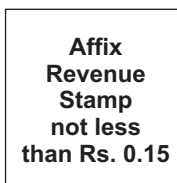
#### Resolutions No.

1. To adopt accounts. 2. To declare dividend. 3. To re-appoint Mr. Carl Magnus Backlund as Director. 4. To appoint M/s. MGM & Company, Chartered Accountants as Statutory Auditors and fix their remuneration. 5. To appoint Mr. Manish Motwani as Independent Director. 6. To ratify remuneration payable to M/s. Joshi Apte & Associates, Cost Accountants.

Signed this day of \_\_\_\_\_ 2014.

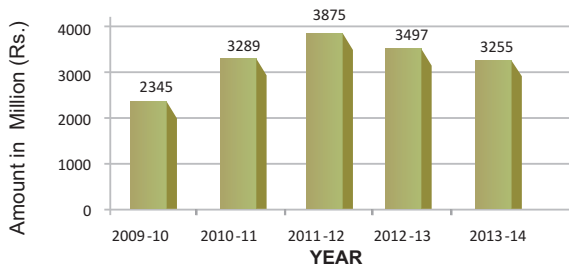
Signature of Shareholder: \_\_\_\_\_ Signature of Proxy holder(s): \_\_\_\_\_

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

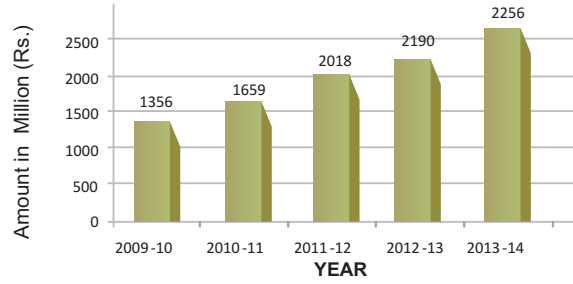


# 5 Years Highlights

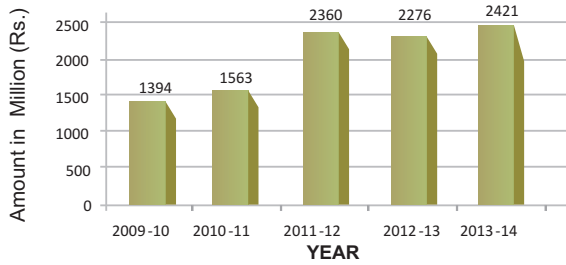
## TURNOVER



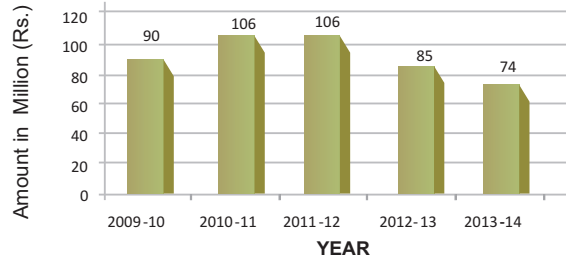
## NET WORTH



## FIXED ASSETS GROSS BLOCK



## DIVIDEND PAYOUT



## Certificate

**Standard** ISO 14001:2004 + Cor. 1:2009

**Certificate Registr. No.** 01 104 043211

TUV Rheinland Cert GmbH certifies:

**Certificate Holder:** ZF Steering Gear (India) Ltd.  
1242/144, Village: Vadu Budruk,  
Taluka: Shirur, Pune - 412 216,  
Maharashtra, India.

**Scope:** Design, Development and Manufacture of Mechanical Steering Gear Systems and Power Steering Gear Systems.

An audit was performed, Report No. 043211. Proof has been furnished that the requirements according to ISO 14001:2004 + Cor. 1:2009 are fulfilled.  
The due date for all future audits is 09 - 02 (dd.mm).

**Validity:** The certificate is valid from 2014-05-06 until 2017-05-06.  
First Certification 2005-05-07.

*Handwritten Signature*

2014-05-06

TUV Rheinland Cert GmbH  
Am Grauen Stein · 51105 Köln  
Deutschland

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Precisely Right.

www.tuv.com

## Certificate

**Standard** ISO / TS 16949:2009  
(3<sup>rd</sup> edition, 2009-06-15)

**Certificate Registr. No.** 01 111 028953  
**IATF Certificate No.** 0153789

TUV Rheinland Cert GmbH certifies:

**Certificate Holder:** ZF Steering Gear (India) Ltd.  
1242/1244, Village Vadubudruk, Taluka Shirur,  
Pune - 412 216, Maharashtra, India

**Scope:** Manufacture of Mechanical Steering Gear Systems & Power Steering Gear Systems for Automotive Application  
- with product design and development -

An audit was performed, Report No. 028953. Proof has been furnished that the requirements according to ISO / TS 16949:2009 are fulfilled.  
The due date for future audits is 06-09 (dd.mm).

