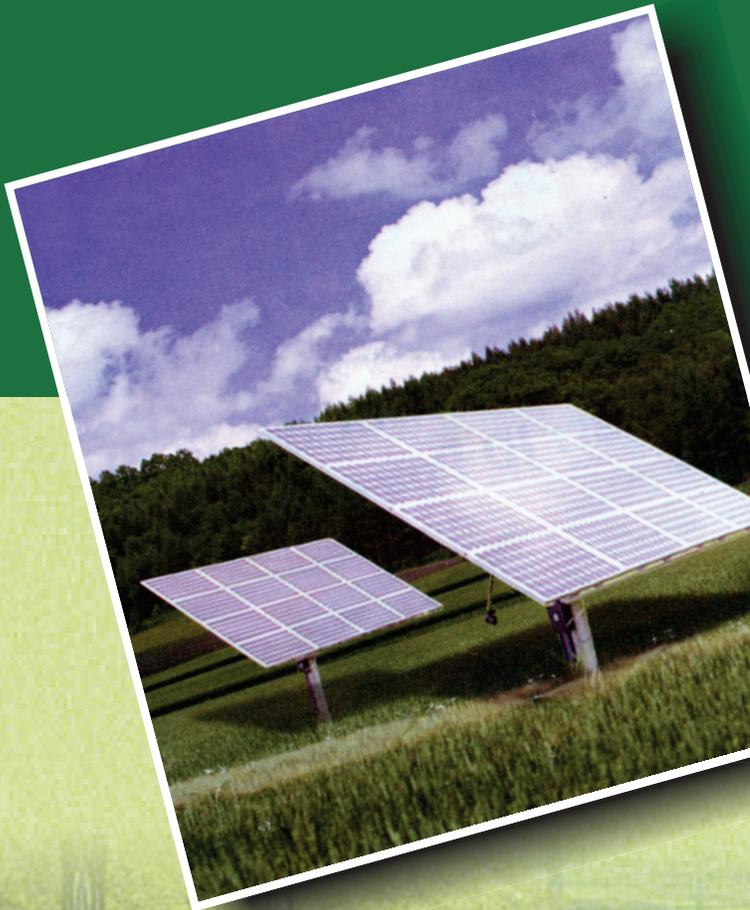




**WE HAVE TAKEN THE FIRST STEP
IN CREATING A GREEN WORLD...**



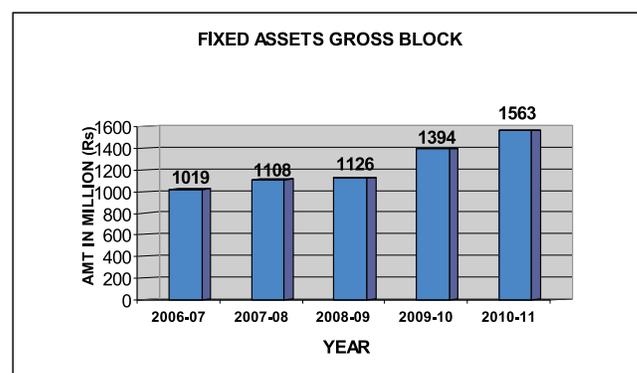
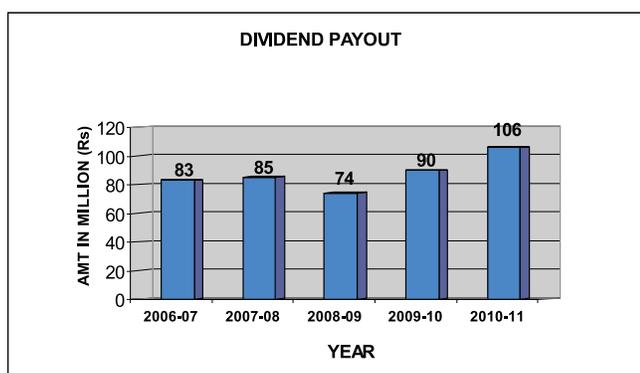
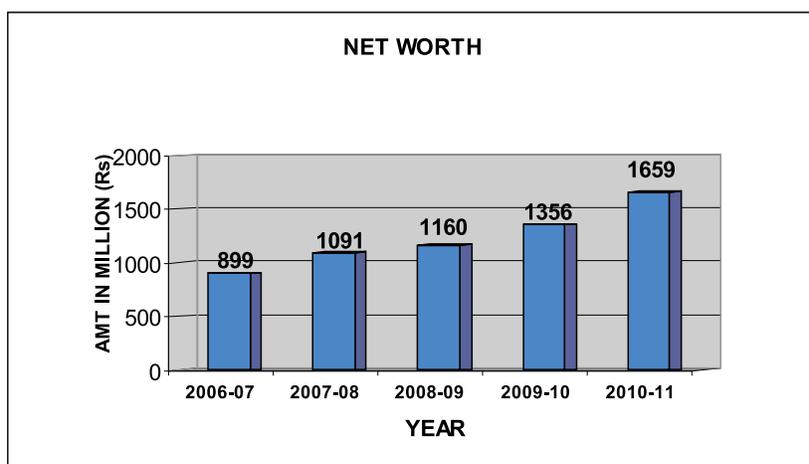
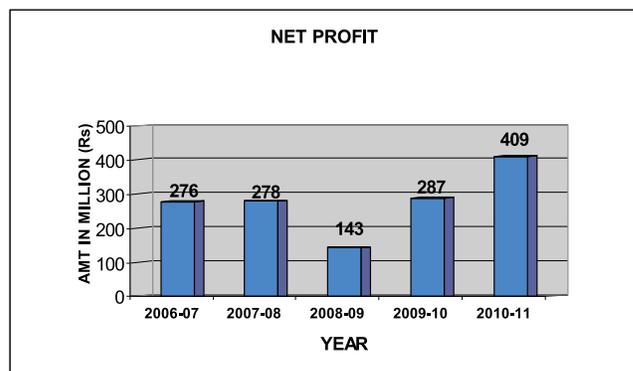
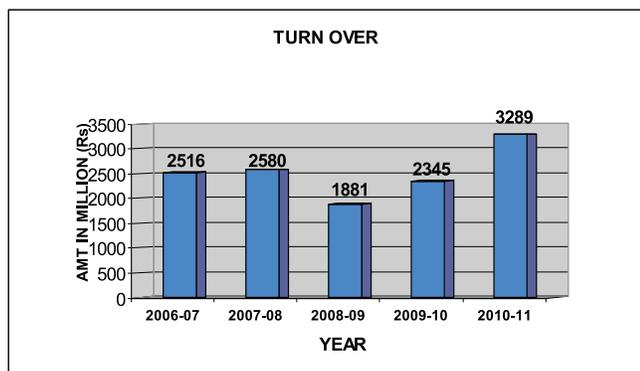
**ZF STEERING GEAR
(INDIA) LIMITED**

31st Annual Report 2010-11



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5 Years Highlights



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BOARD OF DIRECTORS

Chairman & Managing Director

Mr. Dinesh Munot

Jt. Managing Director

Mr. Jinendra Munot

Executive Director

Mr. Utkarsh Munot

Non-Executive Directors

Mr. D. S. Bomrah

Mr. Manish Motwani

Dr. Dinesh Bothra

Mr. Walter Salvasohn

Mr. Ludwig Rapp

Mr. M. L. Rathi

Dr. Hans Friedrich Collenberg

Mr. Shridhar S. Kalmadi

Mr. Ajinkya Arun Firodia

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

Mr. Klaus Traeder

(Alternate Director for Mr. Walter Salvasohn)

Mr. B. S. Iyer

(Alternate Director for Dr. Hans Friedrich Collenberg)

Mr. A. H. Firodia

(up to July 14, 2010)

AUDIT COMMITTEE

Manish Motwani (Chairman)

D. S. Bomrah

Dr. Dinesh Bothra

SHAREHOLDERS' GRIEVANCE COMMITTEE

Dr. Dinesh Bothra

REMUNERATION COMMITTEE

D. S. Bomrah (Chairman)

Manish Motwani

AUDITORS

M/s. MGM and Company

Chartered Accountants, Pune.

BANKERS

Bank of Maharashtra

Canara Bank

HDFC Bank Ltd.

YES Bank Ltd.

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

601-602, MCCIA Trade Tower,
International Convention Centre 'A' Wing
403 A, Senapati Bapat Road, Pune- 411 016
Tele : 020-3021 1600
Fax No: 020-3021 1699 .
E-mail : satish.mehta@zfindia.com

SHARE TRANSFER AGENTS

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

COMPANY SECRETARY & DGM - FINANCE
Satish Mehta

NOTICE

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

Day : Wednesday

Date : July 27, 2011

Time : 4.00 p.m.

Place : Registered Office of the Company
Gat Nos. 1242/44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune- 412 216.

