

# ***GABRIEL***

48th Annual Report  
2009-10

**Gabriel India Limited**

COMPANY PROFILE AND FINANCIALS



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# GABRIEL INDIA LIMITED

Deep C Anand  
Chairman Emeritus

#### Board of Directors

Prakash Kulkarni  
Executive Chairman

Arvind Walia  
Managing Director

Russi Jal Taraporevala  
Deepak Chopra  
Padmini Khare Kaicker  
Rajeev Vasudeva  
Gurdeep Singh  
John Crable

#### Company Secretary

Anshul Bhargava

#### Bankers

Axis Bank  
Bank of India  
ICICI Bank  
IndusInd Bank  
ING Vysya Bank  
Standard Chartered Bank  
State Bank of India

#### Auditors

Price Waterhouse & Co.  
Muttha Towers  
5th floor, Suite No. 8  
Off Airport Road  
Yerwada Pune - 411006

#### Registered office

29th Milestone  
Pune-Nashik Highway  
Village Kuruli  
Taluka Khed  
Pune 410 501(Maharashtra)  
Tel: 09922908401-04  
Fax: 02135-261200  
mail: secretarial@gabriel.co.in  
www.gabrielindia.com

#### Chairman Emeritus Offices

1, Sri Aurobindo Marg  
New Delhi -110016  
Magnet House, N M Marg  
Ballard Estate, Mumbai 400 038





## COMPANY HIGHLIGHTS

- 2009-10 revenue grew by 34% and profit before tax by 387% over the previous year.
- Company honoured with the ' Best Company 2009' Award by the Anand group.
- Capacity augmentation process in place at all plants, to meet growing requirements of 2010 -11 and beyond.
- Special project to modernize the Chakan plant with latest process technologies was initiated, and is slated to be completed by September 2010.
- 'Dynachrome' Automation machines makes us the best in Asia.
- Process of SAP ERP system implementation commenced and scheduled to start operating by September 2010.
- Thrust on exports led to growth of 16% over the previous year. Exports to Renault Iran also started.
- Maruti Suzuki's 'A Star' being exported to Europe and Japan, is fitted with the Company's struts and shock absorbers.
- The Company consolidated its position in all segments of the Automotive industry - Commercial vehicles, Passenger cars and Two wheelers (Acquisition of new business ensures sustenance of market share in forthcoming years)
- In house R&D and product development capability resulted in development of products for new vehicles.

## COMPANY PROFILE

Gabriel India Limited, a leading name in the Indian Auto Component industry, offers the widest range of Ride Control products in the country ranging from Shock Absorbers, Struts and Front Forks catering to Passenger Cars, Utility Vehicles, Commercial Vehicles and Two Wheelers segments. The pioneer of Ride control products in India, 'Gabriel' is a renowned brand synonymous with shock absorbers. Its products have long established a strong presence both in domestic original equipment as well as replacement markets.



The flagship company of the Anand group, Gabriel commenced operations in 1961, with a single plant in Mulund, Mumbai, and has grown manifold since then with six manufacturing facilities spread across the country today. (Pune, Nashik, Hosur, Dewas, Khandsa and Parwanoo)

Gabriel's manufacturing facilities positioned at various locations in the country, facilitate JIT supplies to its customers and ensure requisite support in optimising the availability of material. With a combined capacity of over 20 million Shock Absorbers and Struts, 2.7 million Front Forks, these facilities cater to requirements of all segments of the market, making Gabriel the leading OEM supplier in the country as also to the Defence, Railways & the After market segments in India.



Mr. Arvind Walia, Managing Director Gabriel India (seated right) in discussion with Mr. Deepak Chopra, CEO of the Anand group (seated left)

# REDEFINING RIDE COMFORT



Gabriel has two well equipped, high-tech R&D centres located at Chakan and Hosur, geared to develop new products and carry out comprehensive tests, to optimise performance and enhance the capability of its Ride Control products. These facilities provide valuable inputs to all plants of the company. These extend to several areas including noise measurement, value engineering, improving product quality by root cause analysis of customer complaints, as well as cost reduction through localization efforts. The R&D centres also support OEM's with 'Ride-tuning' exercises.



L to R: Mr. Arvind Walia (Managing Director, Gabriel India) & Mr. Prakash Kulkarni (Executive Chairman, Gabriel India) receive the 'Best Company 2009' Award from Mr. Deep.C. Anand, Chairman of the Anand group.

The Company has a Technical collaboration with KYB Corporation, Japan, and KYBSE, Spain. KYB Corporation is a renowned manufacturer of ride control products in Japan, supplying to well known vehicle manufacturers globally. The company also has a collaboration with Yamaha Motor Hydraulic Systems, Japan, a 100% subsidiary of Yamaha Motors, Japan, specializing in the manufacture and sale of shock absorbing components for Two wheeler applications.

The Collaborators extend continuous support to the Company, which helps in offering requirement specific technology solutions to different international OEMs for all three segments of the Automotive Industry.

# MANUFACTURING FACILITIES PASSENGER CARS



## CHAKAN

Commenced Production	1997
Location	Chakan,Pune
Segments serviced	Passenger Cars
Product	Shock absorbers and Struts
Capacity	3.6 million Struts and Shock Absorbers
Major OEM Customers	Tata Motors, Hyundai, Renault, General Motors, Ford, Maruti Suzuki and International customers like Renault and Volkswagen
Quality certifications	TS 16949, ISO 14001 and OHSAS 18001

## KHANDSA (GURGAON)

Commenced Production	2008
Location	Khandsa,Gurgaon
Segments serviced	Passenger Cars
Product	Shock absorbers and Struts
Capacity	2.4 million Struts and Shock Absorbers
Major OEM Customers	Maruti Suzuki
Technology highlight	In-house facility for e-coating and chrome plating, based on 'dyna chrome' technology
Quality certifications	ISO TS -16949



# MANUFACTURING FACILITIES COMMERCIAL VEHICLES



## DEWAS

Commenced Production	1992
Location	Dewas
Segments Served	Commercial Vehicles
Product	Shock Absorbers
Capacity	4 million units
Major OEM Customers	Tata Motors, Eicher, M&M, Ashok Leyland, Force Motors TATA-Nano.apart from Exports and After Market requirements.
Quality certifications	Qs9000, ISO14001, OSHAS18001, TS16949 Successfully implemented the TPS system.

# CASTING FACILITY

## CHAKAN

Commenced Production	2009
Location	Chakan, Pune
Segments serviced	Two Wheelers
Product	Aluminium casting facility providing outer Tubes for Front forks
Capacity	0.6 Million units
Major OEM Customers	Yamaha India



Mr. Masahiro Indue, General Manager Procurement Planning Division; Mr. Hiroshi Hagio, Group Manager, Project Management & Mr. Hitoshi Ando, Senior supervisor from Yamaha Motors visited the Gabriel India, Hosur premises in December 2009.



Senior management team from VolksWagen visits Gabriel, Chakan



Mr.Arvind Walla, MD of Gabriel India receiving the 'Focused Cost Down Award' from Mr.M.M.Singh, MEO, Supply Chain, Maruti Suzuki at the Maruti Suzuki Vendor meet held in Hong Kong. Other dignitaries from Maruti Suzuki India Limited as seen in the picture are (left to right) Mr.Nakanishi, Managing Director; Mr.Bharghava, Chairman and Mr.Maitra, MEO, Supply Chain.

# MANUFACTURING FACILITIES TWO WHEELERS



## AMBAD

Commenced Production  
Location  
Segments Serviced

Product  
Capacity

Major OEM Customers  
Quality certifications

1990  
Ambad, Nashik  
2 wheelers – motorcycles and Scooters  
Shock Absorbers and Front Forks  
2.4 million Shock absorbers and 0.6 million Front Forks  
Bajaj, Yamaha, Piaggio, Mahindra  
Ts16949; Key TPM initiatives in progress

## HOSUR

Commenced Production  
Location  
Segments Serviced  
Product  
Capacity

Major OEM Customers  
Quality certifications

1997  
Hosur, Tamil Nadu  
Two/Three Wheelers  
Shock Absorbers and Front Forks  
3.2 Million shock absorbers & 0.7 Million Front Forks  
TVS, Suzuki, HMSI and Yamaha  
TS 16949. ISO 14001, OHSAS 18001



## PARWANOO



Commenced Production  
Location  
Segments Serviced  
Product

Capacity

Major OEM Customers

2007  
Parwanoo, Himachal Pradesh  
2 wheelers, Commercial vehicles, Passenger cars  
Shock absorbers and Struts for Commercial vehicles, Passenger cars and Front forks for 2-wheelers  
4.5 Million Shock Absorbers and Struts and 0.7 Million Front Forks  
TVSM, Tata Motors Ltd., Mahindra & Mahindra & the After Market

# REDEFINING RIDE COMFORT

# CORPORATE SOCIAL RESPONSIBILITY



The Company continues to work actively towards the pursuit of excellence as a responsible corporate citizen in its operations. The Company supports social initiatives through field level activities whose demonstration effect helps in fostering the 'spirit of giving' among other corporates and partners in the neighbourhood.

The SNS Foundation, a charitable Trust which has been sanctioned a 100% tax exemption status under section 35 AC of the Income Tax Act of the Government of India, offers to be the custodian of the funds donated for projects or activities specified by the donors. The SNS Foundation's activities are aimed at skills development for

employability and empowerment of women, elementary education of the most neglected categories of children living in slums, mobilising working children into an inclusive programme of education, healthcare and protection from exploitation and imparting vocational training and life-skills for adolescents and youth among its other focus areas of work.

The Company over the years has been supporting development activities among communities in the neighbourhoods in all geographical locations where the Company has manufacturing bases. This has helped in providing employment opportunities for the unemployed youth, especially women.

The Group also runs an educational institution - the 'Himachal Primary School', a hostel for working women and a dispensary for the residents of Parwanoo. Employee participation in the Foundation's activities is integral to the volunteering spirit promoted by the Group.



Vocational training activity in progress by SNS Foundation



# FINANCIAL HIGHLIGHTS

	2009 - 2010	2008 - 2009
Domestic Sales (Rs Million)	6848.0	5093.4
Export Sales (Rs Million)	126.0	109.1
Total Sales (Rs Million)	6974.0	5202.5
Profit Before Tax (Rs Million)	352.2	72.3
PBT as a % to Sales	5.1	1.4
Profit After Tax (Rs Million)	240.4	56.1
PAT as a % to Sales	3.4	1.1
Return on Net Worth (%)	16.1	4.2
Net Worth per Share (Rs)	20.8	18.4
Earning per Share (Rs) - Basic & Diluted	3.4	0.8
Dividend per Share (Rs)	0.85	0.7
Dividend Cover (Times)	3.9	1.1

# FINANCIAL HIGHLIGHTS

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## WORKING RESULTS AT A GLANCE

Year	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
	<b>Rs Million</b>									
Share Capital	71	71	72	72	72	72	72	72	72	72
Reserves & Surplus	831	676	650	770	892	923	1236	1255	1252	1421
Shareholders Funds	902	747	722	842	964	995	1308	1327	1324	1493
Loans	1371	1282	1050	971	913	1033	736	1461	1569	1488
Deferred Tax Liability		204	233	237	217	195	106	104	106	141
Funds Employed	2273	2233	2005	2050	2094	2222	2150	2892	2999	3122
Fixed Assets(Gross)	1960	2043	2302	2454	2545	2729	2251	2786	3218	3479
Depreciation	605	725	918	1055	1200	1352	1070	1193	1306	1514
Net Block	1355	1318	1384	1399	1345	1377	1181	1593	1912	1965
Investments	115	270	10	10	10	10	10	143	133	133
Net Current Assets	803	645	611	641	739	836	960	1156	954	1024
Net Assets Employed	2273	2233	2005	2050	2094	2222	2150	2892	2999	3122
	<b>Rs Million</b>									
Sales	2683	3081	3754	4210	4779	5617	6011	5417	5813	7519
Gross Profit	345	368	470	492	486	394	1174	337	388	702
Interest	186	172	130	84	70	83	66	75	163	148
Depreciation	109	122	137	146	153	158	127	138	153	202
Profit/(Loss) Before Tax	50	74	203	262	263	153	981	124	72	352
Tax	4	34	86	95	84	64	250	47	16	112
Profit/(Loss) After Tax	46	40	117	167	179	88	731	76	56	240
	<b>Rs</b>									
Dividend per Share	2.5	3.0	5.0	6.0	7.0	0.7	0.7	0.7	0.7	0.85
Earnings per Share	6.4	5.6	16.4	23.2	24.9	1.2	10.2	1.1	0.8	3.35
	<b>Million Nos</b>									
Production										
Shock Absorbers,										
Struts & Front Forks	6.1	6.4	8.0	8.8	9.8	10.9	12.4	11.8	10.8	14.6
Bimetal Bearings	8.2	8.0	7.9	7.7	8.9	9.2	-	-	-	-

Note : Figures from 05-06 have been worked out on Re. 1 face value per equity share. For the earlier years, it has been worked out on Rs. 10 face value per equity share.