**Validity:** The certificate is valid from 2013-12-08 until 2015-12-21.

2013-12-08

*Handwritten Signature*

TUV Rheinland Cert GmbH  
Am Grauen Stein · 51105 Köln  
Deutschland

  
2-IAO-QMC 01003

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# ZF STEERING GEAR (INDIA) LIMITED

## Mission

**We** are firmly set on being market leaders in state-of-art technology for steering gear system.

**We** shall ensure that our products give the necessary comfort and safety in driving.

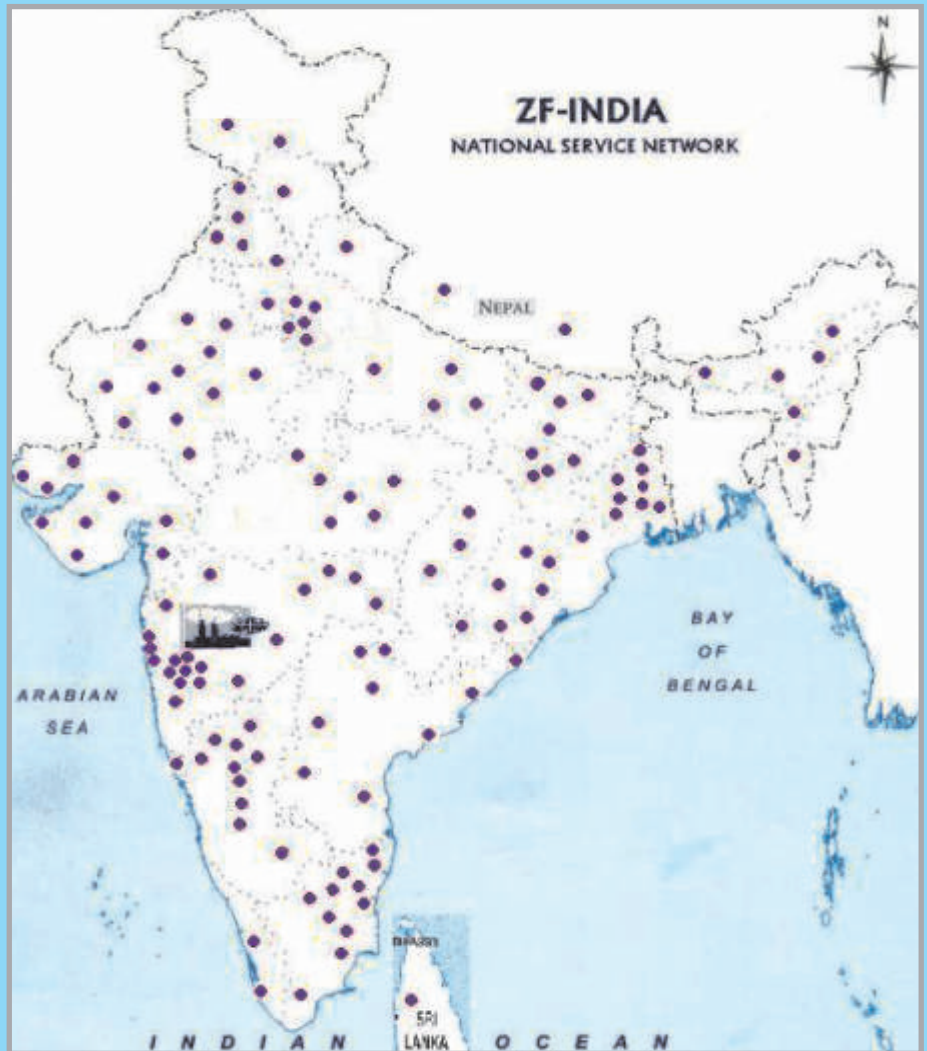
**We** shall give top priority to ensure customer satisfaction through best quality products and services.

**We** shall, in the process of our growth, continuously upgrade our working environment and improve the skill and efficiency of everyone associated by perseverance and motivation.

**Dinesh Munot**

Chairman & Managing Director

## NATIONAL SERVICE NETWORK



### REGD. OFFICE & PLANT

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

CIN No. L29130PN1981PLC023734

Tel. : 02137 - 252 223, 252 433, 252 459. Fax : 02137 - 252 302

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