The Agenda for the Meeting will be as under:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the audited Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To note the payment of Interim Dividend and declare Final Dividend for the Financial Year 2010-11.
3. To appoint a Director in place of Mr. M. L. Rathi, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Mr. Carl Magnus Backlund as Director to fill the vacancy to be caused by the retirement of Mr. Walter Salvasohn, who retires by rotation and, has expressed his inability to be re-appointed as Director of the Company.
5. To appoint a Director in place of Mr. Manish Motwani, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
(Please refer to Note No. 11)

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

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

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

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

Satish Mehta

Company Secretary

May 26, 2011

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

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

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

- 2) The Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business in the Notice annexed hereto.
- 3) Profiles of the Directors being appointed/ re-appointed, as required by the Corporate Governance Code (Clause 49 VI A of the Listing Agreement entered into with the Stock Exchange), are annexed to the Notice.
- 4) The Register of Members and Share Transfer Books of the Company will remain closed from July 20, 2011 to July 27, 2011 (both days inclusive) for the purpose of payment of dividend to those Members, whose names stand on the Register of Members as on July 27, 2011. The dividend in respect of Equity Shares held in electronic form will be payable to the beneficial owners of the Equity Shares as at the end of business hours on July 19, 2011 as per the details furnished by the depositories for this purpose.
- 5) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company, so as to reach it at least ten days before the date of the Meeting, so that information can be made available at the Meeting.
- 6) Members holding shares in physical form are requested to intimate the changes, if any, in their registered addresses, to the Company's Registrar & Share Transfer Agents M/s. Link Intime India Pvt. Ltd., Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune-411 001.
- 7) Members are advised that respective bank details and address as furnished by them or by NSDL/ CDSL to the Company, for shares held in physical form and in the dematerialized form respectively, will be printed on their dividend warrant so as to protect against fraudulent encashment.
- 8) Pursuant to provisions of Section 205 of the Companies Act, 1956, all unclaimed/ unpaid dividends up to and including the financial year 1994-95, have been transferred to the General Revenue Account of the Central Government. Members who have not yet en-cashed their dividend warrants for the said period, are requested to forward their claims in the prescribed Form II of the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978 to Registrar of Companies, Maharashtra, PMT Building, Deccan Gymkhana, Pune-411 004.
- 9) Pursuant to provisions of Section 205A and 205 C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund of the Central Government. Accordingly, unclaimed dividends for the financial years 1995-96 to 2002-2003 have been transferred to the Investor Education and Protection Fund of the Central Government. Unclaimed dividend for financial years 2003-04 and thereafter is still lying with the Company. Shareholders who have not yet en-cashed the dividend warrants for financial years 2003-04 and thereafter are requested to contact the Company at the

earliest since no claim shall lie against the Company or the Investor Education and Protection Fund after transfer as mentioned above.

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

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

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

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

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

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

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

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

Satish Mehta
Company Secretary

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

Important Communication to Members

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

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

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

Directors' Report

To the Members,

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

FINANCIAL RESULTS

(Rs. in Million)

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

APPROPRIATIONS

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

Dividend

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

Management Discussion and Analysis Report

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

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

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

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

Review of Operations

Operating Results of the Company

Sales

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

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

Other Income

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

Profitability

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

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

Renewable Energy – Wind Power Energy

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

Outlook/ Opportunities for the Company

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

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

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

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

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

Credit-Rating by ICRA

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

Joint Venture (JV)

ZF Lenksysteme India Private Limited

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

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

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

Expansion and Capital Expenditure

Steering Gear Systems

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

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

Renewable Energy - Solar Power Project

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

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

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

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

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

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

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

Internal Control System

The Internal Control System of the Company is responsible for the financial reporting, assets, adherence to management policies and to conduct ethical conduct within the organization. The Company has independent Internal Auditors for conducting internal audits of the financial reporting and operations of the Company. The Company's existing system of internal controls is commensurate with its size and nature of business. Company's Internal control ensures reliable financial reporting, better utilization of Company's resources, effectiveness of operations, compliance with the legal obligations and the Company policies and procedures. The Company's audit committee also regularly reviews with the management, external and internal auditors – the adequacy of internal control systems.

Human Resource Development

The Company has been continuously training its employees in the newer technical/ management skills. Various steps have been taken for improving the performance of employees. During the year, 30 training programs (2 external and 28 internal) covering over 150 Training man-days were covered. We expect to continue the customized development programmes to individual employees during the year as well.

Industrial relations continued to be cordial and peaceful. The total number of employees as on March 31, 2011 was 909.

Cautionary statement

The Management Discussion and Analysis Report is a forward looking Statement based on the Company's projections, estimates and perceptions. These statements reflect the Company's current views with respect to the future events and are subject to risks and uncertainties. Actual results may vary materially from those projected here.

Fixed Deposits

Your Company has not accepted any fixed deposit from public.

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

The details as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure II to this Report.

Transfer to Investor Education and Protection Fund

The Company has transferred a sum of Rs. 159,840 during the year ended March 31, 2011 to the Investor Education and Protection Fund (IEPF) established by the Central Government, in compliance with Section 205C of the Companies Act, 1956. The said amount represents unclaimed dividend lying with the Company for a period of 7 years from its date of payment.

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

Unclaimed Share-certificates

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

Directors

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

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

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

The above appointment / re-appointments form part of the Notice of the 31st Annual General Meeting and the relevant Resolutions are recommended for your approval.

Profiles of these Directors, as required by Clause 49 of the Listing Agreement with the Stock Exchange, are provided in the Notice convening the Annual General Meeting of the Company.

Corporate Social Responsibility

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

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

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended March 31, 2011 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) That the Directors have prepared the accounts on a 'going concern' basis.

Corporate Governance Report

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

Auditors

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

Particulars of Employees

Information as required under Section 217(2A) of the Companies Act, 1956 and the Rules framed there under is attached as Annexure I.

Acknowledgement

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

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

For and on behalf of the Board of Directors

Pune
May 26, 2011

Dinesh Munot
Chairman & Managing Director

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Annexure I to the Directors' Report 2010-2011 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 March 31, 2011

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 (Years)	Last Employment held.	
							Name of the Company	Designation
Mr. Dinesh Munot	63	Chairman & Managing Director	19,873,521	B.E.(Ele.) M.I.E.	01.07.1984	37	Kinetic Engg. Ltd.	Executive Director
Mr. Jinendra Munot	59	Jt. Managing Director	15,732,187	B.E.(Mech.) M.S.(Mech.) U.S.A AMIE (India)	01.02.1986	32	Bajaj Tempo Ltd.	Senior Manager (Projects)

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 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 2011-2012

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 controllers 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

7 Windmills of aggregate 6.7 MW capacity generated 6,510,888 units of electricity in 2010-11.

Power generated by the windmills is fed into the MSEB grid and the units thus credited are adjusted against the monthly electricity bills for the Company's plant. This covered 73% of the power requirement of the Company for the year 2010-11, .

B. Technology Absorption, Research And Development

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

- New product development.
- Import substitution.
- Process/ equipment developments.
- Value engineering and value analysis (VEVA).
- Up-gradation of existing products to the need of customers.

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
- In view of Customers' preference for light-weight, more efficient, yet economical products, the Company is in a process to develop new aggregates for various steering systems being supplied.

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.
- Development of cost effective, high performance engineering products.

C. Foreign Exchange Earnings and Outgo

- Earning in Foreign Exchange Rs. 9.95 million
- Foreign Exchange used Rs. 6.04 million

For and on behalf of the Board of Directors

Pune
May 26, 2011

Dinesh Munot
Chairman and Managing Director



Annexure III to the Directors' Report

Corporate Governance

1. Company's Philosophy on Corporate Governance:

ZF INDIA 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.

ZF INDIA 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 12 Directors (excluding Alternate Directors) of whom 3 are Executive and 9 are Non-executive. The Chairman of the Board is a executive Director. The Non-executive 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, 2011, the Board of Directors had 4 meetings. These were held on May 27, 2010, July 14, 2010, October 28, 2010 and February 3, 2011.

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

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	Last AGM	Other Directorship#	Committee Membership	Committee Chairmanship
1	Mr. Dinesh Munot (Chairman and Managing Director)	Executive	4	Yes	7	1	None
2	Mr. Jinendra Munot (Jt. Managing Director)	Executive	4	Yes	2	None	None
3	Mr. Utkarsh Munot (Executive Director)	Executive	4	Yes	3	None	None
4	Mr. D. S. Bomrah	Non-Executive, Independent	2	No	1	None	None
5	Mr. Manish Motwani	Non-Executive, Independent	4	Yes	8	None	None
6	Dr. Dinesh Bothra	Non-Executive	3	Yes	7	None	None
7	Mr. Walter Salvasohn	Non-Executive, Independent	None	No	None	None	None
8	Mr. Ludwig Rapp	Non-Executive, Independent	3	No	None	None	None
9	Mr. M. L Rathi	Non-Executive, Independent	4	Yes	10	None	None
10	Dr. Hans Friedrich Collenberg	Non-Executive, Independent	1	Yes	None	None	None
11	Mr. Klaus Traeder (Alternate Director for Mr. Walter Salvasohn)	Non- Executive, Independent	4	Yes	None	None	None
12	Mr. Ajinkya Arun Firodia (appointed w.e.f. 14.07.2010)	Non-Executive, Independent	1	Yes	4	None	None
13	Mr. B. S. Iyer (Alternate Director for Dr. Hans Friedrich Collenberg)	Non- Executive, Independent	4	Yes	3	None	None
14	Mr. Shridhar S. Kalmadi	Non-Executive, Independent	3	Yes	4	None	None
15	Mr. A. H. Firodia (upto 14.07.2010)	Non-Executive,Independent	1	No	11	None	None

Includes Directorship in Private Companies.