## WORKING RESULTS AT A GLANCE

Year	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
	<b>Rs Million</b>									
Share Capital	71	71	72	72	72	72	72	72	72	72
Reserves & Surplus	831	676	650	770	892	923	1236	1255	1252	1421
Shareholders Funds	902	747	722	842	964	995	1308	1327	1324	1493
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	<b>Rs</b>									
Dividend per Share	2.5	3.0	5.0	6.0	7.0	0.7	0.7	0.7	0.7	0.85
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Struts & Front Forks	6.1	6.4	8.0	8.8	9.8	10.9	12.4	11.8	10.8	14.6
Bimetal Bearings	8.2	8.0	7.9	7.7	8.9	9.2	-	-	-	-

Note : Figures from 05-06 have been worked out on Re. 1 face value per equity share. For the earlier years, it has been worked out on Rs. 10 face value per equity share.

# Notice

**NOTICE is hereby given that the Forty-Eighth Annual General Meeting of the Members of GABRIEL INDIA LIMITED will be held at the Auditorium, Gabriel India Limited, 29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501, Maharashtra on Wednesday, 28th July, 2010 at 2.30 p.m. to transact the following businesses:-**

## Ordinary Business

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March 2010, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Deepak Chopra who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Russi Jal Taraporevala, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## Special Business

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** Mr. John A Crable who was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. Rakesh Sachdev under section 262 of the Companies Act, 1956 by the Board of Directors in their meeting held on January 27, 2010 and who holds office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received from a member, a notice, in writing, under Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500 proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company and that Mr. John A Crable will be liable to retire by rotation.”
7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
“**RESOLVED THAT** in accordance with the provisions of Sections 198, 309(4) and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, the Company do hereby renew the Special Resolution, authorizing the payment of commission at the rate upto one percent of the net profits of the Company in each year to be paid annually to the Directors of the Company other than Directors who are in the whole time employment, for a further period of 5 years commencing from the financial year ended March 31, 2010 and that such commission may be divided amongst such Directors and in such manner or proportion as may be decided by the Executive Chairman of the Company.  
**RESOLVED FURTHER THAT** the aforesaid commission shall be exclusive of the fees payable of such Directors for the meeting of the Board or Committees of the Board attended by such Directors.  
**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this Resolution.”
8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
**RESOLVED THAT** pursuant to section 293 (1)(d) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which together with the amount already borrowed by the Company (apart from temporary loans obtained from Company Bankers in the ordinary course of its business), may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/ moneys so borrowed by the Board shall not at any time exceed the limit of Rs. 5000 Million. (Rupees Five Thousand Million only).

Place : Mumbai  
Date : May 29, 2010

Registered Office :  
29<sup>th</sup> Milestone,  
Pune-Nashik Highway,  
Village Kuruli, Taluka Khed,  
Pune – 410 501  
Maharashtra, India

By Order of the Board  
**Gabriel India Limited**

**Anshul Bhargava**  
Company Secretary

## Notes:

1. **Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the company. The instrument appointing a Proxy, in order to be effective, must be duly filled, stamped and signed and must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting.**
2. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 21st July, 2010 to Wednesday, 28th July, 2010 (both days inclusive).
4. Dividend, as may be declared by the Members at the meeting, will be paid to those Members whose names stand on the Company's Register of Members as on Wednesday, 28th July, 2010. In respect of shares held in dematerialised form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the end of business on Wednesday, 28th July, 2010.
5. Members are advised that respective bank details and address as furnished by them or by NSDL / CDSL to the Company, for shares held in the certificate form and in the dematerialised form respectively, will be printed on their dividend warrants as a measure of protection to Members against fraudulent encashment.
6. Members holding shares in the certificate form are requested to notify / send the following to the Company's Registrars and Share Transfer Agents, **Karvy Computershare Private Limited (Unit: Gabriel India Limited) at 'Karvy House', 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034, (Tel. 040 23312454 / 23320751 / 752 / 251 ; Fax : 040 23311968, 23323049, email : mailmanager@karvy.com) to facilitate better servicing :**
  - i) any change in their address / mandate / bank details,
  - ii) particulars of their bank account, in case the same have not been furnished earlier, and
  - iii) share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account.
7.
  - a. Members are also requested to note that unclaimed / unpaid dividends upto the financial year ended March 31, 1995 have been transferred to the General Revenue Account of the Central Government pursuant to Section 205A of the Companies Act, 1956. Shareholders, who have not yet encashed their dividend warrant(s) for the said period are requested to forward their claims to the Registrar of Companies, PMT Building, 2<sup>nd</sup> Floor, Deccan Gymkhana, Pune - 411 004 by submitting an application in the prescribed Form No. II.
  - b. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the amount of dividend for the financial year ended March 31, 2003, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government later this year.  
  
Members who have not encashed their dividend warrants for the financial year ended 31<sup>st</sup> March, 2003, or any subsequent years are requested to lodge their claim with the Company's Share Transfer Agents, **Karvy Computershare Private Limited.**  
  
Members are advised that no claims shall lie in this respect once the unclaimed dividend is transferred to the Investor Education and Protection Fund
8. Additional particulars of Directors retiring by rotation and eligible for appointment /re-appointment pursuant to Clause 49 of Listing Agreement are mentioned in the enclosed Table A & B.
9. Members desirous of making a nomination in respect of their shareholders, as permitted by section 109A of the Companies Act, 1956, are requested to write to the Share Transfer Agent of the Company for the prescribed form.
10. The company's shares are listed on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The listing fees for these exchanges have been paid.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 6****John A Crable**

Mr. John A Crable was approved as a Director of the Company with effect from 27th January, 2010 in the casual vacancy caused by resignation of Mr. Rakesh Sachdev. In accordance with the provisions of Section 262 of the Companies Act, 1956, Mr John Crable holds office up to the date of ensuing Annual General Meeting of the Company.

Notice, in written, alongwith deposit of Rs. 500, has been received by the Company from a Member under Section, 257 of the Companies Act, 1956, signifying his intention to propose Mr. John A Crable as a candidate for the office of Director of the Company.

Your Directors feel that the company would benefit from rich and varied experience possessed by Mr. John A Crable. The Directors, therefore, recommend his appointment.

Name of Director	John A Crable
Date of birth	27.08.1955
Date of Appointment:	27.01.2010
Expertise in specific functional areas:	Corporate Law
Qualifications:	Law Degree
List of other Indian Companies in which Directorships held:	Meritor Commercial Vehicle Systems India Private Limited
Memberships/Chairmanships of Committees of Directors of the Indian Company	Not Applicable
Memberships/Chairmanships of Committees of Directors of other Indian Companies	Not Applicable

Except Mr. John Crable, none of the Directors of the Company are in any way concerned or interested in the said resolution.

**ITEM NO. 7**

A commission upto one percent of the net profits of the Company computed in the manner laid down under Section 198 of the Companies Act, 1956 in each year was sanctioned for payment to the Directors of the Company other than the Managing Director / Whole-Time Director/s, by a Special resolution passed at the Annual General Meeting held on July 24, 2006. Under the provisions of Section 309 (7) of the Companies Act, 1956, the aforesaid resolution can be renewed from time to time by a special resolution for further periods of not more than five years each. Since the Special Resolution has fallen due for renewal, and to continue to avail of the benefits of professional expertise and business exposures of the eminent personalities on the Board of the Company, it is proposed to renew the same, for a further period of five years commencing from the financial year ending April 1, 2010.

The Directors of the Company except the Managing Director / Whole-Time Director/s are deemed to be interested in the Resolution set out in Item No. 7 of the Notice to the extent of the commission that may be received by them.

**ITEM NO. 8**

Section 293(l)(d) of the Companies Act, 1956 requires that the Board of Directors should obtain the consent of the shareholders in the General Meeting to enable them to borrow moneys where the amount to be borrowed together with amount already borrowed will exceed the aggregate of paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

The Shareholders are aware that at the 33 Annual General Meeting held on August 24, 1995, an ordinary resolution was passed authorizing the Board of Directors of the Company to borrow from time to time for the purpose of carrying the business of the Company, subject to the condition that money, so borrowed shall not exceed Rs. 1500 Million (Rupees Fifteen Hundred Million). In view of the increase in the volume of business and taking into account the requirement of funds for expansion, your Directors feel that they should obtain consent from the shareholders to borrow more funds. Accordingly, they have thought it desirable to obtain the consent of the shareholders pursuant to section 293(1)(d) of the Companies Act, 1956 to increase the limit from Rs. 1500 Million to 5000 Million, as is now proposed under the ordinary resolution.

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

Place : Mumbai  
Date : May 29, 2010

Registered Office :  
29<sup>th</sup> Milestone,  
Pune-Nashik Highway,  
Village Kuruli, Taluka Khed,  
Pune – 410 501  
Maharashtra, India

By Order of the Board  
**Gabriel India Limited**

**Anshul Bhargava**  
Company Secretary

#### ANNEXURE – ‘A’

**Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting  
(in pursuance of Clause 49IV(G) of Listing Agreements)**

##### Deepak Chopra

Name of Director	Deepak Chopra
Date of birth	25.12.1954
Date of Appointment:	21.5.2008
Expertise in specific functional areas:	Finance
Qualifications:	CA & CS.
List of other Companies in which Directorships held:	<ol style="list-style-type: none"> <li>1. AFM India Limited</li> <li>2. C Y Myutek Automotive India Private Limited</li> <li>3. Behr India Limited</li> <li>4. Asia Investments Private Limited</li> <li>5. Camfil Farr Air Filtration India Limited</li> <li>6. Chang Yun India Limited</li> <li>7. Dytek India Limited</li> <li>8. Degremont Limited</li> <li>9. Echlin India Limited</li> <li>10. Henkel Teroson India Limited</li> <li>11. Spicer India Limited</li> </ol>
Memberships/Chairmanships of Committees of Directors of the Company	<ol style="list-style-type: none"> <li>a. Audit Committee</li> <li>b. Remuneration Committee</li> </ol>
Memberships/Chairmanships of Committees of Directors of other Companies	<ol style="list-style-type: none"> <li>1. Chang Yun India Limited – Audit Committee</li> <li>2. Henkel Teroson India Limited – Audit Committee</li> <li>3. Spicer India Limited – Audit Committee</li> <li>4. Camfil Farr Air Filtration India Limited – Audit and Remuneration Committee</li> <li>5. Degremont Limited – Audit Committee &amp; Remuneration Committee</li> </ol>

**ANNEXURE – ‘B’****Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting  
(in pursuance of Clause 49IV(A) of Listing Agreements)**

Name of Director	Russi Jal Taraporevala
Date of birth	08.09.1932
Date of Appointment:	20.04.1962
Expertise in specific functional areas:	Economics, Finance & Management
Qualifications:	MBA (Berkeley, California), M.Sc. (Economics) (London), B.Com. Bombay
List of other Indian Companies in which Directorships held:	<ol style="list-style-type: none"> <li>1. Standard Industries Limited</li> <li>2. Stanrose Mafatlal Investment &amp; Finance Limited</li> <li>3. D.B. Taraporevala Sons &amp; Co. Private Limited</li> <li>4. Taraporevala Publishing Industries Private Limited</li> </ol>
Memberships/Chairmanships of Committees of Directors of the Indian Company	<ol style="list-style-type: none"> <li>1. Investor Grievance Committee</li> <li>2. Remuneration Committee</li> </ol>
Memberships/Chairmanships of Committees of Directors of other Indian Companies	<ol style="list-style-type: none"> <li>1. Standard Industries Limited: - Remuneration Committee &amp; Investor Grievance Committee</li> <li>2. Stanrose Mafatlal Investment &amp; Finance Limited : - Investor Grievance Committee</li> </ol>

# Report of the Board of Directors

Your Directors take pleasure in presenting the Forty Eighth Annual Report together with the Audited Accounts for the year ended March 31, 2010.

## Financial Highlights

	Year ended March 31, 2010* (Rs Million)	Year ended March 31, 2009 (Rs Million)
Net Sales	<b>6,974.0</b>	5,202.5
Profit before Interest and Depreciation	<b>702.0</b>	388.3
Interest	<b>148.0</b>	163.4
Depreciation	<b>201.8</b>	152.6
Profit / Loss before Tax	<b>352.2</b>	72.3
Provision for Current Tax (Net of MAT credit)	<b>55.4</b>	-
Provision for Deferred Tax	<b>35.2</b>	1.4
Provision for Fringe Benefit Tax	<b>-</b>	5.4
Profit / Loss after Tax for current year	<b>261.6</b>	65.5
Provision for Tax for earlier years	<b>21.2</b>	9.4
Profit / Loss after Tax	<b>240.4</b>	56.1
Dividend		
Interim	<b>21.6</b>	-
Final Proposed	<b>39.5</b>	50.3
Dividend Tax	<b>10.4</b>	8.5
Transfer to / (from) General Reserve	<b>24.0</b>	(5.6)

\* subject to the approval of Shareholders

## Dividend

Your Directors had declared an interim dividend of Rs 0.30 per equity share of Rs. One each (Previous Year Nil). This dividend amounted to Rs. 21.6 Million (Previous Year Nil). The same was distributed to shareholders whose names appeared on the Register of Members as on November 10, 2009.

Your Directors have recommended for approval of shareholders a final dividend of Rs. 0.55 per equity share of Rs. one each (Previous Year 0.70 per equity share of Rs. one each). This proposed dividend would amount to Rs. 39.5 Million (Previous Year Rs. 50.3 Million). The dividend, subject to its declaration will be distributed to the shareholders whose name appears on the Register of Members as on July 28, 2010.

## INDIAN ECONOMY

The year 2009-10 started with the Indian economy coming out strongly from the recession that the economy passed through in the second half of 2008-09. Although the world economy showed signs of recovery, the fast growth displayed by the Indian economy was indicative of its inherent strength. The Indian economy grew by 7.4% in 2009-10, which was impressive by global standards.

The Indian automotive industry recorded the highest ever sales in 2009-10 with each segment i.e. passenger cars, commercial vehicles and two-wheelers showing strong growth. The automotive sector grew by 25% over the previous year. This strong sales atmosphere has made India the second fastest growing market after China. The fiscal stimulus of the Government in terms of excise duty reduction, lower interest rates, higher depreciation on commercial vehicles, etc. gave a boost to the auto industry and helped in the quick recovery from the recession and achieve the rapid growth. The passenger car segment grew by 28% over the previous year. M/s Maruti Suzuki India Limited alone sold more than 1 million units in the fiscal year. The commercial vehicle segment grew by a robust 36% in this year after a negative growth of 22% in the last year. The two wheeler segment grew by 25% after a flat growth last year due to higher sales in rural India and introduction of several new models.

However, the high growth rate of 2009-10 may not be sustained in the next year due to the higher base. Further, the new emission norms, rising commodity prices and a possible hike in interest rates may force vehicle manufacturers to increase the prices, which may affect the sales. Nevertheless, the industry is expected to grow overall by 15% in 2010-11 and beyond.

## PERFORMANCE

The total sales at Rs 6,974.0 Million, (Previous Year Rs 5,202.5 Million), registered a growth of 34%, which is higher than the industry trend. While the Profit Before Tax of Rs 352.2 Million (Previous year Rs 72.3 Million) recorded a growth of 387%, the Profit After Tax of Rs 240.4 Million (Previous Year Rs 56.1 Million) grew by 328%. As a result, the Earnings Per Share grew significantly to Rs 3.35 from Rs 0.78 in the previous year.

The restructuring of the organisation in terms of manpower and the various cost reduction measures helped the Company improve its efficiency over the previous year. EBITDA for the year was Rs 702.0 (10.1 % to net sales) against Rs 388.3 (7.4 % to net sales) in the previous year.

## EXPORTS

The total exports of the Company grew from Rs 109 Million last year to Rs 126.1 Million in the current year.

Exports to OE grew through range expansion in parts supplied to Ride Control LLC (erstwhile Arvinmeritor, Canada) and commencement of supplies to Renault Iran from October 2009. These businesses are expected to mature in the year 2010-11. New business opportunities being explored are supplies of front forks to Yamaha and Honda through Gabriel Columbia.

After Market exports also recorded a growth of 27% in the current year. While there was substantial improvement in market share in 2/3 wheeler segments in Sri Lanka and Bangladesh, the Company entered the 3 and 4 wheeler segments in Egypt and Turkey for the first time. The Company also focused on private branding business in Australia and Singapore.

Both OE and After Market exports will be the focus area for growth in the coming years.

## OPERATIONS

The company has undertaken a significant facility restructuring exercise during the year which included:

- At Parwanoo:** The Parwanoo Plant has matured in most of the segments - GRC shox, SOQI shox, McPherson struts and Front forks. The steady growth in all these product lines is seen during the year in all segments - OE and After Market. The plant has now firmly established its supply chain which is reflected in its consistent productivity during the year.
- At Khandsa:** It is a dedicated facility for Maruti-Suzuki India Ltd., and is undergoing expansion for meeting the requirement of new businesses awarded. The plating capacity has been augmented to its full potential which will also cater for requirements of piston rods for group Company Mando India starting from June 2010.
- At Chakan:** Major revamping of the plant is being undertaken starting with zero base layouts for smooth flow of material as well as reduce through put time. A new state of art plating facility has been ordered to be installed by Q2 of FY 11. Environment friendly water base painting system is also being installed. All these activities have been undertaken while the plant keeps meeting the demand for shocks and struts from OEM customers.

### Casting Facility

The output has steadily increased during the year with improved quality standards. The facility stands fully commissioned and the output has been improving steadily with improved quality standards.

- At Ambad:** This TPM award winning plant has achieved several important milestones in operations during the year. It received approvals from OEMs like Yamaha and Honda for supply of two-wheeler products. The supply has already started. In addition, the plant has introduced special cost effective finishing operations resulting in better quality for front fork tube.

- 5. At Hosur:** The facility producing shock absorbers and front forks for two wheelers has undergone sustainable modification of plant layout with dust free pressurized assemblies. To meet its growing demand, the plant has carried out de-bottlenecking of front fork and shock absorber area. Special focus has been given to improve power distribution, compressed air capacity and standby power generation to counter the frequent and long power cuts.
- 6. At Dewas:** The plant at Dewas has received approvals from prestigious customers like Daimler - Heavy Commercial Vehicles thanks to its robust processes. Taking advantage of improvements in the economic scenario, the plant has made record deliveries in the last quarter of 2009-10. The Dewas plant is dedicated to produce heavy duty shock absorbers for commercial vehicles.

## Fixed Deposits

Fixed deposits at the end of the year were Rs. 357.1 Million (Previous year Rs.189.1 Million).

## Technology Tie -up

The Company continues its association with Technology partners KYB, Japan and KYBSE, Spain in four-wheelers and two-wheelers, Arvin Meritor for commercial vehicles and Yamaha Motor Hydraulic System Company Limited for two-wheelers.

The Company has evolved an in-house state of the art Research and Development facility at Chakan which has design and development competency to meet the latest requirements of the customers.

## Collaborators

Your Company wishes to place on record its appreciation of the continued support extended by its collaborators. There were fruitful discussions with the Collaborators during the year on several areas of mutual cooperation.

## Conservation of energy, technology absorption and foreign exchange earnings and outgo

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, information relating to the foregoing matters is given by way of an Annexure to this Report.

## Directors

In accordance with Article 123 of the Articles of Association, Mr. Deepak Chopra, Mr. Russi Jal Taraporevala and Mr. John Crable retire by rotation and being eligible, offer themselves for re-appointment.

## Director's Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently, and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the Profit and Loss Account for the year ended March 31, 2010;
3. proper and sufficient care has been taken 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;
4. the annual accounts have been prepared on a going concern basis.

## Corporate Governance

A separate section on Corporate Governance is included in the Annual Report and the certificate from the Company's Auditors confirming the compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with the Stock Exchanges is annexed thereto.

## Auditors

Messers Price Waterhouse & Co., Chartered Accountants, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a Certificate to the effect that the proposed re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

## Employee Relations

Employee relations were cordial at all locations. Long Term agreements with the Unions have been concluded at the Ambad and Dewas Plants, which are the only unionized plants in the Company. The Agreements must result in higher productivity.

Your Company is undertaking initiatives to increase Human Capital by approximately 20% from current levels. A number of initiatives are being taken for all employees - Operating Engineers as well as staff for enhancing "employee value". This includes skill enhancement, training and soft skills. Coaching/guidance for select talent is also included. This initiative is aimed at preparing the Company for high growth in the coming years.

The Directors are pleased to record their appreciation of the services rendered by the employees and staff at all levels.

## Particulars of Employees

As required under the provisions of Sub-Section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended, particulars of employees are set out in the Annexure to the Directors Report. As per the provisions of Section 219 (1)(d)(iv) of the said Act, these particulars would be made available to any shareholder on request.

## Acknowledgements

Your Directors wish to thank the Collaborators, Technology Partners, Financial Institutions, Bankers, Customers, Suppliers, Shareholders and Employees for their continued support and co-operation.

For and on behalf of the Board

Place : Mumbai  
Date : May 29, 2010

Prakash Kulkarni  
Executive Chairman

# Annexure to the Directors' Report

Information as per Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended March 31, 2010.

## I. Conservation of Energy

Your company has been continuously working towards energy conservation with innovative solutions. This year the company has worked mainly in following areas:

1. Use of energy efficient electric motors in different machining areas
2. Balanced load distribution for electric power thereby improving power factor and reducing power consumption.
3. Variable frequency drives to optimize power consumption in air handling units and exhaust systems
4. Energy efficient lighting

## II. Particulars as per Form B

### Research and Development (R&D)

#### 1. Specific areas in which R&D was carried out by the Company

- a) New Product called "Load Adoptive Damping" (LAD) was developed and trials were taken on three different customers vehicles. LAD ensures smooth ride at varying loads.
- b) New remote canister shocks were developed for two-wheeler customers for meeting fast response to the road conditions.
- c) Capacity and capability of new products development as well as improvement in existing products were enhanced.
- d) Various imported components were developed with local supplier and cost reductions were achieved.
- e) Durability high speed testing machines were upgraded to meet specific requirements of OEM customers.
- f) All the products were made environment friendly by avoiding the use of restricted materials such as cadmium, lead, hexavalent chromium, etc.
- g) Environment friendly new surface coating and plating processes were implemented.
- h) Developed capability of designing and development of peripheral parts such as spring, rubber mounted jounce bumper etc.
- i) Ride tuning was carried out for all major passenger cars, LCV & HCV.

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

- a) Cost reduction
- b) Improvement in performance as well as productivity.
- c) Longer life for component and warranty cost reduction
- d) Revenue growth through value added services
- e) Focused attention to import substitution / localization to meet cost pressure from user.

#### 3. Future plan of action

- a) Company is concentrating on developing know how for advance suspension systems which would be required by OEM's in 2-3 years

#### 4. Expenditure on R&D

		Rs. Million
Capital	:	1.9
Recurring	:	26.8
Total	:	<u>28.7</u>
Total R&D expenditure as percentage of total turnover		
	:	0.4%

## Technology Absorption, Adaptation and Innovation

### 1. Efforts, in brief, made towards technology adaptation and innovation:

Technology from Kayaba Industry Co. Ltd, Japan was used for manufacture of Shock Absorbers, McPherson Front Forks for Yamaha new motor cycles and Struts for Toyota Corolla (Altis), Toyota Innova, various other models of Maruti covering Alto, Wagon R and SX4. Technology agreements have been renewed for up gradation of technology and for addition of products for new models coming up in the market like Maruti Suzuki- YR 9.

KYB Suspensions, Europe, SA a wholly owned subsidiary of Kayaba Industry Co. Ltd, Japan provided technology for new generation vehicles of European origin like Ford Ikon, Ford Fiesta and Ford Fusion, Mahindra Renault Logan, Hyundai Santro and many more new models for next year.

Technical Assistance with Yamaha Motor Powered Products Company Limited Japan has been renewed for up gradation of technology for Front Fork and two wheeler Shock Absorbers.

### 2. Benefits derived as a result of the above efforts are acquiring new business, product development, import substitution, product improvement and cost reduction.

### 3. Particulars of imported technology in the last five years:

Technology imported	Year of Import
i) McPherson Struts and Shock Absorbers from Arvin Ride Control Products, USA	1997 & renewal 2004
ii) Front Forks and Shock Absorbers from SOQI Hydraulic System Co Ltd, Japan (Subsidiary of Yamaha, Japan)	1999 & renewal 2005
iii) Front Forks and Shock Absorbers (Additional applications) from Yamaha Motor Powered Products Company Limited , Japan	2001 & renewal 2008
iv) McPherson Struts and Shock Absorbers from Kayaba Industry Co. Ltd, Japan	1995 & renewal 2004
v) Shock Absorbers from ArvinMeritor LVS Ride Control Division	Renewal 2005
vi) McPherson Struts and Shock Absorbers from S&T Daewoo Company Ltd., Korea	2005
vii) Shock Absorbers and Struts from KYB Suspensions, Europe, SA.	2006
viii) Front Forks, Shock Absorbers and Aluminum, Castings for Front Forks from Kayaba Industry Co. Ltd, Japan	2008
ix) Gas Shock Absorbers and Struts from S & T Daewoo, Korea	2008
x) Dynachrome plating for Piston Rods from Germany	2008

Technology development and assimilation is an ongoing process. In order to meet the ever increasing demand of customers and continuously changing global standards, continuous access to proven foreign technology is available.

### 4. R&D facilities for Ride Control products for four wheelers (passenger cars, commercial and utility vehicles) at Gabriel Chakan and for two and three wheeler at Hosur, Tamil Nadu are being upgraded and expanded for improved capabilities of design, engineering, validation and testing.

## III. Foreign Exchange Earnings and Outgoings

Total foreign exchange earned and used:

Earnings	Rs. 126.1	(Previous year Rs 109.10 Million)
Outgoings	Rs. 1031.1	(Previous Year Rs 709.80 Million)

For and on behalf of the Board

Place : Mumbai  
Date : May 29, 2010

Prakash Kulkarni  
Executive Chairman

# Report on Corporate Governance

## A. MANDATORY REQUIREMENTS

### 1. Company's Philosophy on Code of Governance

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner in all facets of its operations and in its interaction with stakeholders namely :-

- Shareholders : as providers of risk capital, to provide them a reasonable return and enhance shareholder value;
- Customers : to provide adequate customer service focusing the activities on customer expectations and meeting them.
- Environment : to adhere to the environment standards to make the Product and process, environment friendly.
- Employees : to promote development and well-being
- Society : to maintain company's economic viability as producer of Goods and services and
- Other stakeholders : fulfilling the obligations towards other stakeholders namely government, suppliers, creditors, etc.

Clause 49 of the Listing Agreement with Stock Exchange sets up norms and disclosures that are to be met by the Company on Corporate Governance front. We confirm our compliance with Corporate Governance criteria, as required under the said clause, vide this report.