Relationship between Directors Inter-se

1. Mr. Dinesh Munot and Mr. Jinendra Munot are brothers.
2. Mr. Dinesh Munot is father of Mr. Utkarsh Munot.
3. Mr. Dinesh Munot is father-in-law of Dr. Dinesh Bothra
4. Mr. Manish Motwani is brother-in-law of Mr. Ajinkya Firodia.

3. Audit Committee :

During the year under review, the following Directors were the members of the Audit Committee: Members: Mr. Manish Motwani – Chairman, Mr. D. S. Bomrah and Dr. Dinesh Bothra.

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.

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 20, 2010, July 12, 2010, October 28, 2010 and February 3, 2011. The attendance record of the members of the Audit Committee is given below:

Sr. No.	Members	Meetings attended
1.	Mr. Manish Motwani	4
2.	Mr. D. S. Bomrah	4
3.	Dr. Dinesh Bothra	3

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 task 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 30th Annual General Meeting held on July 14, 2010.

4. Remuneration Committee:

During the year under review, the following Directors were the members of the Remuneration Committee: Members: Mr. D. S. Bomrah - Chairman and Mr. Manish Motwani

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 20, 2010 where both the members of the Committee were present at the meeting.

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 during the year ended March 31, 2011 are as under:

Name	Salary (Rs.)	Perquisites (Rs.)*	Commission (Rs.)**	Total (Rs.)	Tenure	
					From	To
Mr. Dinesh Munot	9,065,712	2,307,809	8,500,000	19,873,521	14-12-2006	13-12-2011
Mr. Jinendra Munot	6,304,584	2,427,603	7,000,000	15,732,187	01-04-2008	31-03-2013
Mr. Utkarsh Munot	2,115,324	928,193	2,500,000	5,543,517	01-11-2006	31-10-2011

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

** Commission for the Financial Year 2009-10 paid in 2010-11.

Details of remuneration paid to Non-Executive Directors for the year ended March 31, 2011 are as under :

The Company pays sitting fees to all the Non-Executive Directors at the rate of Rs. 5,000/- for Board Meeting and Rs. 5,000/- for Committee meeting attended.

Sitting Fees

Name	Board Meeting Fees (Rs.)	Committee Meeting Fees (Rs.)	Total (Rs.)	No. of Shares held in the Company as on 31-03-2011
Mr. D. S. Bomrah	10,000	20,000	30,000	Nil
Mr. Manish Motwani	20,000	25,000	45,000	Nil
Dr. Dinesh Bothra	15,000	20,000	35,000	Nil
Mr. Walter Salvasohn	Nil	Nil	Nil	Nil
Mr. Ludwig Rapp	15,000	Nil	15,000	Nil
Mr. M. L. Rathi	20,000	Nil	20,000	Nil
Mr. Shridhar S Kalmadi	15,000	Nil	15,000	Nil
Dr. Hans Friedrich Collenberg	5,000	Nil	5,000	Nil
Mr. Ajinkya Arun Firodia	5,000	Nil	5,000	Nil
Mr. Klaus Traeder	20,000	Nil	20,000	Nil
(Alternate Director for Mr. Walter Salvasohn)				
Mr. B. S. Iyer	20,000	Nil	20,000	Nil
(Alternate Director for Dr. Hans Friedrich Collenberg)				
Mr. A. H. Firodia- (upto 14.07.2010)	5,000	Nil	5,000	Nil

5. Shareholders' Grievance Committee :

The Board of the Company has constituted a Shareholders' Grievance Committee, comprising Dr. Dinesh Bothra. 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 total number of complaints received and replied to the satisfaction of shareholders, during the year under review, was 15.

6. General Body Meetings:

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

Year	AGM	Location	Dates	Time
2007-08	28th AGM	Regd. Office: Gat 1242/ 44,	30-07-2008	4.30 p.m.
2008-09	29th AGM	Village- Vadu-Budruk,	29-07-2009	4.30 p.m.
2009-10	EGM	Tal. Shirur,	10-04-2010	3.30 p.m.
2009-10	30th AGM	Dist- Pune- 412 216	14-07-2010	4.30 p.m.

Postal Ballot:

No special resolution requiring a postal ballot was placed before the AGM/EGM.

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 Bombay Stock Exchange 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 persona 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 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.

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. 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.

11. Means of Communication

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

'Economic Times (English newspaper) and Maharashtra Times (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.

12. Management Discussion & Analysis

The Management Discussion & Analysis is included under the Directors' Report, forming part of the Annual Report.

13 General Shareholder Information:

13.1 31st Annual General Meeting :

Day, Date and Time	Wednesday, July 27, 2011 at 4.00 p.m
Venue	Regd. Office: Gat No. 1242/1244 Village- Vadu Budruk, 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 2011-12:

Adoption of Quarterly Results for	
Quarter ending	In the month of
June 30, 2011	July 2011
September 30, 2011	November 2011
December 31, 2011	January 2012
Annual Accounts	May 2012
32 nd Annual General Meeting	July 2012

13.3 Book Closure: July 20, 2011 to July 27, 2011.

13.4 Dividend Payment Date:

The Final dividend, as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting will be paid on or after July 28, 2011 to those shareholders whose names appear on the Company's Register of Members as on July 27, 2011.

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

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.

The Company has paid the listing fees up to the year 2011-12 to the Mumbai Stock Exchange.

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 2011-12 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 2010	280.00	251.30	18,047.86	17,276.80
MAY 2010	275.00	242.50	17,536.86	15,960.15
JUNE 2010	297.00	254.00	17,919.62	16,318.39
JULY 2010	458.00	290.05	18,237.56	17,395.58
AUG. 2010	436.00	398.00	18,475.27	17,819.99
SEPT. 2010	519.00	411.50	20,267.98	18,027.12
OCT. 2010	491.00	385.00	20,854.55	19,768.96
NOV. 2010	450.00	328.75	21,108.64	18,954.82
DEC. 2010	397.00	315.00	20,552.03	19,074.57
JAN. 2011	397.95	322.00	20,664.80	18,038.48
FEB. 2011	334.90	281.35	18,690.97	17,295.62
MAR. 2011	320.00	274.05	19,575.16	17,792.17

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) 2605 1629
Fax No. (020) 2605 3503

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

ZF SHARE PRICE INDEX & SENSEX MOVEMENT



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 15-20 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, 2011:

Category	No. of Shares of Rs. 10 each	Percentage of Shareholding
Indian Promoters (Munot Family)	4,307,233	47.47
Foreign Promoter (ZF Lenksysteme GmbH)	2,340,000	25.79
Banks, Financial Institutions, Insurance Companies	1,650	0.02
Mutual Funds & UTI	6,131	0.07
Private Corporate Bodies	169,235	1.86
Indian Public	2,229,959	24.58
NRIs/ OCBs	19,092	0.21
Total	9,073,300	100.00
No. of Shareholders as on March 31	2011	2010
	8,565	7,180

Distribution of Shareholding (as on March 31, 2011)

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	3,363	39.26	89,580	0.99
501- 1000	1,505	17.57	138,358	1.53
1001-5000	2,837	33.12	725,051	7.99
5001-10000	481	5.62	363,191	4.00
10001 & above	379	4.43	7,757,120	85.49
Total	8,565	100.00	9,073,300	100.00

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO,
The Members,
ZF Steering Gear (India) Limited,

We have examined the compliance of the conditions of Corporate Governance by **ZF STEERING GEAR (INDIA) LIMITED** (the Company) for the year ended March 31, 2011, 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 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.

Pune
May 26, 2011

For **M/s. MGM & Co.**
Chartered Accountants
Firm Registration No. : 117963W
Mangesh Katariya
Partner
Membership No. 104633

AUDITORS' REPORT

To,
The Members of
Z F Steering Gears (India) Limited

1. We have audited the attached Balance Sheet of **ZF STEERING GEAR (INDIA) LIMITED** (the 'Company') as at March 31, 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, (the 'Act') we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, 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 it appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
 - (e) On the basis of written representations received from the Directors as on March 31, 2011, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - (f) In our opinion, and to the best of our information and explanations given to us, the said accounts 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:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **MGM and Company**
Chartered Accountants
(Firm Registration No. : 117963 W)
Mangesh Katariya,
Partner
Membership No. 104633

Pune
May 26, 2011

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 3 of our report of even date to the Members of ZF Steering Gear (India) Limited on the accounts for the year ended March 31, 2011, we report that:

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 state 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) 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.
- (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 Companies Act, 1956 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 rules framed there under.
- (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, 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 with the appropriate authorities. At March 31, 2011, there are no undisputed statutory dues payable 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 and 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.)	Financial Year	Forum where dispute is pending
1.	Income Tax	32,631,743	2000-01 2001-02 2002-03	CIT (Appeals), Pune
2.	Service Tax	3,226,600	2000-01 2002-03 2003-04 2004-05	CCE, Pune - III

- (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) The Company did not have any outstanding debentures. The Company 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 normal course 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) The Company has no term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Cash Flow Statement and Balance Sheet of the Company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long term investment.
- (xviii) During the year or in the recent past, 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) The Company did not have any outstanding debentures during the year or in the recent past. Accordingly, no securities have been created.
- (xx) The Company has not raised any money by way of public issues during the year or in the recent past.
- (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
(Firm Registration No. : 117963W)

Mangesh Kataria
Partner

Membership No. 104633

Pune
May 26, 2011



BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SOURCES OF FUNDS:			
Share holders' Funds			
Share Capital	A	90,733,000	90,733,000
Reserves & Surplus	B	1,568,390,455	1,264,926,708
		<u>1,659,123,455</u>	<u>1,355,659,708</u>
Loan Funds			
Secured Loans	C	117,275,336	82,641,846
Unsecured Loans	D	190,084,881	201,445,256
		<u>307,360,217</u>	<u>284,087,102</u>
		<u>1,966,483,672</u>	<u>1,639,746,810</u>
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	E	1,563,140,250	1,394,045,824
Less : Depreciation		1,026,502,344	890,488,725
Net Block		536,637,906	503,557,099
Capital advance/ work in progress		197,930,759	13,946,749
		<u>734,568,665</u>	<u>517,503,848</u>
Investments	F	830,781,888	903,737,664
Net Deferred Tax Assets	P(8)	(16,058,200)	2,264,400
Current Assets, Loans and Advances			
Inventories	G	309,878,622	210,473,742
Sundry Debtors	H	311,903,211	213,297,870
Cash and Bank Balances	I	21,616,990	38,345,230
Loans and Advances	J	92,578,937	59,944,212
		<u>735,977,760</u>	<u>522,061,054</u>
Less : Current Liabilities and Provisions			
i) Current Liabilities	K	223,715,425	211,801,335
ii) Provision	L	95,071,016	94,018,821
Net Current Assets		<u>417,191,319</u>	<u>216,240,898</u>
		<u>1,966,483,672</u>	<u>1,639,746,810</u>
Notes to Accounts	P		

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 26,2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dinesh Munot Chairman & Managing Director
Jinendra Munot Jt. Managing Director
Utkarsh Munot Executive Director

D.S. Bomrah
Manish Motwani
Dr. Dinesh Bothra
Ludwig Rapp
M. L. Rathi
Shridhar S. Kalmadi
Klaus Traeder
B.S. Iyer
Ajinkya Arun Firodia } Directors

Satish Mehta Company Secretary & DGM-Finance
Jinendra Jain Chief Financial Officer

Pune, May 26,2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
	Rs.	Rs.
INCOME:		
Sales (Gross)	3,288,792,407	2,345,432,199
Less :- Excise Duty	306,632,030	184,229,729
	<u>2,982,160,377</u>	<u>2,161,202,470</u>
Other Income	98,752,899	58,609,521
	<u>3,080,913,276</u>	<u>2,219,811,991</u>
EXPENDITURE:		
Materials	1,919,702,882	1,421,111,186
Manufacturing and Other Expenses	430,236,826	309,600,739
Depreciation	148,662,286	76,106,382
	<u>2,498,601,994</u>	<u>1,806,818,307</u>
Profit Before Tax	<u>582,311,282</u>	<u>412,993,684</u>
Provision for Taxation		
a) Current Tax	155,000,000	100,500,000
b) Deferred Tax	18,322,600	30,157,000
Profit After Tax	<u>408,988,682</u>	<u>282,336,684</u>
Add : Dep. / Taxation pertaining to earlier years	102,454	4,291,682
Balance Profit	<u>409,091,136</u>	<u>286,628,366</u>
Add :- Balance in Profit & Loss Account Brought Forward	10,017,968	13,444,487
Profit available for appropriations	<u>419,109,104</u>	<u>300,072,853</u>
APPROPRIATIONS:		
Proposed Dividend	45,366,500	45,366,500
Corporate Dividend Tax	7,359,580	7,534,809
Interim Dividend	45,366,500	31,756,550
Corporate Dividend Tax on interim dividend	7,534,809	5,397,026
General Reserve	300,000,000	200,000,000
Balance carried to Balance Sheet	13,481,715	10,017,968
	<u>419,109,104</u>	<u>300,072,853</u>
Basic & Diluted Earnings per Share (Refer Note No. 16, Schedule 'P')	45.09	31.59
Notes to Accounts	P	

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 26,2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dinesh Munot Chairman & Managing Director
Jinendra Munot Jt. Managing Director
Utkarsh Munot Executive Director

D.S. Bomrah
Manish Motwani
Dr. Dinesh Bothra
Ludwig Rapp
M. L. Rathi
Shridhar S. Kalmadi
Klaus Traeder
B.S. Iyer
Ajinkya Arun Firodia } Directors

Satish Mehta Company Secretary & DGM-Finance
Jinendra Jain Chief Financial Officer

Pune, May 26,2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-2011 Rs.	2009-2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax	582,311,282	412,993,684
Adjustments For:		
Add : Interest Paid	2,533,636	1,318,353
Add : Loss (Net) On Sale Of Assets	289,503	(390,811)
Add : Profit on Sale of Investments	(55,981,645)	(15,454,464)
Add : Depreciation (Net)	148,662,286	76,106,382
Add : Interest/ Dividend Received	(18,938,806)	(30,721,313)
Operating Profit Before Working Capital Changes	658,876,256	443,851,831
Adjustments For:		
Trade And Other Receivables	(130,718,650)	(64,317,545)
Inventories	(99,404,880)	109,650,272
Trade Payables	12,196,688	99,816,063
Cash Generated From Operations	440,949,414	589,000,621
Direct Taxes Paid (Net)	(155,418,962)	(111,236,729)
Net Cash From Operating Activities (Sub. Total 'A')	285,530,452	477,763,892
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase Of Fixed Assets (including changes in capital WIP / capital advances)	(368,058,356)	(301,025,459)
Sale Of Fixed Assets	2,041,750	6,081,985
Sale Of Investments	416,818,184	412,648,390
Purchase Of Investments	(287,880,763)	(701,241,199)
Interest Received	136,339	10,994,286
Dividend Received	18,802,467	19,727,027
Net Cash Used In Investing Activities (Sub Total 'B')	(218,140,379)	(552,814,970)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds From Short Term Borrowings and subsidy	34,633,489	64,696,633
Sales Tax Deferral	(11,360,375)	(8,915,500)
Interest Paid	(2,533,636)	(1,318,353)
Dividend Paid (including dividend tax)	(104,857,791)	(110,675,881)
Net Cash Used In Financing Activities (Sub. Total 'C')	(84,118,313)	(56,213,101)
Net Increase In Cash And Cash Equivalents (Sub Total 'A'+ 'C'+ 'B')	(16,728,240)	(131,264,179)
Opening Cash & Cash Equivalents	38,345,230	169,609,409
Closing Cash & Cash Equivalents	21,616,990	38,345,230

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 26,2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dinesh Munot Chairman & Managing Director
Jinendra Munot Jt. Managing Director
Utkarsh Munot Executive Director

D.S. Bomrah
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Ajinkya Arun Firodia

Directors

Satish Mehta Company Secretary & DGM-Finance
Jinendra Jain Chief Financial Officer

Pune, May 26,2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SCHEDULE: A		
SHARE CAPITAL		
Authorised:		
10,000,000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and Paid up :		
9,073,300* Equity Shares of Rs.10/- each	90,733,000	90,733,000
	<u>90,733,000</u>	<u>90,733,000</u>
*(Including 4,536,650 shares of Rs.10/- each allotted as Bonus Shares by way of capitalisation of Securities Premium Account during the year 2005-06)		
SCHEDULE: B		
RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	3,500,000	4,500,000
Less: repaid during the year	--	1,000,000
	<u>3,500,000</u>	<u>3,500,000</u>
Securities Premium Account		
Balance as per last Balance Sheet	23,233,000	23,233,000
General Reserve		
Balance as per last Balance Sheet	1,228,175,740	1,028,175,740
Add : Transferred from Profit and Loss Account	300,000,000	200,000,000
	<u>1,528,175,740</u>	<u>1,228,175,740</u>
Profit and Loss Account		
Balance as per Annexed Account	13,481,715	10,017,968
	<u>1,568,390,455</u>	<u>1,264,926,708</u>
SCHEDULE: C		
SECURED LOANS		
Working Capital Loans from Banks	117,275,336	82,641,846
	<u>117,275,336</u>	<u>82,641,846</u>
NOTE:-		
The above is secured by hypothecation of stock and book debts and second-charge on the fixed assets.		
SCHEDULE: D		
UNSECURED LOANS		
Sales Tax Deferral under Package Schemes of Incentives (Due within One Year Rs. 13,753,290/- Previous Year Rs. 12,157,044/-)	190,084,881	201,445,256
	<u>190,084,881</u>	<u>201,445,256</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET (Contd..)