### 2. Board of Directors

- Composition

The strength of the Board of Directors as on March 31, 2010 was 8 Directors. The Board comprises of two Executive Director – a Executive Chairman and Managing Director. The rest are Non-Executive Directors. The Board meets the requirement of not less than half being Independent Directors.

#### Details of Board Meetings held during the financial year 2009-10

Dates of Meetings	Board Strength	No of Directors present
06th April, 2009	8	6
26th May, 2009	8	6
28th July, 2009	7	6
30th Oct, 2009	8	6
27th Jan, 2010	7	6
05th Mar, 2010	8	6

The maximum time gap between any two meetings was not more than four months

- The Composition of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships, committee memberships and chairmanships held by them are given below:

**Attendance at Board Meetings and at the last AGM and details of memberships of Directors in other Boards and Board Committees:**

Directors	Category	Attendance Particulars			No. of other Directorships and Committee Memberships/ Chairmanships held in Public Limited Companies		
		Share held by Directors	Board Meetings	Last AGM	Directorships*	Committee Memberships*	Committee Chairmanships
Mr. Prakash Kulkarni	EC	56750	6	Yes	1	2	1
Mr. Arvind Walia	MD	20920	6	Yes	3	2	Nil
Mr. Russi Jal Taraporevala	N.E.D. I	259260	3	Yes	2	2	1
Ms. Padmini Khare Kaicker	N.E.D. I	100000	6	Yes	0	0	0
Mr. Rajeev Vasudeva	N.E.D. I	0	5	Yes	0	0	0
Mr. Ravi Sinha – 1	N.E.D. I	N.A.	2	No	N.A.	N.A.	N.A.
Mr. Gurdeep Singh – 2	N.E.D. I	15000	3	No	4	3	1
Mr. Deepak Chopra	N.E.D.	62500	5	Yes	9	5	4
Mr. Rakesh Sachdev -3	N.E.D.	0	0	No	N.A.	N.A.	N.A.
Mr. John A Crable -4	N.E.D.	0	0	N.A.	0	0	0

EC: Executive Chairman; MD: Managing Director; NED: Non Executive Director I – Independent Director. Directors who are chairpersons of Committees have been included in the list of members as well.

\* Includes directorship and committee membership in public limited companies only.

1. Resigned as Independent Director w.e.f July 01,2009
2. Appointed as Independent Director w.e.f. July 28 2009.
3. Resigned as Director w.e.f from October 30, 2009
4. Appointed as director w.e.f January 27, 2010.

The Board periodically reviews Compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non- compliances, if any.

### 3. Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior management of the Company on December 29, 2005. The Code of Conduct has been posted on the website of the company . All Board members and senior management personnel have affirmed compliance with the code. A declaration to this effect signed by the Managing Director is enclosed separately. ( Refer Appendix 1)

### 4. Audit Committee

After the introduction of the amendment to Section 292A of the Companies Act 1956, the Audit Committee was reconstituted in January 2001 and subsequently reconstituted in May 2006 and in May 2008. This Audit Committee had five meetings during the year 2009-10. The composition of Audit Committee and attendance at its meetings is given hereunder:

Member	Position	No. of meetings attended
Mr. Ravi K Sinha	Chairman*	1
Ms. Padmini Khare Kaicker	Chairperson	5
Mr. Deepak Chopra	Member	3
Mr. Rajeev Vasudeva	Member	4

\* Resigned w.e.f. July 01, 2009.

Members of the Audit Committee are eminent professional and financially literate. One member has expertise in the field of Taxation, Accounting and Corporate Laws.

The Audit Committee meetings are held both at the Corporate Head quarters and plant locations and are attended by the Internal Auditors and the Finance Head. A representative of the Statutory Auditors is invited, as required. The Company Secretary acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee is an Independent Director and was present at the last Annual General Meeting of the Company.

The broad terms of reference of the Audit Committee are as follows:

- Review of the Company's financial reporting process, and its financial statements

- Review of accounting and financial policies and practices
- Review of the internal control and internal audit system
- Review of risk management policies and practices
- Discussing with Statutory Auditors before the audit commences on the nature and scope of audit, as well as having post audit discussion to ascertain any area of concern.
- Review of related party transactions
- Review of process laid down for risk assessment and minimization procedure.

## 5. Remuneration to Directors

### (A) Remuneration Committee:

The composition of the Remuneration Committee is as follows:

Mr. Deepak Chopra	:	Chairman
Mr. Russi Jal Taraporevala	:	Member
Ms. Padmini Khare Kaicker	:	Member

The Chairman of the Committee, Mr. Deepak Chopra is a Non-Executive Director.

The Remuneration Committee was constituted on May 14, 2001 and subsequently reconstituted in May 2006 and May 21, 2008. One meeting was held on May 26, 2009 during the year 2009-10.

The broad terms of reference of the Remuneration Committee include recommendation to the Board of salary/perquisites, commission and retirement benefits payable to the Company's Managing Director, Whole time Director and other Managerial Personnel.

### Remuneration Policy:

Payment of remuneration to the Executive Chairman and Managing Director is governed by the Letter of Appointment issued to the them by the Company, the terms and conditions of which were approved by the Board of Directors and the Shareholders. The remuneration structure comprises of salary, perquisites and allowances, contributions to provident fund, superannuation and gratuity funds. The Non-Executive Directors do not draw any remuneration from the Company other than sitting fees and such commission payable to such Non-Executive directors as may be determined by the Chairman.

### (B) Details of the remuneration paid to Executive Chairman and Managing Director during the year 2009-10 are given below: -

Name of Executive Directors	All elements of remuneration package i.e. salary benefits, bonuses pension etc. (Rs Million)	Fixed component and performance linked incentives alongwith the performance criteria (Rs Million)	Service contracts period, notice severance fees	Stock option with details, if any and whether issued at discount as well as the period over which accrued and over which exercisable
Mr. Prakash Kulkarni Executive Chairman	8.5	Nil	Pl. see note 'a'	Pl. see note 'b'
Mr. Arvind Walia Managing Director	9.0	Nil	Pl. see note 'a'	Pl. see note 'b'

- a) The agreement with the Executive Chairman is for 3 years and with the Managing Director for 5 years. Either party to the agreement is entitled to terminate the agreement by giving not less than six months notice in writing to the other party.
- b) The Company does not have stock option scheme for grant of stock options either to the Executive Directors or employees.

## 6. Investors' / Shareholders' Grievance Committee

The Investors / Shareholders Grievance Committee of the Board was constituted on May 14, 2001, reconstituted in May 2006 and subsequently in May 2008, to look into the redressal of investors' complaints like non receipt of Annual Reports, interest payments, declared dividends, issue of duplicate certificate and other allied transactions.

The composition of Investors / Shareholders Grievance Committee and attendance at its meeting is given hereunder:

Member	Position	No. of meetings attended
Mr. Russi Jal Taraporevala	Chairman	2
Mr. Ravi K Sinha*	Member	1
Mr. Prakash Kulkarni	Member	4
Mr. Rajeev Vasudeva	Member	3

\*Resigned w.e.f. July 01, 2009.

Details of Shareholders/ Investors Complaints / Requests for action (such as change of address, revalidation of warrants, etc.)

Number received during the year	334
Number resolved to the satisfaction of complainant	334
Number pending redressal	Nil
Number Pending Transfers	Nil

The Company has attended to most of the investors grievances/ correspondence within a period of fifteen days from the date of receipt of the same, while almost all the rest were attended to within maximum period of 30 days.

Name, designation and address of : Mr. Anshul Bhargava  
Compliance officer Company Secretary  
Gabriel India Limited  
29th Milestone, Pune – Nashik Highway,  
Village Kuruli, Taluka Khed, Pune - 410501

#### 7. Share Transfer Committee

The Share Transfer Committee of the Board was constituted on May 14, 2001 and subsequently reconstituted in 2006 and in May 2008, to approve transfer of shares. The composition of Share Transfer Committee is given hereunder:

Member	Position
Mr. Prakash Kulkarni	Chairman
Ms. Padmini Khare Kaicker	Member
Mr. Deepak Chopra	Member

#### 8. General Body Meetings

Details of the location of the last three AGMs and the details of the resolutions passed or to be passed by Postal Ballot.

##### a. Particulars of last three years Annual General Meetings

Financial year	Date	Time	Location
2008-09	July 28, 2009	2.30 p.m.	29th Milestone Pune-Nashik Highway Village Kuruli Taluka Khed Pune 410 501
2007-08	July 21, 2008	2.30 p.m.	-do-
2006-07	July 23, 2007	2.30 p.m.	-do-

##### b. No resolutions requiring Postal Ballot as recommended under clause 49 of the Listing Agreement have been placed for shareholder's approval at the meeting.

The company has passed the following special resolutions during the year 2006 -07, 2007 - 08, 2008 - 09:

- (1) Appointment of Mr. Prakash Kulkarni as Executive Chairman
- (2) Appointment of Mr. Arvind Walia as Managing Director

- (3) Approval for payment of Remuneration of Rs. 6.56 Million in the form of salaries, allowances, perquisites, bonus as fixed by the Board for the financial year 2008-09 to Mr. Prakash Kulkarni as the Executive Chairman of the Company.
- (4) Approval for payment of Remuneration of Rs 10.38 Million in the form of salaries, allowances, perquisites, bonus as fixed by the Board for the financial year 2008-09 to Mr. Arvind Walia as the Managing Director of the Company.
- (5) Approval for payment of Remuneration of Rs 6.74 Million in the form of salaries, allowances, perquisites, bonus as fixed by the Board for the financial year 2008-09 to Mr. K.N. Subramaniam as the Managing Director of the Company upto May 21, 2008.

Other than these the Company has not passed any special resolution in the last three Annual General Meetings.

**9. Notes on Directors seeking appointment / re-appointment as required under Clause 49IV(G) of the Listing Agreement entered into with Stock Exchanges.**

**ANNEXURE – ‘A’**

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49IV(A) of Listing Agreements)

Name of Director	Deepak Chopra
Date of birth	25.12.1954
Date of Appointment:	21.5.2008
Expertise in specific functional areas:	Finance
Qualifications:	CA & CS.
List of other Companies in which Directorships held:	<ol style="list-style-type: none"> <li>1. AFM India Limited</li> <li>2. C Y Myutek Automotive India Private Limited</li> <li>3. Behr India Limited</li> <li>4. Asia Investments Private Limited</li> <li>5. Camfil Farr Air Filtration India Limited</li> <li>6. Chang Yun India Limited</li> <li>7. Dytek India Limited</li> <li>8. Degremont Limited</li> <li>9. Echlin India Limited</li> <li>10. Henkel Teroson India Limited</li> <li>11. Spicer India Limited</li> </ol>
Memberships/Chairmanships of Committees of Directors of the Company	<ol style="list-style-type: none"> <li>a. Audit Committee</li> <li>b. Remuneration Committee–</li> </ol>
Memberships/Chairmanships of Committees of Directors of other Companies	<ol style="list-style-type: none"> <li>1. Chang Yun India Limited – Audit Committee</li> <li>2. Henkel Teroson India Limited – Audit Committee</li> <li>3. Spicer India Limited – Audit Committee</li> <li>4. Camfil Farr Air Filtration India Limited – Audit and Remuneration Committee</li> <li>5. Degremont Limited – Audit Committee &amp; Remuneration Committee</li> </ol>

**ANNEXURE – ‘B’**

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49IV(A) of Listing Agreements)

Name of Director	Russi Jal Taraporevala
Date of birth	08.09.1932
Date of Appointment:	20.04.1962
Expertise in specific functional areas:	Economics, Finance & Management
Qualifications:	MBA (Berkeley, California), M.Sc. (Economics), (London), B.Com. Bombay
List of other Indian Companies in which Directorships held:	<ol style="list-style-type: none"> <li>1. Standard Industries Limited</li> <li>2. Stanrose Mafatlal Investment &amp; Finance Limited</li> <li>3. D.B. Taraporevala Sons &amp; Co. Private Limited</li> <li>4. Taraporevala Publishing Industries Private Limited</li> </ol>
Memberships/Chairmanships of Committees of Directors of the Indian Company	<ol style="list-style-type: none"> <li>1. Investor Grievance Committee</li> <li>2. Remuneration Committee</li> </ol>
Memberships/Chairmanships of Committees of Directors of other Indian Companies	<ol style="list-style-type: none"> <li>1. Standard Industries Limited: - Remuneration Committee &amp; Investor Grievance Committee</li> <li>2. Stanrose Mafatlal Investment &amp; Finance Limited : - Investor Grievance Committee</li> </ol>

**ANNEXURE – ‘C’**

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49IV(A) of Listing Agreements)

Name of Director	John A Crable
Date of birth	27.08.1955
Date of Appointment:	27.01.2010
Expertise in specific functional areas:	Corporate Law
Qualifications:	Law Degree
List of other Indian Companies in which Directorships held:	Meritor Commercial Vehicle Systems India Private Limited
Memberships/Chairmanships of Committees of Directors of the Indian Company	Not Applicable
Memberships/Chairmanships of Committees of Directors of other Indian Companies	Not Applicable

**10. Disclosures**

- Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.  
None of the transactions with any of the related parties were in conflict with the interests of the Company at large.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.  
None
- The Company has established the necessary mechanism in line with Clause 7 of Annexure 1D of Clause 49 of the Listing agreement for the employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.
- Secretarial Audit  
A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The Secretarial Audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in Physical form and the total number of dematerialised shares held with NSDL and CDSL.
- Risk Management  
The Company has laid down the process of Risk Management and Assessment procedure which is periodically reviewed by the Board Members.

**11. CEO/ CFO Certification**

Certificate from CEO & CFO for the financial year ended March 31st, 2010, has been provided elsewhere in the Annual Report.

**12. Means of Communication**

- |   |  |
|---|--|
| ● Half yearly report sent to each household of shareholders   | No, as the results of the Company are published in the Newspapers having wide circulation  |
| ● Quarterly results<br>Any website, where displayed<br>Whether it also displays official news Released; and the presentations made to Institutional investors or to the Analysts<br>Newspapers in which results are normally published in | Same as above<br>Yes, on <a href="http://www.gabrielindia.com">www.gabrielindia.com</a><br>No<br><br>1) Indian Express – Pune edition<br>2) Lok Satta – Pune edition<br>3) The Economic Times—Delhi & Mumbai edition |
| ● Whether Management discussions and Analysis is a part of Annual Report or not   | Yes enclosed   |

### 13. General Shareholder Information

- AGM : Date, Time and Venue  
July 28, 2010 at 2.30 p.m. at Conference Hall, Gabriel India Ltd., 29<sup>th</sup> Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501
- Financial Year  
April to March
- Date of Book Closure  
July 21, 2010 to July 28, 2010 (both days inclusive)
- Dividend Payment date(s)  
August 04, 2010
- Listing on Stock Exchange  
The Bombay Stock Exchange Limited  
National Stock Exchange of India Limited  
505714 on Mumbai Stock Exchange  
GABRIEL on National stock exchange  
INE524A01029
- Stock Code  
INE524A01029
- The ISIN of Gabriel India Limited on both NSDL and CDSL  
Please see Annexure 'A'
- Market Price Date : High, Low during each month in last financial year.
- Registrar and Transfer Agents  
Karvy Computershare Private Limited  
Unit-Gabriel India Limited  
Karvy House, 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad 500 034  
Phone No. 040 – 23420818-828  
E-mail : mailmanager@karvy.com
- Share Transfer System  
All the transfers received are processed and approved by the Share Transfer Committee which normally meets twice in a month  
Please see Annexure 'B'
- Distribution of shareholding and Share holding pattern as on March 31, 2010  
Complied with
- Dematerialisation of shares  
Not issued
- Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity
- Plant Locations  
The Company's plants are located at Nasik, Pune, Dewas, Hosur, Khandsa, Parwanoo, Sanand
- Address for correspondence  
Shareholders correspondence should be addressed to the Registrars & Transfer Agents at the address given above or to the registered office of the Company or to the Corporate office or can be emailed to 'secretarial@gabriel.co.in'  
The investors complaints may be registered with the Company by email to grd@gabriel.co.in

### B. NON-MANDATORY REQUIREMENTS

#### a) Chairman of the Board

Whether Chairman of the Board is entitled to maintain a chairman's office at the Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties.

The Chairman does not maintain a separate office for the Company. Expenses incurred by the Chairman on official duties for the Company are met / reimbursed by the Company.

**b) Shareholder Rights**

The half yearly / quarterly results declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders

As the half yearly / quarterly results are published in English newspapers having wide circulation all over India and in a Marathi newspaper (having circulation in Pune & Mumbai), the same are not sent to the shareholders of the Company. Annual audited financial results are taken on record by the Board and then published in news papers as aforesaid and also communicated to the shareholders through the Annual report.

**c) Postal Ballot**

The Company has not taken up any business at General Meeting, which require compliance with Postal Ballot as introduced by Companies (Amendment) Act, 2000.

**d) Remuneration committee**

The Company has formed a remuneration committee. Details of the same are covered Elsewhere in the report.

**e) Audit Qualification**

The Company is in the regime of Unqualified financial Statements

**f) Training of Board Members**

The Company organizes training of its Board Members from time to time.

**g) Mechanism for evaluating Non-Executive Board Members**

The Company is developing a suitable process for assessing the effectiveness of the Board and the Committees.

**h) Whistle Blower policy**

The Company has a Whistle Blower Policy. The same is covered elsewhere in the report.

Place : Mumbai  
Date : May 29, 2010

For and on behalf of the Board

Prakash Kulkarni  
Executive Chairman

**Appendix I****Declaration regarding Compliance by Board Member and Senior Management Personnel with the Company's Code of Conduct.**

**I, Arvind Walia**, being the Managing Director and a member of the Board of Directors of Gabriel India Limited ("the Company") hereby acknowledge, confirm and certify that :

- i. All the Directors have received, read and understood the Code of Conduct for Directors and Senior Management of the Company.
- ii. All the Directors are bound by the said Code to the extent applicable to their functions as a member of the Board of Directors / Senior Management of the Company;
- iii. Since the adoption of the Code of Conduct in the financial year 2005-2006, all the Directors have complied with the provisions of the Code;
- iv. Directors are not aware of nor are a party to any non-compliance with the said Code.

Mumbai  
May 29, 2010

**Arvind Walia**  
Managing Director

**Annexure "A"****(i) Stock Price Data**

High/Low of market price of the Company's shares traded on the Bombay Stock Exchange, Mumbai during the financial year 2009-10 is furnished below:

Period (Year 2009-2010)	Highest (Rupees)	Lowest (Rupees)	Period (Year 2009-2010)	Highest (Rupees)	Lowest (Rupees)
April	9.79	8.16	October	27.80	22.80
May	15.75	8.44	November	28.10	24.00
June	16.30	12.05	December	34.00	26.70
July	16.60	11.32	January	42.25	31.35
August	25.45	16.15	February	35.20	30.30
September	25.90	22.80	March	36.20	32.60

**(i) Stock Price Data**

High/Low of market price of the Company's shares traded on the National Stock Exchange, Mumbai during the financial year 2009-10 is furnished below:

Period (Year 2009-2010)	Highest (Rupees)	Lowest (Rupees)	Period (Year 2009-2010)	Highest (Rupees)	Lowest (Rupees)
April	10.70	8.90	October	28.90	21.85
May	16.25	8.05	November	29.25	23.05
June	17.75	12.05	December	35.15	25.35
July	16.95	11.10	January	43.74	30.60
August	25.30	15.25	February	36.50	28.60
September	26.65	22.00	March	38.15	31.70

## Annexure "B"

(i) The distribution of shareholdings as on March 31, 2010 is as follows:

**Distribution of Shareholding as on 31.03.2010**

Category	No. of Folios	%	No. of Shares	%
Upto 5000	39552	98.59	12793329	17.81
5001 to 10000	280	0.70	2141025	2.98
10001 to 100000	243	0.61	6363118	8.86
100001 and above	42	0.10	50524498	70.35
<b>Total:</b>	<b>40117</b>	<b>100.00</b>	<b>71821970</b>	<b>100.00</b>

(ii) Shareholding pattern as on March 31, 2010 is as follows:

**Gabriel India Limited  
Shareholding pattern as on 31.03.2010**

Sr No	Description	No. of shares	%
1	Indian Promoters	3,56,47,774	49.63
2	Collaborators	75,58,330	10.52
3	Insurance Companies & Banks	4,78,100	0.67
4	Mutual Funds & Uti	17,460	0.02
5	Fiis & Nris	7,94,918	1.11
6	Domestic Companies	46,61,334	6.49
7	Resident Individuals	2,26,64,054	31.56
<b>Total:</b>		<b>7,18,21,970</b>	<b>100.00</b>

## Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Gabriel India Limited

We have examined the compliance of conditions of Corporate Governance by Gabriel India Limited, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to 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 Agreements

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.

For **Price Waterhouse & Co.**  
Firm Registration Number: 007567S  
Chartered Accountants

**JEETENDRA MIRCHANDANI**  
*Partner*  
Membership Number - F 48125

Place : Mumbai  
Date : May 29, 2010

## Management Discussion and Analysis Report

### i) Industry Structure and Development

Even as the world struggled with recession during the year 2009-10, the Indian economy showed its resilience by not only overcoming the recession but also recording a growth in GDP of about 7.4% - a decent growth rate, although less than what had otherwise been planned. Industrial output grew at a rate of 10.4% against 2.8% in the previous fiscal year when the global slowdown had hit the Indian economy. However, the last 6 months of the fiscal year saw industrial output grow at 14%, not the least because of the very positive stimulus packages given by Government of India. Within this economic scenario, the automotive industry grew by 25% in the fiscal year 2009-10.

The increased focus on infrastructural activities and increased plant outlay thereof boosted the sales of commercial vehicles which grew at 36% compared to a negative growth of 22% the year before. The general economic improvement also induced substantial growth in two wheelers (25%) and passenger cars (28%). Gabriel is an integral part of the automotive industry in India, supplying ride control products to all kinds of vehicle manufacturers like passenger cars, commercial vehicles (HCV and LCV), SUVs and MUVs, two wheelers, and three wheelers. The Auto industry commenced on its path of recovery from recession from January '09 and picked up momentum during the Financial Year ending March '10, recording impressive growth:

	Vehicle Production during the year 2009 – 10 (In'000 Nos)	Growth over Previous Year %
Passenger Vehicles	2,351	27.9
Commercial Vehicle	567	35.9
Two Wheeler	10,513	24.9

During this period, all OEMs of all segments initiated required investments and announced new launches. The Industry saw many world renowned players focusing on the small car segment and number of launches are expected in the coming years. This further reflects a strong confidence that OEMs have in the growth potential in India. It is estimated that in the next two years 26 to 30 models of vehicles (having a total business potential of ride control products of Rs. 5000 million) will be introduced in the market and these models are likely to add on to the current production with minimum cannibalization.

### 2. Outlook

Based on indicators given by the Government, Trade Associations and Economic Analysts, the outlook for the Indian economy, and even more so for the automotive industry is positive, wherein the overall growth in the automotive sector is likely to be 15% and the momentum likely to continue for next two to three years. This optimism is also based on investments which all players in the automotive industry are making in their respective businesses. The company expects to invest Rs. 1500 million over next 3 years to ensure that its expected growth is in tandem with the market requirements.

With a broad base of the customer's portfolio and strong progress in all segments, the company is confident of sustaining growth in the immediate future, and tide over industries short term turbulences, if any.

As volumes increase, Company would be reaching a critical mass. This would open opportunities for development of local technology comparable with world class technology.

### 3. Performance of the Company

The Passenger vehicles business grew by 33%, Commercial vehicles by 47%, Two wheeler Business by 35%, After market by 23% and Exports by 16% resulting in an overall growth of 34%.

#### (i) Two & Three wheelers :

The Company supplies products to all the OEMs in two wheeler segments except Hero Honda and with all customer like Bajaj Auto Ltd., TVS Motor Company Ltd., Suzuki Motor India Pvt. Ltd., Yamaha, Honda Motorcycle & Scooter India Pvt. Ltd. Company succeeded in increasing its share with existing models as well as acquiring future business to maintain its growth and market share.

**(ii) Passenger Vehicles :**

The Company consolidated its position with Maruti Suzuki India Ltd. by becoming the main supplier of ride control products.

The Company also acquired businesses of new application launched / to be launched by Volkswagen, General Motors, Nissan.

Supplies to TATA Nano commenced during the year, Company would have share in excess of 50% of Nano business.

**(iii) Commercial Vehicles:**

The Company ensured maintaining its existing market share by obtaining orders for most of the applications launched or to be launched in next 2 years by the major commercial vehicle producers like Tata Motors, Ashok Leyland, Mahindra & Mahindra and Force Motors.

**(iv) After Market & Exports :-**

Focussed approach developed for the 'Replacement Market' saw the company's After market segment growing from Rs 563 Mill to Rs. 690 Mill for 09-10. The momentum has been created for further growth in the coming years. The Company has introduced many products for the replacement market in the last year.

Export turnover of Rs. 126.0 in 09-10 registered a growth of 16 % over the pervious year. The strategy developed for export business would continue and the Company targets its export business to Rs.1500 mil in four years.

**4. Opportunities and threats**

The growth momentum of the automotive industry offers an opportunity to the company in terms of increasing its business. The company plans to double its sales within a space of three years. The company's strategy of having its manufacturing facilities closer to the manufacturing plants of respective customers and of enabling a commensurate built up of its production capacities, has given an opportunity to acquire increasing business shares for Just In Time supplies to OEMs.

The growing business volumes also give the company an opportunity to optimise its costs structure for improved profitability. With critical mass in position, the company would be investing more in R&D activities to further develop its technical competencies.

The potential and growth of Indian automotive sector is attracting the attention of all competing international players and encouraging existing manufacturers of ride control products to make investments. The competition is therefore likely to become stiff with the entry of more players. The company is sensitive to the competitive threats and is confident of its ability to sustain its dominant position due to its capabilities of developing and delivering cost effective quality products. Also the new orders booked by the company, including number of new launches in the forthcoming years would ensure the company's competitive position. The Company has also planned and initiated programs for capacity buildup.

**5. Analysis and comments on key Business Risks****(i) Auto sector Risk**

The Company operates in one sector and the commitment of 'investments' being irreversible process always has a risk of demand projections not materializing. However, historical perspective has been that the excess capacities get consumed eventually, may be after a lag of couple of years.