SCHEDULE: E

FIXED ASSETS (AT COST) AS AT 31 March 2011

(Fig. in Rs.)

	LAND (Freehold)	LEASEHOLD LAND	BUILDING	PLANT & MACHINERY	ELECTRICAL INSTALLATION	FURNITURE FIXTURES & OFFICE EQUIPMENTS	VEHICLES	WIND MILLS	TOTAL	PREVIOUS YEAR TOTAL
GROSS BLOCK COST AS AT APRIL 1, 2010	3,302,906	6,000,000	98,024,786	871,064,398	6,291,191	39,565,288	48,038,524	321,758,731	1,394,045,824	1,126,241,682
ADDITIONS MAR 31, 2011	-	-	-	156,083,389	531,384	3,852,175	23,607,398	---	184,074,346	290,113,842
DEDUCTIONS	-	-	-	5,308,663		5,403,275	4,267,982	---	14,979,920	22,309,700
COST AS AT MAR 31, 2011	3,302,906	6,000,000	98,024,786	1,021,839,124	6,822,575	38,014,188	67,377,940	321,758,731	1,563,140,250	1,394,045,824
DEPRECIATION										
AS AT APRIL 1, 2010	-	1,095	54,640,009	705,895,578	4,260,550	24,746,264	21,526,602	79,418,627	890,488,725	831,000,869
FOR THE YEAR 2010-2011	-	200,000	3,026,963	64,427,808	378,163	3,197,170	10,013,164	67,419,018	148,662,286	76,106,382
DEDUCTIONS	-	-	-	5,140,012	---	5,248,470	2,260,185	---	12,648,667	16,618,526
TOTAL DEPRECIATION AS AT MARCH 31, 2011	-	201,095	57,666,972	765,183,374	4,638,713	22,694,964	29,279,581	146,837,645	1,026,502,344	890,488,725
NET BLOCK AS AT MARCH 31, 2011	3,302,906	5,798,905	40,357,814	256,655,750	2,183,862	15,319,224	38,098,359	174,921,086	536,637,906	503,557,099
NET BLOCK AS AT MARCH 31, 2010	3,302,906	5,998,905	43,384,777	165,168,821	2,030,640	14,819,024	26,511,922	242,340,104	503,557,099	---

Note: Management has decided to review every year Office Equipment assets, considering their performance and relevance in rapid changing technology. In this year, they have discarded certain office equipments mainly computers (Rs. 5,403,275-Gross Value) having net value of Rs.154,806.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET (Contd....)

SCHEDULE: F

INVESTMENTS (Non-Trade, Long Term)

AT COST:

			As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
In Mutual Fund Units (Units of Rs. 10/- each) - Unquoted, fully paid up				
7,535,152	(7,535,152)	ICICI Prudential Long Term Plan - Growth	75,334,944	75,334,944
10,693,786	(10,693,786)	Templeton India Income Opportunities Fund - Growth	110,000,000	110,000,000
-	(6,561,618)	HDFC High Interest Fund - STIP - Dividend	---	70,000,000
-	(4,959,687)	HDFC Arbitrage Fund - Dividend	---	50,000,000
-	(12,481,290)	Kotak Flexi Debt - Growth	---	140,000,000
-	(1,955,990)	AIG World Gold Fund - Dividend	---	13,797,555
5,000,000	(5,000,000)	IDFC Hybrid Portfolio Fund - Series I - Growth	50,000,000	50,000,000
8,887,697	(8,887,697)	Reliance Regular Savings Fund-Debt -Inst. Growth	109,999,999	109,999,999
-	(975,563)	Sundaram Financial Services Opportunities Fund - Growth	---	7,038,984
-	(4,997,951)	Birla Floating Rate Fund - Long Term - Inst. - Growth	---	50,000,000
3,391,049	(3,391,049)	HDFC Floating Rate Fund - Long Term - Inst. - Growth	50,000,000	50,000,000
-	(1,955,990)	Fidelity India Special Situations Fund - Dividend	---	20,000,000
1,000,000	(1,000,000)	Sundaram SMILE Fund - Dividend	10,000,000	10,000,000
1,191,838	(1,191,838)	Sundaram Select Midcap Fund - Dividend	20,000,000	20,000,000
-	(634,095)	Sundaram Balanced Fund - Dividend	---	10,000,000
2,000,000	(2,000,000)	Sundaram PSU Opportunities Fund - Dividend	20,000,000	20,000,000
466,843	(466,843)	HDFC Top 200 Fund - Dividend	20,000,000	20,000,000
896,032	(896,032)	Reliance Regular Savings Fund-Equity - Dividend	20,000,000	20,000,000
1,975,309	(1,975,309)	Reliance Infrastructure Fund - Dividend	20,000,000	20,000,000
2,000,000	(-)	DSP Blackrock Focus 25 Fund - Dividend	20,000,000	---
1,038,292	(-)	HDFC Gilt Fund Long Term - Growth	20,000,000	---
5,000,000	(-)	DWS Fixed Term Fund - Series 77 - Growth	50,000,000	---
5,000,000	(-)	Fidelity Fixed Maturity Plan - Series 4 - Plan E-Growth	50,000,000	---
2,795,925	(-)	DWS Treasury Fund - Investment - Inst.- Growth	30,000,000	---
5,632,001	(-)	DWS Ultra Short Term Fund - Inst.- Growth	65,000,000	---
		Total (A)	740,334,943	866,171,482
In Equity Shares - Quoted, fully paid-up :				
14,259	(14,259)	ICICI Bank Ltd. of Rs.10/- each	13,403,460	13,403,460
17,447	(19,576)	Power Grid Corporation of India Ltd. of Rs.10/- each	1,570,230	1,017,952
4,905	(4,905)	Reliance Power Ltd. of Rs.10/- each	1,379,531	1,379,531
135,159	(135,159)	National Thermal Power Corporation of Rs. 10/- each	8,379,858	8,379,858
12,216	(6,108)	Tata Consultancy Services Ltd. of Re. 1/- each	2,595,900	2,595,900
3,948	(3,948)	Reliance Industries Ltd. of Rs. 10/- each	3,166,476	3,166,476
76,105	(76,105)	NHPC Ltd. of Rs. 10/- each	2,739,780	2,739,780
30,443	(30,443)	Idea Cellular Ltd. of Rs. 10/- each	2,283,225	2,283,225
4,500	(-)	Bajaj Auto Ltd. of Rs. 10/- each	5,643,082	---
12,130	(-)	Coal India Ltd. of Rs. 10/- each	2,971,850	---
40,000	(-)	ONGC Ltd. of Rs. 5/- each	12,513,553	---
		Total (B)	56,646,945	34,966,182
In Equity Shares - Unquoted, fully paid up (In JV):				
3,380,000	(260,000)	ZF Lenksysteme India Pvt. Ltd. (26% holding) of Rs.10/- each	Total (C) 33,800,000	2,600,000
		Total (A + B+C)	830,781,888	903,737,664

INVESTMENTS :

AGGREGATE VALUE OF :

Quoted Mutual Fund
Quoted shares
Unquoted Investment

As at March 31, 2011	
Book Value Rs.	Market Value Rs.
56,646,945	89,525,158
774,134,943	-

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET (Contd.)

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SCHEDULE: G		
INVENTORIES		
(Valued and certified by the Chairman & Managing Director- At lower of cost and net realisable value)		
Work-in-Progress	33,044,009	17,951,650
Raw materials and components	276,834,613	192,178,925
Finished Goods	-	343,167
	<u>309,878,622</u>	<u>210,473,742</u>
SCHEDULE: H		
SUNDRY DEBTORS		
(Unsecured - Considered Good by management)		
Over Six Months	669,468	839,275
Others	311,233,743	212,458,595
	<u>311,903,211</u>	<u>213,297,870</u>
SCHEDULE: I		
CASH AND BANK BALANCES		
Cash on hand	204,371	176,835
BALANCES WITH SCHEDULED BANKS		
In Fixed Deposit	1,200,000	31,884,565
Interest Accrued on Fixed Deposits	47,092	126,715
In Current Accounts	20,165,527	6,157,115
	<u>21,616,990</u>	<u>38,345,230</u>
SCHEDULE: J		
LOANS AND ADVANCES		
(Unsecured and considered good by management, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received - Considered good	35,181,301	16,349,507
Deposits	4,282,376	4,186,096
Payment of Income Tax (Net of provision for Tax)	34,499,438	33,978,022
Balances with Central Excise Authorities	18,615,822	5,430,587
	<u>92,578,937</u>	<u>59,944,212</u>
CURRENT LIABILITIES & PROVISIONS		
SCHEDULE: K		
CURRENT LIABILITIES		
Sundry Creditors	219,374,169	208,404,905
* Unclaimed Dividends	4,341,256	3,396,430
(A)	<u>223,715,425</u>	<u>211,801,335</u>
* Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date		
SCHEDULE: L		
PROVISIONS		
Proposed Dividend	45,366,500	45,366,500
Corporate Dividend Tax	7,359,580	7,534,809
Leave Encashment and Gratuity	39,844,936	38,371,608
For Warranties	2,500,000	2,745,904
	<u>95,071,016</u>	<u>94,018,821</u>
(B)	<u>318,786,441</u>	<u>305,820,156</u>
(A+B)		

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT (Contd.)

	For the Year ended March 31, 2011 Rs.	For the Year ended March 31, 2010 Rs.
SCHEDULE: M		
OTHER INCOME		
Interest		
i) From Banks (T.D.S. NIL (P.Y. - 1,082,717))	---	10,822,488
ii) From Others (T.D.S. NIL (P.Y. NIL))	136,339	171,798
Dividend on long-term Investments	18,802,467	19,727,027
Profit on sale of long-term Investments (Net)	55,981,645	15,454,464
Liabilities and Provisions written back	---	109,107
Exchange variation profit (Net)	8,637,914	7,565,950
Profit on sale of assets (Net)	---	390,811
Miscellaneous Income	15,194,534	4,367,876
	<u>98,752,899</u>	<u>58,609,521</u>
 SCHEDULE: N		
MATERIALS		
Stock at Commencement-		
Finished Goods	343,167	2,957,147
Work-in-Progress	17,951,650	31,788,604
	<u>18,294,817</u>	<u>34,745,751</u>
Raw materials consumed-		
Stock at Commencement	192,178,925	285,378,263
Purchases	1,824,205,646	1,213,761,244
	<u>2,016,384,571</u>	<u>1,499,139,507</u>
Less : Closing Stock	276,834,613	192,178,925
	<u>1,739,549,958</u>	<u>1,306,960,582</u>
Fabrication and Processing charges	36,120,200	14,751,314
Stores and tools consumed	158,781,916	82,948,356
	<u>1,952,746,891</u>	<u>1,439,406,003</u>
Less: Closing Stock		
Work-in-Progress	33,044,009	17,951,650
Finished Goods	---	343,167
	<u>33,044,009</u>	<u>18,294,817</u>
	<u>1,919,702,882</u>	<u>1,421,111,186</u>

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

	For the Year ended March 31, 2011 Rs.	For the Year ended March 31, 2010 Rs.
SCHEDULE: O		
MANUFACTURING & OTHER EXPENSES		
Payments to and Provisions for Employees		
Salaries, Wages and related payments	205,337,750	155,884,566
Contribution to Provident Fund and Other Funds	6,750,643	5,194,495
Staff and Labour Welfare Expenses	<u>21,181,061</u>	<u>13,816,790</u>
	233,269,454	174,895,851
Interest		
On Bank	231,514	120,775
Others	<u>2,302,122</u>	<u>1,197,578</u>
	2,533,636	1,318,353
Repairs		
Plant & Machinery	29,482,862	14,466,192
Building	4,921,431	6,056,664
Others	<u>6,580,440</u>	<u>6,882,772</u>
	40,984,733	27,405,628
	36,400,772	41,866,834
Power and Fuel (net of credit for captively consumed Windmill power generation - Rs. 38,088,695 - P.Y. Rs. 6,533,059)	3,733,545	857,680
Rates and Taxes	32,625,405	22,061,541
Miscellaneous Expenses	3,635,527	3,179,654
Bank charges and commission	13,019,633	8,615,784
Travelling and conveyance	2,344,660	1,806,710
Communication Expenses	46,110,047	19,901,924
Selling and Distribution Expenses	780,201	580,561
Advertisement Expenses	3,046,894	1,978,448
Printing and Stationery	215,000	295,000
Directors' Sitting Fees	270,000	200,000
Auditors' Remuneration	2,386,917	1,669,208
Insurance	289,503	-
Loss on sale of Assets (Net)	8,590,899	2,967,563
Windmill Expenses	<u>430,236,826</u>	<u>309,600,739</u>

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011 SCHEDULE: P

1. STATEMENT ON 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.
- 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.

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.

E) Revenue Recognition:

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

F) Employee Retirement Benefits:

Defined Contribution Plans: The Company makes specified monthly contributions towards employee provident fund.

Defined Benefit Plans: The Company's gratuity and leave wages 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 the related service is rendered.

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 prevailing 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) 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.

J) 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.

K) Earnings per Share:

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

L) 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.

		Rs.	
2. CONTINGENT LIABILITY (Not provided for) :		2010-2011	2009-2010
i) Income Tax matters in dispute in respect of penalty matters pending before ITAT, Pune		32,631,743	32,631,743
ii) Co-acceptance of Import bills by the bankers		32,609,860	61,312,462
iii) Bank Guarantees on behalf of the Company		33,667,799	4,225,625
iv) Bills discounted		374,103,634	488,087,261
v) Claims against the Company not acknowledged as debts		156,790	156,790
vi) Service Tax matters under Appeal		3,634,012	3,634,012
3. Estimated amount of contracts remaining to be executed on capital account and not provided for		260,704,118	64,494,200

(Contd....)

4. a) Managerial remuneration paid/ payable to the Managing Director, Jt. Managing Director & Executive Director:

Rs.

	2010-2011	2009-2010
i) Salaries	11,320,140	9,341,640
ii) Commission	24,000,000	18,000,000
iii) Perquisites	11,829,085	13,017,196
	47,149,225	40,358,836
iv) Contribution to Provident Fund / Superannuation	188,760	411,840
TOTAL	47,337,985	40,770,676

4. b) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and the commission due to the Managing Director, Jt. Managing Director & Executive Director.

	2010-2011	2009-2010
Net profit before tax as per Profit and Loss Account	582,311,282	412,993,684
Add : Depreciation as per accounts	148,662,286	76,106,382
Managerial Remuneration including perquisites	47,337,985	40,770,676
Directors' Sitting Fees	215,000	295,000
Loss on Sale of Assets	346,001	281,998
	778,872,554	530,447,740
Less : Depreciation as per Section 350 of The Companies Act, 1956	148,662,286	76,106,382
Less : Profit on sale of Investments	55,981,645	15,454,464
Less : Profit on sale of Assets	56,498	672,809
Net Profit	574,172,125	438,214,085
Maximum Managerial remuneration restricted to 10% of Net Profit computed in accordance with Section 198 of the Companies Act, 1956.	57,417,213	43,821,408

5. Licensed capacity, installed capacity, actual production, opening stock, closing stock and sales:

Class of Goods	Capacity		Production	Opening Stock		Closing Stock		Sales	
	Licensed Nos.	Installed Nos.	Qty. Nos.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
Hydraulic Power Steering Gears including components/ spares	300,000 (300,000)	300,000 (270,000)	201,038 (138,330)	31 (268)	235,833 (1,616,557)	-- (31)	-- (235,833)	201,069 (138,567)	2,732,946,062 (1,962,056,821)
Mechanical Steering Gears including components/ spares	200,000 (200,000)	200,000 (180,000)	155,870 (123,426)	67 (792)	107,334 (1,340,590)	-- (67)	-- (107,334)	155,937 (124,151)	488,827,581 (340,995,144)
			356,908 (261,756)	98 (1,060)	343,167 (2,957,147)	-- (98)	-- (343,167)	357,006 (262,718)	3,221,773,643 (2,303,051,965)

- Notes : 1) In view of the number of components/ spares being large, it is not possible to give the quantitative information.
2) Installed capacity is based on Chartered Engineer's Report and accepted by the Auditors, being a technical matter.
3) The above figures are inclusive of Excise Duty and Education Cess.

NOTES TO ACCOUNTS (Contd.)

6. The operations of the Company primarily relate to automotive components, hence there is no separate reportable segment as per Accounting Standard (AS) 17 'Segment Reporting'.