The diversified customer portfolio of the company with business share not exceeding 18 % from any one customer and with good market share in all the segments i.e Passenger Vehicles, Two wheeler and Commercial Vehicles, enhances its ability to face any fluctuations.

The company's market share is likely to be sustained over the next few years by virtue of the new businesses it has acquired in all the segments. The Company's efforts on growing after market as well as exports would reduce the risk of fluctuations in the domestic OE market.

The Company being an auto component supplier to all major OE customers, there is a potential risk of product recall due to quality issues. The company has mitigated this risk by adequate insurance coverage.

**(ii) Global Competition Risk:**

International OEM's seeking to introduce global platforms prefer to source the products for that platform from a global supplier having the ability to supply same product (same specifications and quality) at all locations where the platform is planned for manufacturing. Your Company has associated itself with KYB, Japan and KYBSE, Spain having good coverage on the international OEM's in Japan and Europe to mitigate the risk.

In case of direct imports of products, particularly from China, the Company has built up its capacity to compete at cost level while providing value added services to customer to continue being a preferred supplier.

**(iii) Technology Risk**

All OEMs are quite sensitive to the technology changes in our product line. Ride control being primary selling feature of vehicles, OEM's insists in contemporaries technologies for ride control products for benchmarking ride comforts.

Anticipating this requirement, the company has devised a strategy to secure this by strengthening its relationship with technology partners viz KYB and Yamaha Motor Hydraulic System Co. Ltd.

In addition, special efforts have been initiated to increase the company's own technology level to international standards. The company plans to spend about Rs. 250 mill in next 3 years on technology base build-up.

Building on its own experience and the know-how acquired from technical collaborations, your company has developed a good technical base having well equipped R&D centres at Pune, Hosur and Ambad where modern facilities for testing, analyzing, and designing capabilities have been created. Along with these equipments and facilities, your company has a highly trained team of R&D engineers capable of providing engineering solutions for ride control products including designing for new models.

**(iv) Procurement and Supply Chain Risks: -**

During the year the prices of commodity and base metal remained steady, though they started going up steeply by the fourth quarter of the year. This poses serious risk of profit erosion in case of inadequate compensation from the customers.

However, the company has addressed this risk by way of an understanding with most customers for adjusting the prices of our products in tandem with the movement of raw material cost. Sourcing from China continues, which helps the company to support short term local suppliers capacity constraints and maintain its raw material cost at lower levels.

To avail the benefit of economy of scales the company has opted for centralised sourcing with better vendor management. The movement in the material prices in the domestic as well as international market are closely monitored to ensure procurement at competitive prices. The Company has launched a programme – VSME with the objective of developing the vendors and upgrading their facilities to cope with the demand of growth.

**(v) Financial Risks**

Foreign exchange risk

The company being net importers of components and material, is subject to effects of foreign exchange fluctuations. The company has made contracts for adjustment of foreign exchange fluctuations on a quarterly basis with customers. In the case of purchase of capital goods, the company is hedging them in consultation with experts.

**(vi) Talent and Attrition Risk**

The Management closely reviews the attrition risk and talent availability risk - in terms of head count and competence. Due to the boom in the auto sector the attrition risk is high. The Company being sensitive to this concern has proactively engaged itself in hiring and developing talent with special focus on HR activities for ensuring retention of its people. Availability of knowledge work force is also key concern, which has been addressed by wide spread engagement with technical schools for direct recruitment and offering them well defined growth paths.

**6. Human Resources / Industrial Relationship**

The Company has a structured process of identifying young and key talents and nurturing them for senior responsible positions by mentoring, coaching and advance leadership programs. Towards our stated objective of having 30% women, the Company presently has a strength of 14%.

There is a continuous focus on enhancing productivity in all facets of our operations. Training and development of employees continues to be an area of prime focus with key personnel being sent for advanced training within the country and abroad. The Industrial relations climate of the Company remained cordial during the year and continues to be focused towards improving productivity, quality and safety.

**7. Internal control systems and their adequacy.**

The company has satisfactory internal control systems which are continuously evaluated by firms of professional auditors of international repute as internal and statutory auditors. However, anticipating the stresses the projected growth is likely to put on the present internal control systems the company has initiated the project of implementing a comprehensive ERP system of SAP. This program is expected to develop the company's internal control systems, MIS and data management to world class level. The integrated ERP is expected to improve the company's reporting efficiency enabling it to adequately manage the expected business volumes. The Business Blue Print for the various processes have been developed and the ERP is planned to go live by September 2010.

**8. Cautionary Statement**

Statements in this Report describing the company's objectives, projection, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Factors that could make a difference to the company's operations include, among others, raw material prices, price increase from customers, government regulations, tax regimes, economic developments in India, natural calamities and other incidental factors.

Place : Mumbai  
Date : May 29, 2010

**ARVIND WALIA**  
*Managing Director*

# Auditors' Report

## TO THE MEMBERS OF GABRIEL INDIA LIMITED

1. We have audited the attached Balance Sheet of Gabriel India Limited (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 the 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 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, 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;
  - (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, 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, 2010;
    - (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 **Price Waterhouse & Co.**  
Firm Registration Number: 007567S  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership Number F 48125

Place: Mumbai  
Date: May 29, 2010

**ANNEXURE TO AUDITORS' REPORT**

**[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gabriel India Limited on the financial statements for the year ended March 31, 2010]**

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of 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) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory other than at two locations. Except for the two locations where reconciliation between inventories determined based on physical verification and book records was not performed and therefore the differences cannot be evaluated, the discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has granted unsecured loans to one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year end balance of such loans aggregates to Rs. 97.5 million and Rs. Nil respectively.  
(b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.  
(c) In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.  
(d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.  
(e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchases are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations 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.
5. (a) In our opinion and according to the information and explanations given to us, 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 and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.  
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at balance sheet date which have not been deposited on account of a dispute, are as indicated in note 4 on Schedule 19.
10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. 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 during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. 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, except as indicated in Note 32 on Schedule 19, regarding an identified case of fraud against the Company during the year by three vendors of the Company (against whom legal action has been initiated by the Company for recovery of the amounts) involving fraudulent purchases of stores and consumables through falsification of records and documents that involved payments aggregating to Rs. 4.1 Million, we have not come across any instance of fraud on or by the Company, noticed or reported during the year.

For **Price Waterhouse & Co.**  
Firm Registration Number: 007567S  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership Number F 48125

Place: Mumbai  
Date: May 29, 2010

# Balance Sheet

as at March 31, 2010

	Schedule	As at 31.03.10		As at 31.03.09	
		Rs. Million	Rs. Million	Rs. Million	Rs. Million
<b>Sources of Funds</b>					
<b>Shareholders' Funds</b>					
Share Capital	'1'	71.85		71.85	
Reserves and Surplus	'2'	1,420.87	1,492.72	1,251.90	1,323.75
<b>Loan Funds</b>					
Secured Loans	'3'	1,045.72		1,275.23	
Unsecured Loans	'4'	442.38	1,488.10	293.94	1,569.17
<b>Deferred Tax Liability (Net)</b> (Refer Note 15 on Shedule 19)			141.00		105.80
			<b>3,121.82</b>		<b>2,998.72</b>
<b>Application of Funds</b>					
<b>Fixed Assets</b>					
Gross Block	'5'	3,357.72		3,061.78	
Less: Depreciation		1,513.85		1,315.01	
Net Block		1,843.87		1,746.77	
Capital Work-in-Progress		121.40	1,965.27	149.43	1,896.20
<b>Investments</b>	'6'		133.32		133.31
<b>Current Assets, Loans and Advances</b>					
Inventories	'7'	799.58		672.16	
Sundry Debtors	'8'	773.08		822.73	
Cash and Bank Balances	'9'	134.09		90.83	
Loan and Advances	'10'	633.34		604.99	
		<b>2,340.09</b>		<b>2,190.71</b>	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	'11'	1,194.48		1,100.38	
Provisions	'12'	122.38		121.12	
		<b>1,316.86</b>		<b>1,221.50</b>	
<b>Net Current Assets</b>			<b>1,023.23</b>		<b>969.21</b>
			<b>3,121.82</b>		<b>2,998.72</b>
<b>Significant Accounting Policies</b>	'18'				
<b>Notes to Accounts</b>	'19'				

This is the Balance Sheet referred to in our report of even date.  
For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

JEETENDRA MIRCHANDANI  
Partner  
Membership Number F 48125

Place : Mumbai  
Date : May 29, 2010

The Schedules referred to above form an integral part of Balance Sheet

ANSHUL BHARGAVA  
Company Secretary

For and on behalf of the Board of Directors  
PRAKASH KULKARNI  
Executive Chairman  
ARVIND WALIA  
Managing Director

RUSSI JAL TARAPOREVALA  
PADMINI KHARE KAICKER  
RAJEEV VASUDEVA  
Directors

Place : Mumbai  
Date : May 29, 2010

# Profit & Loss Account

for the year ended March 31, 2010

	Schedule	For the year ended 31.03.10		For the year ended 31.03.09	
		Rs. Million	Rs. Million	Rs. Million	Rs. Million
<b>Income</b>					
Sales		7,518.70		5,813.26	
Less: Excise Duty		544.71		610.80	
Net Sales		<u>6,973.99</u>		<u>5,202.46</u>	
Other Income	'13'	<u>128.88</u>		<u>175.69</u>	
			<b>7,102.87</b>		<b>5,378.15</b>
<b>Expenditure</b>					
Excise Duty		4.05		4.31	
Cost of Materials	'14'	5,172.91		3,924.41	
Personnel Expenses	'15'	469.15		415.36	
Manufacturing, Administration, Selling and Distribution and Other Expenses	'16'	754.76		645.71	
Interest	'17'	147.95		163.42	
Depreciation		<u>201.83</u>		<u>152.61</u>	
			<b>6,750.65</b>		<b>5,305.82</b>
Profit Before Tax			<b>352.22</b>		<b>72.33</b>
Provision For Taxation: (Refer Note 7 on Schedule 18)					
- Current Tax			61.50		8.19
- Mat Tax Credit			(6.10)		(8.19)
- Tax for Previous Year			21.22		9.39
- Deferred Tax			35.20		1.42
- Fringe Benefit Tax			-		5.42
Profit After Tax			<b>240.40</b>		<b>56.10</b>
Profit Brought Forward			<b>747.12</b>		<b>755.45</b>
Profit Available For Appropriation			<b>987.52</b>		<b>811.55</b>
<b>Appropriations</b>					
Dividend - Interim			21.55		-
- Proposed Final			39.50		50.28
Corporate Dividend Tax			10.38		8.54
General Reserve			24.04		5.61
Profit Carried Forward			<b>892.05</b>		<b>747.12</b>
			<b>987.52</b>		<b>811.55</b>
<b>Earnings Per Share -</b> (Refer Note 13 on Schedule 19)					
- Basic / Diluted EPS (Rs.)			3.35		0.78
- Paid Up Value Per Share (Rs)			1.00		1.00
<b>Significant Accounting Policies</b>	'18'				
<b>Notes to Accounts</b>	'19'				

This is the Profit & Loss Account referred to in our report of even date.  
For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

JEETENDRA MIRCHANDANI  
Partner  
Membership Number F 48125

Place : Mumbai  
Date : May 29, 2010

The Schedules referred to above form an integral part of Profit & Loss Account

ANSHUL BHARGAVA  
Company Secretary

For and on behalf of the Board of Directors  
PRAKASH KULKARNI  
Executive Chairman  
ARVIND WALIA  
Managing Director  
RUSSI JAL TARAPOREVALA  
PADMINI KHARE KAICKER  
RAJEEV VASUDEVA  
Directors

Place : Mumbai  
Date : May 29, 2010

# Schedules

## Schedule '1': Share Capital

	As at 31.03.10 Rs. Million	As at 31.03.09 Rs. Million
<b>Authorised</b>		
140,000,000 Equity Shares of Re. 1 each	140.00	140.00
100,000 Cumulative Redeemable Preference Shares of Rs. 100 each	10.00	10.00
	<u>150.00</u>	<u>150.00</u>
<b>Issued, Subscribed and Paid Up Capital</b>		
71,821,970 Equity Shares of Re. 1 each fully paid up	71.82	71.82
Add: Share Forfeiture	0.03	0.03
	<u>71.85</u>	<u>71.85</u>

Notes : In earlier years:

- (a) 1,235,000 Equity Shares of Rs.10 each allotted as fully paid up by way of Bonus Shares by capitalisation of Reserves
- (b) 1,733,996 Equity Shares of Rs.10 each at a premium of Rs. 20 each allotted as fully paid up on conversion of Partly Convertible Debentures on November 30, 1991
- (c) 2,675,198 Equity Shares of Rs.10 each at a premium of Rs. 115 each allotted as fully paid up on conversion of Partly convertible Debentures on November 01,1996
- (d) The Company had sub divided its every equity share of Rs 10 each (fully paid up) into 10 (Ten) equity shares of Re 1 (One) each (fully paid up) based on the approval of the shareholders in the Extraordinary General Meeting held on 16th December 2005

## Schedule '2': Reserves and Surplus

	As at 31.03.10		As at 31.03.09	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
<b>Capital Reserve</b>				
Per Last Balance Sheet		1.70		1.70
<b>Share Premium:</b>				
Per Last Balance Sheet		343.59		343.59
<b>General Reserve:</b>				
Per Last Balance Sheet	159.49		153.88	
Add: Transferred From Profit & Loss Account	<u>24.04</u>	183.53	<u>5.61</u>	159.49
<b>Profit &amp; Loss Account</b>				
Available for Carried Forward		892.05		747.12
		<u>1,420.87</u>		<u>1,251.90</u>

**Schedule '3': Secured Loans**

(Refer Notes 1 and 2 (a) on Schedule 19)	<b>As at 31.03.10</b> <b>Rs. Million</b>	<i>As at 31.03.09</i> <i>Rs. Million</i>
<b>From Banks</b>		
– Rupee Term Loans	<b>404.97</b>	399.02
– Foreign Currency Loans	-	200.00
Short Term Loans	-	175.00
<b>Working Capital Facilities From Banks</b>	<b>640.75</b>	501.21
(Including Buyer's Credit Rs. 310.96 Million (Previous Year Rs. 248.87 Million))		
	<u><b>1,045.72</b></u>	<u>1,275.23</u>

**Schedule '4': Unsecured Loans**

(Refer Note 2(b), 2(c) and 2 (d) on Schedule 19)	<b>As at 31.03.10</b> <b>Rs. Million</b>	<i>As at 31.03.09</i> <i>Rs. Million</i>
Fixed Deposits	<b>357.14</b>	189.10
Sales Tax Deferral	<b>80.79</b>	96.06
Other Loans and Advances	<b>4.45</b>	8.78
	<u><b>442.38</b></u>	<u>293.94</u>

**Schedule '5': Fixed Assets**

(Refer Notes 2,5,8,9,11 and 12 on Schedule 18 and Notes 3,5,12, 27 and 31 on Schedule 19)

	(Rs. Million)										
	GROSS BLOCK			DEPRECIATION / IMPAIRMENT				NET BLOCK			
	Cost as at 01.04.09	Additions during the year*	Deletions during the year	Cost as at 31.03.10	Accumulated depreciation/ Impairment as at 01.04.09	Depre- ciation/ Impairment for the year\$	Deletions during the year	Accumulated depreciation/ Impairment as at 31.03.10	As at 31.03.10	As at 31.03.09	
<b>Tangible Assets</b>											
Freehold Land	25.82	-	-	<b>25.82</b>	-	-	-	-	<b>25.82</b>	25.82	
Leasehold Land#	24.05	-	-	<b>24.05</b>	2.90	0.15	-	3.05	<b>21.00</b>	21.15	
Buildings#	609.97	43.19	-	<b>653.16</b>	149.52	20.32	-	169.84	<b>483.32</b>	460.45	
Plant and Machinery	2,199.74	237.23	6.03	<b>2,430.94</b>	1074.31	158.93	4.52	1228.72	<b>1,202.22</b>	1,125.43	
Vehicles@	33.13	2.77	4.73	<b>31.17</b>	14.80	2.60	2.98	14.42	<b>16.75</b>	18.33	
Furnitures and Fixtures	61.29	3.17	0.35	<b>64.11</b>	29.33	3.55	0.10	32.78	<b>31.33</b>	31.96	
<b>Intangible Assets</b>											
Computer Software	12.01	5.09	-	<b>17.10</b>	6.96	4.01	-	10.97	<b>6.13</b>	5.05	
Technical Knowhow	95.77	15.60	-	<b>111.37</b>	37.19	16.88	-	54.07	<b>57.30</b>	58.58	
	<u>3,061.78</u>	<u>307.05</u>	<u>11.11</u>	<u><b>3,357.72</b></u>	<u>1,315.01</u>	<u>206.44</u>	<u>7.60</u>	<u><b>1,513.85</b></u>	<u><b>1,843.87</b></u>	<u>1,746.77</u>	
Capital Work-in-Progress (including capital advances)									121.40	149.43	
Total	<u>3,061.78</u>	<u>307.05</u>	<u>11.11</u>	<u><b>3,357.72</b></u>	<u>1,315.01</u>	<u>206.44</u>	<u>7.60</u>	<u><b>1,513.85</b></u>	<u><b>1,965.27</b></u>	<u>1,896.20</u>	
Total as at 31.03.09	<u>2,378.18</u>	<u>727.66</u>	<u>44.06</u>	<u>3,061.78</u>	<u>1,196.92</u>	<u>158.61</u>	<u>40.52</u>	<u>1,315.01</u>	<u>1,896.20</u>	-	

\* Addition includes interest and pre-operative expenses capitalized Rs. 27.35 Million (Previous Year Rs. 81.80 Million).

# Includes Leasehold land and buildings having a gross value of Rs. 12.61 million (previous Year Rs. 12.61 Million) and Rs. 19.16 million (previous year Rs. 19.16 million) respectively, which are held by the Company for sale.

@ Vehicles include Assets purchased on finance lease amounting to Rs.6.14 Million (Previous Year Rs. 6.25 Million) with a written down value of Rs. 5.21 Million (Previous Year Rs. 5.61 Million) as at year end.

\$ Depreciation for the year includes an amount of Rs. 4.61 Million (Previous Year Rs. 5.19 million), of provision for assets not in use included under Schedule-16, - Manufacturing, administration, selling and distribution and other expenses.

**Schedule '6': Investments**

(Refer Note 3 on Schedule 18)	As at 31.03.10 Rs. Million	As at 31.03.09 Rs. Million
Non-Trade—Long Term Investments		
Quoted—at cost:		
800 (Previous Year 800) Equity Shares of Rs. 10 (Previous Year Rs. 10) each fully paid up of Housing Development Finance Corporation Limited	0.02	0.02
Unquoted-at cost:		
1,453,666 shares of face value of Rs. 10/- each fully paid up of Federal-Mogul Bearings India Limited (formerly Anand Engine Components Limited)	133.09	133.09
20,000 shares of Rs.10 per share (Previous Year 20,000 shares of Rs.10 per share) face value Rs. 10/- each fully paid up of Shivalik Solid Waste Management Ltd.	0.20	0.20
National Savings Certificate	0.01	-
	<b>133.32</b>	<b>133.31</b>
Aggregate of Quoted investments :		
At Cost	0.02	0.02
At Market Value	2.17	1.71

**Schedule '7': Inventories**

(Refer Note 4 on Schedule 18)	As at 31.03.10 Rs. Million	As at 31.03.09 Rs. Million
Raw & Packing Materials (Including goods in transit Rs. 16.25 Million (Previous year Rs. 0.40 Million))	491.90	389.40
Stores and Spares	56.53	53.53
Work-in-Process	148.51	129.18
Finished Goods (Including goods in transit Rs. 30.76 Million (Previous year Nil))	102.64	100.05
	<b>799.58</b>	<b>672.16</b>

**Schedule '8': Sundry Debtors**

	As at 31.03.10		As at 31.03.09	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
UNSECURED				
Debts Outstanding for over six months				
Considered Good	25.74		24.18	
Considered Doubtful	23.47	49.21	23.71	47.89
Other Debts				
Considered Good	747.34		798.55	
Considered Doubtful	-	747.34	-	798.55
Less : Provision for Doubtful Debts		23.47		23.71
		<b>773.08</b>		<b>822.73</b>

**Schedule '9': Cash and Bank Balances**

	As at 31.03.10 Rs. Million	As at 31.03.09 Rs. Million
Cash-in-Hand	0.84	1.15
With Scheduled Banks		
In Current Accounts	51.62	49.89
In Unpaid Dividend Accounts	5.78	4.89
In Fixed Deposit Accounts	-	0.03
In Margin Money Accounts	75.85	34.87
	<b>134.09</b>	<b>90.83</b>

**Schedule '10': Loans and Advances**

(Refer Note 7 and 28 on Schedule 19)	As at 31.03.10		As at 31.03.09	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Advances recoverable in Cash or in kind or for value to be received				
– Unsecured				
– Considered Good	362.14		330.52	
– Considered Doubtful	-		0.35	
	<u>362.14</u>		<u>330.87</u>	
Less Provision for Doubtful Advances	-	362.14	(0.35)	330.52
Inter Corporate Deposits		80.00		92.50
Deposits with Excise Authorities		73.44		67.29
Advance Tax [Including tax deducted at source (net of provisions)]		99.41		102.49
– Mat Credit Entitlement		16.01		8.19
Other current assets		2.34		4.00
		<u>633.34</u>		<u>604.99</u>

**Schedule '11': Current Liabilities**

(Refer Note 6 on Schedule 19)	As at 31.03.10		As at 31.03.09	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Sundry Creditors				
– Total outstanding dues to micro, small and medium enterprises @	125.03		160.52	
– Total outstanding dues of creditors other than micro, small and medium enterprises	<u>927.38</u>	1,052.41	<u>887.00</u>	1,047.52
Interest accrued but not due		17.30		3.92
Deposit from Customers		9.91		9.29
Other Liabilities		107.47		34.12
Book Overdraft		0.97		-
Investor Education & Protection Fund shall be credited by the following amount :				
Unpaid Dividend		5.78		4.89
Unpaid Matured Deposits		0.64		0.64
		<u>1,194.48</u>		<u>1,100.38</u>

@ The above information has been compiled in respect of parties to the extent they could be identified as micro, small and medium enterprises on the basis of information available with the Company.

**Schedule '12': Provisions**

	As at 31.03.10	As at 31.03.09
	Rs. Million	Rs. Million
Proposed Dividend	39.50	50.28
Proposed Corporate Dividend Tax	6.71	8.54
Wealth Tax (net)	-	0.32
Compensated Absences	16.98	14.96
(Refer Note 10 on Schedule 18 and Note 29 on Schedule 19)		
Superannuation	3.36	-
(Refer Note 10 on Schedule 18)		
Gratuity	25.83	24.42
(Refer Note 10 on Schedule 18 and Note 29 on Schedule 19)		
Warranty	30.00	22.60
(Refer Note 13 on Schedule 18 and Note 10 on Schedule 19)		
	<u>122.38</u>	<u>121.12</u>

**Schedule '13': Other Income**

	For the year ended 31.03.10		For the year ended 31.03.09	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Income from Investments		0.03		0.52
Interest on :				
Income Tax Refunds	13.55		-	
Loans to Staff	0.29		0.31	
Inter Corporate Deposits	24.79		31.47	
[Tax Deducted at Source Rs. 2.88 Million (Previous Year Rs. 11.62 Million)]				
Advances to Suppliers	0.93		0.21	
Others	3.81	43.37	9.67	41.66
Discounts from suppliers		1.60		3.35
Income from services		4.83		7.29
Sale of Scrap		52.28		52.00
Rent		1.79		1.53
[Tax Deducted at Source Rs.0.06 Million (Previous Year Rs.0.14 Million)]				
Profit on sale of asset (Net) (Refer Note 31 on Schedule 19)		-		46.50
Excess Provision/ Liabilities Written back		2.59		6.54
Foregin Exchange Flucation (Net) (Refer Note 8 on Schedule 18)		4.49		-
Miscellaneous Income (Refer Note 30 on Schedule 19)		17.90		16.30
		<b>128.88</b>		<b>175.69</b>

**Schedule '14': Cost of Materials**

	For the year ended 31.03.10		For the year ended 31.03.09	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Traded Finished Goods				
Opening Stock	0.60		0.55	
Add: Purchases	9.05		4.72	
	9.65		5.27	
Less: Closing Stock	1.55	8.10	0.60	4.67
Manufactured Goods				
Raw Material, Components and Packing Materials Consumed				
Opening Stock	389.00		227.59	
Add: Purchases	5,180.40		4,037.71	
	5,569.40		4,265.30	
Less: Closing Stock	491.90	5,077.50	389.40	3,875.90
(Increase)/Decrease in Work-in-Process and Finished Goods				
Opening Stock				
- Work-in-Process	129.18		115.98	
- Finished Goods	99.45		64.44	
	228.63		180.42	
Less: Closing Stock				
- Work-in-Process	148.51		129.18	
- Finished Goods	101.09		99.45	
	249.60	(20.97)	228.63	(48.21)
Stores and Spares Consumed		108.28		92.05
		<b>5,172.91</b>		<b>3,924.41</b>

**Schedule '15': Personnel Expenses**

(Refer Note 10 on Schedule 18 and Notes 11, 16 and 29 on Schedule 19)	<b>For the year ended 31.03.10 Rs. Million</b>	<i>For the year ended 31.03.09 Rs. Million</i>
Salaries, Wages and Bonus	400.85	350.75
Contribution to Provident and Other Funds	25.17	19.02
Staff Welfare	43.13	45.59
	<b>469.15</b>	<b>415.36</b>

**Schedule '16': Manufacturing, Administration,  
Selling and Distribution and Other Expenses**

(Refer Note 11 on Schedule 19)	<b>For the year ended 31.03.10 Rs. Million</b>	<i>For the year ended 31.03.09 Rs. Million</i>
Power and Fuel	136.03	103.25
Rent	15.61	13.36
Rates and Taxes	9.01	2.92
Insurance	8.50	10.39
Repairs and Maintainance		
– Buildings	8.53	3.05
– Machinery	57.22	58.33
– Others	21.15	17.67
Freight	118.73	88.07
Advertisement and Sales Promotion	7.76	6.38
Discounts	51.25	36.98
Warranty	39.74	17.29
Provision for Doubtful Debts/Advances	1.10	5.47
Provision for assets not in use (Refer note 27 on Schedule 19)	4.61	5.19
Royalty	48.39	32.88
Travelling and Conveyance	51.65	52.42
Printing and Stationery	5.83	7.86
Legal and Professional	105.87	90.26
Communication	9.42	10.75
Bank Charges	12.10	7.81
Loss on Assets Sold / Scrapped (Net)	1.46	-
Foreign Exchange Fluctuations (Net) (Refer Note 8 on Schedule 18)	-	39.99
Directors' Fees	0.17	0.15
Miscellaneous Expenses	40.63	35.24
	<b>754.76</b>	<b>645.71</b>