7. Related Party Disclosures as per AS18:
a) List of Related Parties with whom transactions have taken place and relationships :
Foreign Collaborator :

ZF Lenksysteme, GmbH

Associate Companies :

- ZF Shanghai Steering Co.Ltd., China.
- ZF Boge Elastmettal GmbH
- ZF Sistemas De Direcao Ltd, Brazil.
- ZF Great Briton
- ZF Steering Jincheng (Nanjing),China
- Varsha Forgings Ltd

Joint venture company : ZF Lenksysteme India Pvt. Ltd. (Company has 26% stake in the company)

Key Managerial Personnel :

- Mr. Dinesh Munot - Chairman & Managing Director
- Mr. Jinendra Munot - Jt. Managing Director
- Mr. Utkarsh Munot - Executive Director

Rs.

b) Transactions with related parties :
i) Sales

Foreign Collaborator

Other related parties

ii) Purchase of Raw Materials & components

Foreign Collaborator

Other related parties

iii) Outstanding balance
Debtors

Joint Venture company

Creditors

Foreign Collaborator

Other related parties

iv) Dividend paid during the year

Foreign Collaborator

Other related parties

v) Remuneration to: Key Managerial Personnel
vi) Rent and other services

Joint venture company

	2010-2011	2009-2010
Foreign Collaborator	-	2,991,288
Other related parties	323,090	3,720
Foreign Collaborator	186,427,503	115,938,722
Other related parties	306,260,089	130,902,222
Joint Venture company	-	32,301
Foreign Collaborator	19,483,351	9,337,308
Other related parties	21,514,152	6,796,880
Foreign Collaborator	23,400,000	24,570,000
Other related parties	42,952,525	45,075,219
Other related parties	47,337,985	40,770,676
Joint venture company	1,075,311	1,477,385

8. Deferred Tax as per provisions of AS 22 on 'Accounting for Taxes on Income':

The break-up of the net deferred tax liability as at March 31, 2011 is as under :-

Rs.

Timing differences on account of	2010-2011		2009-2010	
	Assets	Liabilities	Assets	Liabilities
- Book Depreciation & depreciation under the Income-tax Act, 1961	-	28,910,852	-	16,779,091
- Provision for Employees Benefits	12,852,830	-	13,259,826	--
- Managerial Commission	-	-	5,979,150	--
- Shares	-	-	--	195,373
Total ...	12,852,830	28,910,852	19,238,976	16,974,464
Net Deferred Tax Assets	-	16,058,022	2,264,512	
Rounded off	-	16,058,200	2,264,400	

NOTES TO ACCOUNTS (Contd.)
9. Auditors' Remuneration :
Rs.

- a) Audit Fees
- b) Tax Audit Fees
- c) Vat Audit Fees
- d) For Certification and other related work.
- e) Limited Review

	2010-2011	2009-2010
	150,000	120,000
	50,000	40,000
	30,000	25,000
	20,000	15,000
	20,000	--
	270,000	200,000

10. Consumption of Raw materials and Components :

Description	2010-2011		2009-2010	
	MT Quantity	Value (Rs.)	MT Quantity	Value (Rs.)
A) Raw Materials :				
i) Alloy Steel Bars	1877.84	93,364,020	1070.00	45,373,186
B) Components :	-	1,826,338,862	--	1,375,738,000
		1,919,702,882		1,421,111,186

11. Imported and indigenous raw material consumption (including components) :

Description	2010-2011		2009-2010	
	Rs.	Percentage	Rs.	Percentage
A) Imported	419,122,060	21.83	335,056,832	23.58
B) Indigenous	1,500,580,822	78.17	1,086,054,354	76.42
	1,919,702,882	100.00	1,421,111,186	100.00

12. C.I.F. Value of Imports :
Rs.

- i) Raw Materials, Components and consumables
- ii) Capital Goods

	2010-2011	2009-2010
	492,875,341	257,896,664
	100,522,750	9,303,904

13. Expenditure in Foreign Currency

Travelling and other expenses

	2010-2011	2009-2010
	6,041,837	2,389,539

14. Remittance of dividend in Foreign Currency

- i) No. of non-resident Shareholders
- ii) No. of Shares held
- iii) Amount of dividend remitted

	2010-2011	2009-2010
	1	1
	2,340,000	2,340,000
	23,400,000	24,570,000

15. Earnings in Foreign Currency

F.O.B. Value of Exports

	2010-2011	2009-2010
	9,953,823	6,163,408

16. Earnings per Share as per AS 20 :-
Rs.

- a) Net Profit (Numerator used for calculation)
- b) Weighted Average number of Equity Shares used as denominator
- c) Basic and Diluted Earnings per Share
(Equity Share of face value of Rs. 10/- each)

	2010-2011	2009-2010
Rs.	409,091,136	286,628,366
Nos.	9,073,300	9,073,300
Rs.	45.09	31.59

17. Employee Benefits as per AS 15 (Revised 2005)

- a) **Defined Contribution Plans** : Contribution to Provident Fund of Rs.6,716,443 (previous year Rs.5,175,775) is recognized as expense and included in Contribution to Provident Fund and Other Funds in the Profit and Loss Account.
- b) **Defined Benefit Plans** : The amounts recognized in respect of Gratuity and Leave Encashment, based on Actuarial valuation is as per Annexure.

18. Under the Micro, Small and Medium Enterprises Development Act, 2006 certain disclosures 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.
19. In current year provision for current taxes includes provision for wealth tax of Rs.429,722 (P.Y. - Rs. 400,000)
20. The Company has 26% joint venture interest in ZF Lenksysteme India Private Limited, a company incorporated in India.

As on March 31, 2011, the Company has invested Rs. 33,800,000 (previous year Rs. 2,600,000) 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 transactions 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 audited accounts of the Joint Venture for the year ended March 31, 2011) are as under:

(Rs.)

Particulars	As at March 31, 2011	As at March 31, 2010
Assets	145,253,901	7,740,291
Liabilities	164,273,398	18,115,213
Particulars	For the year 2010-2011	For the year 2009-2010
Income	23,287,579	6,151
Expenditure	35,651,776	7,176,367

21. The Company has recognized following provision as per AS 29 'Provisions, Contingent Liabilities and Contingent Assets in respect of obligations arising from past events, the settlement of which is expected to result in an outflow embodying economic benefits:

(Rs.)

Description	Opening balance	Additions during the year	Payment/ reversal during the year	Closing balance
Provision for warranties	2,745,904	9,511,761	9,757,665	2,500,000

- 22 Foreign Exchange difference(Net) credited to Profit & Loss Account Rs.8,637,914 (Previous year : Credit Rs. 7,565,950)
23. Figures relating to the previous year have been regrouped, rearranged wherever it is necessary.

(Refer note No.17 of schedule 'P')

EMPLOYEE BENEFITS

Defined benefit plan as per Actuarial Valuation as on March 31, 2011

Sr. No.	Particulars	GRATUITY (Rs.) 2010-2011	LEAVE ENCASHMENT (Rs.) 2010-2011	GRATUITY (Rs.) 2009-2010	LEAVE ENCASHMENT (Rs.) 2009-2010
I	Expenses recognised in the Statement of Profit & Loss for the year ended March 31, 2011				
1	Current Service Cost	3,589,430	1,183,288	3,131,602	1,188,458
2	Interest Cost	3,315,685	408,914	2,691,994	590,612
3	Expected return on plan assets	(1,002,784)	-	(848,307)	-
4	Net Actuarial (Gains) / Losses	(1,656,079)	4,912,822	(3,214,482)	3,325,615
5	Total Expenses	4,246,252	6,505,024	1,760,807	5,104,685
II	Net Asset / (Liability) recognised in the Balance Sheet as at March 31, 2011				
1	Present Value of Obligation as at March 31, 2011	46,086,302	7,928,989	40,555,805	8,429,377
2	Fair Value of plan assets as at March 31, 2011	14,170,355	-	10,613,574	-
3	Funded status [Surplus / (Deficit)]	(31,915,947)	(7,928,989)	(29,942,231)	(8,429,377)
4	Net Assets / (Liability) as at March 31, 2011	(31,915,947)	(7,928,989)	(29,942,231)	(8,429,377)
III	Change in Obligation during the Year ended March 31, 2011				
1	Present value of Defined Benefit Obligation at beginning of the year	40,555,805	8,429,377	38,977,948	13,549,926
2	Interest Cost	3,315,685	408,914	2,691,994	590,612
3	Current service Cost	3,589,430	1,183,288	3,131,602	1,188,458
4	Actuarial (Gains) / Losses	(159,023)	4,912,822	(3,203,950)	3,325,615
5	Benefit Payments	(1,215,595)	(7,005,412)	(1,041,789)	(10,225,234)
6	Present Value of Defined Benefit Obligation as at the end of year	46,086,302	7,928,989	40,555,805	8,429,377
IV	Change in Assets during the Year ended March 31, 2011				
1	Plan assets at the beginning of the year	10,613,574	-	9,096,524	-
2	Expected return on plan assets	1,002,784	-	848,307	-
3	Contributions by Employer	2,272,536	-	1,700,000	-
4	Actual benefits paid	(1,215,595)	-	(1,041,789)	-
5	Actuarial Gains / (Losses)	1,497,056	-	10,532	-
6	Plan assets at the end of the year	14,170,355	-	10,613,574	-
		-	-		
V	Actuarial Gain/ Loss recognised				
1	Actuarial Gain/ (Loss) for the year-obligation	159,023	(4,912,822)	3,203,950	(3,325,615)
2	Actuarial (Gain)/ Loss for the year-plan assets	(1,497,056)	-	(10,532)	-
3	Total (Gain)/ Loss for the year	(1,656,079)	4,912,822	(3,214,482)	3,325,615
4	Actuarial (Gain)/ Loss recognised in the year	(1,656,079)	4,912,822	(3,214,482)	3,325,615
VI	Assumptions				
	Discount Rate	8.30%	8.30%	8.30%	8.30%
	Rate of increase in Compensation levels	12.00%	12.00%	12%	12%
	Rate of return on plan assets	9.00%	0.00%	9%	0%
	Expected Average remaining working lives of employees (years)	11.20	10.90	11.36	11.13

24. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I) Registration Details :

Registration No. State Code:
 Balance Sheet Date

II) Capital raised during the year (Amount in Rs.)

Public Issue : Rights Issue :
 Bonus Share : Private Placement

III) Position of Mobilisation and Deployment of Funds: (Amt. in Thousands)

Total Liabilities

Sources of Funds:

Paid up Capital
 Reserves & Surplus
 Secured Loans
 Unsecured Loans
 Net Deferred Tax
 Accumulated Losses

Total Assets

Application of Funds:

Net Fixed Assets & CWIP
 Investments
 Net Current Assets
 Net Deferred Tax Assets
 Miscellaneous Expenditure

IV) Performance of the Company : (Amt. in Thousands)

Turnover Total Expenditure
 Profit/Loss Before Tax Profit/Loss After Tax
 Earnings per Share Dividend Rate

V) Generic Names of Three Principal Products, Services of the Company:

Item Code No. (ITC Code)

Product Description

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 26,2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dinesh Munot
Jinendra Munot
Utkarsh Munot

Chairman & Managing Director
 Jt. Managing Director
 Executive Director

D.S. Bomrah
Manish Motwani
Dr. Dinesh Bothra
Ludwig Rapp
M. L. Rathi
Shridhar S. Kalmadi
Klaus Traeder
B.S. Iyer
Ajinkya Arun Firodia

Directors

Satish Mehta
Jinendra Jain

Company Secretary & DGM-Finance
 Chief Financial Officer

Pune, May 26,2011



Proxy Form

ZF STEERING GEAR (INDIA) LTD.

REGD. OFFICE : 1242/ 44, VILLAGE VADU BUDRUK, TAL. SHIRUR, DIST. PUNE - 412 216.

I/We _____ being a Member / Members of **ZF STEERING GEAR (INDIA) LTD.**, hereby appoint _____ of _____ or failing him / her _____ as my / our proxy to vote for me / us and on my / our behalf at the **31ST ANNUAL GENERAL MEETING** of the Company to be held on Wednesday, July 27, 2011 and at any adjournment there of.

*Affix a
15 Paise
Revenue
Stamp*

Signed this _____ day of _____ 2011

Folio No. / DP ID / Client ID

No. of Shares held :

(Signature of the Member)

Note : The Proxy Form duly completed and stamped must be lodged with the Company not less than 48 hours before the time for holding the aforesaid meeting.

Attendance Slip

ZF STEERING GEAR (INDIA) LTD.

REGD. OFFICE : 1242/ 44, VILLAGE VADU BUDRUK, TAL. SHIRUR, DIST. PUNE - 412 216.

To be handed over at the entrance of the Meeting Hall

Name of the attending Member (in Block Letters)	Membership Folio No. / DP ID / Client ID
Name of the Proxy (in Block Letters) To be filled in if the Proxy attends instead of the Member)	Number of Equity Shares held

I/We hereby record my / our presence at the **31st ANNUAL GENERAL MEETING** of the Company to be held on Wednesday, July 27, 2011 at the Registered Office of the Company at - Gat No. 1242 /44, Village Vadu Budruk, Tal. Shirur, Dist. Pune - 412 216.

Member's / Proxy's Signature
(To be signed at the time of
handing over this slip)



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

Certificate

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

Certificate Registr. No. 01 104 043211

TÜV Rheinland Cert GmbH certifies:

Certificate Holder: **ZF Steering Gear (India) Ltd.**
1242/44, Village: Vadu Budruk, Taluka: Shirur,
Pune - 412 216, Maharashtra, India

Scope: Design, Development and Production of Mechanical Steering Gear Systems and Power Steering Gear Systems for Automotive Vehicles

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 2011-05-07 until 2014-05-06.
First certification 2005

2011-04-18


TÜV Rheinland Cert GmbH
Am Grauen Stein - 51105 Köln



DGA-ZM-58-95-60

www.tuv.com



Certificate

Standard **ISO / TS 16949:2009**

(3rd edition, 2009-06-15)

Certificate Registr. No. 01 111 028953
IATF Certificate No. 0094589

TÜV Rheinland Cert GmbH certifies:

Certificate Holder: **ZF Steering Gear (India) Ltd.**
1242/44, Village Vadubudruk, Taluka Shirur,
Pune - 412 216, Maharashtra, India

with remote location responsible for Sales, Marketing and Purchasing

ZF Steering Gear (India) Ltd.
601, 602 A Wing, 6th Floor, MCCA Trade Tower,
International Convention Centre, 403 A,
Senapati Bapat Road, Pune - 411 016, India

Scope: Manufacture of Mechanical Steering Gear Systems and 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 16-09 (dd.mm).

Validity: The certificate is valid from 2009-12-23 until 2012-12-22.

Hong Kong, 2009-12-23


TÜV Rheinland Cert GmbH *)
Am Grauen Stein - 51105 Köln
Deutschland



2-IAO-QMC 01003

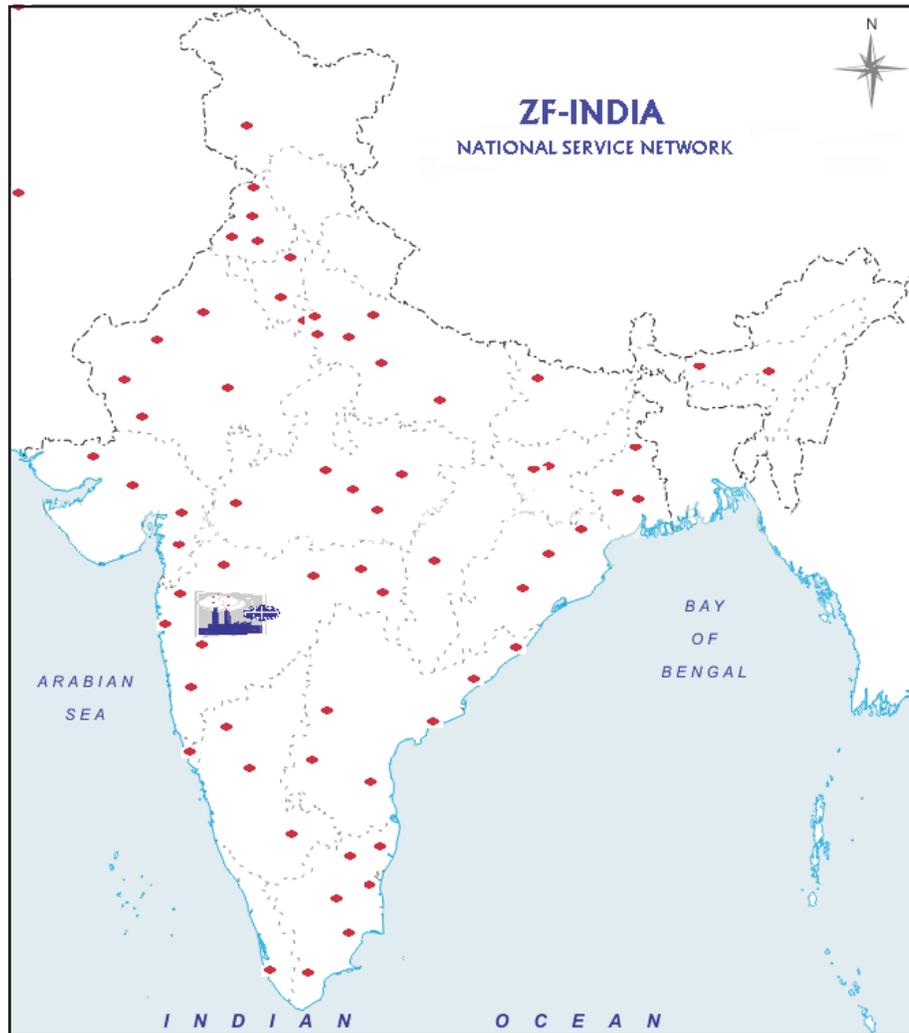
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ZF INDIA

NATIONAL SERVICE NETWORK



ZF STEERING GEAR (INDIA) LIMITED

CORPORATE OFFICE

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'A' wing, 403-A, Senapati Bapat Road, Pune 411 016. (M.S.) India.
Tel. : 020-30211600 Fax : 020-30211699
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REGD. OFFICE & PLANT :

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