**Schedule '17': Interest**

	<b>For the year ended 31.03.10 Rs. Million</b>	<i>For the year ended 31.03.09 Rs. Million</i>
Term Loans	66.49	80.10
Working Capital Accounts	32.23	50.13
Fixed Deposits	39.91	6.19
Commercial Paper	-	1.44
Others	9.32	25.56
	<b>147.95</b>	<b>163.42</b>

## Schedule '18': Significant Accounting Policies

### 1. Basis of Accounting

The Financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

### 2. Fixed Assets and Depreciation

- a) Fixed Assets are stated at their original cost (net of MODVAT where applicable) including freight, duties, customs and other incidental expenses relating to acquisition and installation. Interest and other finance charges paid on loans for the acquisition of fixed assets are apportioned to the cost of fixed assets till they are ready for use.
- b) Expenditure incurred during the period of construction is carried as capital work-in-progress and on completion the costs are allocated to the respective fixed assets.
- c) Foreign exchange fluctuation on payment / restatement of long term liabilities related to fixed assets are charged to profit and loss Account.
- d) Depreciation has been provided on straight-line method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956, except for the following:
  - i. Computer hardware and software are being depreciated over a period of three years.
  - ii. The leasehold land is amortised over the lease period.
  - iii. Buildings on leasehold land are amortised over the lease period or useful life of the building whichever is shorter.
  - iv. Technical know-how fee is amortised over a period of 6 years or period of agreement, whichever is shorter.
  - v. Tools and dies are depreciated over a period, upto eight years, determined based on technical evaluation.
  - vi. VSAT communication equipment is depreciated over a period of 5 years.

### 3. Investments

Long term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments.

Current investments are stated at cost or fair value, whichever is lower.

### 4. Inventories

Inventories are stated at lower of cost or net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other cost incurred in bringing them to their respective location and condition. Cost of raw materials, stores and spares and packing materials are determined on weighted average basis.

### 5. Capital Grants

Grants received from the Government are retained as Capital Reserve until the conditions stipulated in the respective schemes are complied with. However, the grants related to specific assets are deducted from the gross value of such assets.

### 6. Revenue and Expense Recognition

Revenue from sale of goods is accounted for on dispatch of goods which represents transfer of significant risks and rewards to the customers. Sales are inclusive of excise duty and net of sales return and trade discounts.

Claims recoverable on account of insurance are accounted for as and when the amounts recoverable can be reasonably determined.

Expenses are accounted for on an accrual basis.

### 7. Taxation

Tax expense (credit) is the aggregate of current tax and deferred tax charged (credited) to the Profit and Loss Account for the year.

#### a) Current Tax

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

#### b) Deferred Tax

Deferred tax for timing differences between the book profits and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date.

Deferred tax assets for tax losses and unabsorbed depreciation are recognized to the extent that the realisation of the related tax benefit through the future taxable profits is virtually certain. Deferred tax assets arising from other timing differences are recognised to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### **8. Foreign Currency Transactions**

Foreign Currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing on the Balance Sheet date. Gains and losses arising on account of differences in foreign exchange rates on settlement/translation of foreign currency monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.

The premium or discount arising at the inception of forward exchange contract to hedge an underlying asset or liability of the Company is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contracts is recognised as income or expense during the year.

Pursuant to The Institute of Chartered Accountants of India's announcement 'Accounting for Derivatives', the Company marks-to-market all other derivative contracts (forward contracts in respect of firm commitments and highly probable forecast transactions, swaps and currency options) outstanding at the end of the year and the resultant mark-to-market losses, if any, are recognised in the Profit and Loss Account. Any profit or loss arising on settlement or cancellation of such derivative contracts is recognised as income or expense for the year.

#### **9. Research and Development**

Equipment purchased for research and development is capitalised when commissioned and included in the fixed assets. Revenue expenditure on research and development is charged in the period in which it is incurred.

#### **10. Retirement Benefits**

The Company has Defined Contribution plans for post employment benefits' namely Provident Fund and Superannuation Fund. Regular contributions made to Provident Fund are charged to the Profit and Loss Account. Regular contributions to the superannuation fund maintained by the LIC are charged to the Profit and Loss Account.

The Company has Defined Benefit plans namely compensated absences and Gratuity for employees, the liability for which is determined on the basis of actuarial valuation at the end of the year. The Gratuity Fund is recognised by the income tax authorities and is administered through trusts.

Gains and losses arising out of actuarial valuations are recognised immediately in the Profit and Loss Account as income or expense.

#### **11. Borrowing Cost**

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the asset till the asset is ready for use. Interest on other borrowings is charged to Profit and Loss Account.

#### **12. Leases**

Lease arrangement where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rent under operating leases are recognised in the Profit and Loss Account on straight line basis.

Assets acquired under finance leases are recognised at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

#### **13. Warranty**

The estimated liability for product warranties is recorded at the time of the sale of the products. The provision is based on management's estimate of the future cost of corrective action on product failure established using historical information regarding frequency and average cost of servicing the warranty claims.

#### **14. Provisions And Contingencies**

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

#### **15. Impairment**

The management periodically assesses, using external and internal sources whether there is an indication that an asset may be impaired. If an asset is impaired, the company recognises an impairment loss as the excess of the carrying amount of the asset over the recoverable amount.

### Schedule '19': Notes forming part of Accounts

1. a) The Term Loans amounting to Rs. 404.97 million (Previous Year Rs. 774.02 million) from banks are secured as follows:
- Rs. 130.00 million (Previous year Rs. 54.30 million) from State Bank of India is secured by hypothecation of the Company's entire movable fixed assets both present and future.
  - Rs. 199.97 million (Previous year Rs. 130.42 million) from Bank of India, secured by first charge on specified movable plant and machinery installed at Khandsa plant and Chakan plant and also collaterally secured by first and exclusive charge on the immovable properties situated at Hosur plant.
  - Rs. 75.00 Million (Previous year Nil) from ING Vysya Bank, is secured by equitable mortgage of Land and Building situated at Ambad plant.
  - Rs. Nil (Previous year Rs. 200.00 million) loan from State Bank of India is secured by hypothecation of the Company's entire movable fixed assets both present and future.
  - Rs. Nil (Previous year Rs. 214.30 million) from ABN AMRO Bank, secured by first Pari Passu charge over the movable fixed assets both present and future and exclusive charge by way of equitable mortgage over the immovable properties situated at Chakan plant.
  - Rs. Nil (Previous year Rs. 175.00 million) from ING Vysya Bank is secured by second Charge of the movable fixed assets and an exclusive charge by way of equitable mortgage over the immovable properties situated at Ambad plant.
- (b) The Working capital facilities amounting to Rs. 640.75 million (Previous year Rs. 501.21 million) are secured by hypothecation of stocks, book debts and other current assets of the Company.
2. (a) Secured Term Loan from banks due for repayment within a year are Rs. 171.11 million (Previous year Rs. 191.40 million).
- (b) Fixed deposits due for repayment within a year Rs. 30.04 million (previous year Rs.22.22 million)
- (c) Sales Tax Deferral loan due for repayment within a year is Rs. 24.98 million (Previous year Rs. 15.28 million).
- (d) Other Loans and Advances due for repayment within a year are Rs. 1.56 million (Previous year Rs. 0.65 million).
3. Estimated amount of contracts remaining to be executed on capital account and not provided for are Rs. 127.46 million (Previous year Rs. 342.78 million).
4. (a) Contingent Liabilities are in respect of:

	<b>31.03.10</b>	<i>31.03.09</i>
	<b>Rs. Million</b>	<i>Rs. Million</i>
(i) Bills discounted, Letters of Credit and Bank guarantees	<b>422.86</b>	<i>366.27</i>
(ii) Income Tax, Sales Tax and Excise duty against which appeals are pending	<b>109.03</b>	<i>100.44</i>
(iii) Claims not acknowledged as debts	<b>29.40</b>	<i>241.22</i>
(iv) Interest unpaid to Micro, Small and Medium Enterprises	<b>2.50</b>	<i>3.21</i>

- (b) Particulars of dues of Sales Tax, Income Tax and Service Tax as at March 31, 2010, which have not been deposited on account of dispute:

(Rs. Million)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Act	Purchase Return considered as sales by Department	0.26	1996-97	Maharashtra Sales Tax Appellate Tribunal, Mumbai
Sales Tax Act	For 'D Forms' & 'F Forms'	0.29	1999-00	Trade tax Tribunal-UP, Bench-I, Lucknow
Sales Tax Act	Late filing of Return	0.13	Oct'99, Jan'00, Feb'00 & Mar'00	Trade tax Tribunal-UP, Bench-I, Lucknow
Sales Tax Act	For 'C Forms' & 'F Forms'	0.23	2000-01	Joint Commissioner – Appeal Lucknow
Sales Tax Act	For 'D Forms'	0.07	2000-01	Deputy Commissioner - Appeal-(I), Lucknow
Sales Tax Act	For Form 31	0.04	2002-03	Tribunal Ghaziabad
Sales Tax Act	Warranty claim rejected	0.47	2004-05, 2005-06	The Superintendent of Taxes, Assam Unit B, Kar Bhawan Guwahati
Sales Tax Act	For 'C Forms'	0.10	2004-05	Deputy Commissioner of Commercial Taxes, Special Circle, Ranchi

Name of statute	Nature of dues	Amount (Rs. Million)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Act	For 'D Forms' & 'F Forms'	0.05	2003-04	Commercial Tax Officer, Namapally Circle, Hyderabad
Sales Tax Act	Form-31	0.05	2006-07	Deputy Commissioner (Assessment), Lucknow
Sales Tax Act	For Form 31	0.02	2004-05	Tribunal Ghaziabad
Sales Tax Act	Form 31 & Export Sales	0.18	2002-03	Deputy Commissioner - Appeal(I)-Lucknow
Sales Tax Act	Sales Tax Forms	39.70*	2004-05	Deputy Commissioner (Assessment), Lucknow
Sales Tax Act	Declaration Forms not received	7.90	2005-06	Deputy Commissioner Appeals, Lucknow
Sales Tax Act	Declaration Forms not received	34.90	2006-07	Deputy Commissioner Appeals, Lucknow
Sales Tax Act	Form – C	0.22	2004-05	Appeal before DETC, Gurgaon
Sales Tax Act	Form – C & F	1.63	2005-06	Appeal before DETC, Gurgaon
Central Excise Act	Service Tax on Technical know-how	2.60	1999 – 03	CESTAT, Mumbai
Central Excise Act	Irregular availment of service tax credit	1.82	2007-08	Superintendent of Central Excise
Sales Tax Act	For 'F Forms'	0.16	2000-01	Joint Commissioner - Appeal - 3, Lucknow
Sales Tax Act	For 'C Forms & F Forms'	2.51	2005-06	Deputy Commissioner Appeal – Ujjain
Sales Tax Act	For 'C Forms & F Forms'	2.25	2006-07	Deputy Commissioner Appeal – Ujjain
Income Tax Act	Penalty u/s 271(1) (C)	3.79**	Assessment Year 2004-05	Commissioner of Income Tax (Appeals)
Income Tax Act	Disallowance of Expenses	9.39**	Assessment Year 2007-08	Commissioner of Income Tax (Appeals)
Employee State	ESIC Contribution	0.27	2001-02 to 2003-04	Regional ESIC Office Insurance

\* The Company has paid Rs. 7.53 Million under protest.

\*\* These amounts have been paid by the Company during the year ended March 31, 2010.

5. The company has signed an MOU with Mahle Filter Systems India Limited for purchase of land at Khandsa, on which the Company has set up plant and building. Mahle Filter Systems India Limited is in process of obtaining necessary Government clearances for transferring the title of lands to the company.
6. Disclosures required under the Micro, Small & Medium Development Act, 2006
 

	Rs. Million
(a) (i) The principal amount remaining unpaid as at March 31, 2010	125.03
(ii) Interest due thereon remaining unpaid on March 31, 2010	2.50
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	–
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	–
(d) The amount of interest accrued and remaining unpaid on March 31, 2010	–
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–

7. Loans and Advances include:
- Rs. 1.43 million (Previous year Rs. 1.55 million) due from an officer of the company. Maximum amount due during the year Rs. 1.66 million (Previous year Rs. 3.40 million).
  - Rs. 0.19 million (Previous year Rs. 4.72 million) of debts due from Private Limited Companies and Firms where any director is a director or partner.
8. Segmental Reporting:
- Primary Segment:**  
The Company operates only in one business segment viz. Auto Components and Parts.
  - Secondary Segment:**  
The Company caters mainly to the needs of Indian market and the export turnover being 1.81% (Previous year 2.10%) of the total turnover of the company; there are no reportable geographical segments.
9. In accordance with the Accounting Standard on "Related Party Disclosures" (AS 18), the disclosure in respect of transactions with the Company's related parties are as follows:
- Names of related parties \* and description of relationships
    - Mr. Prakash Kulkarni - Key Management Personnel
    - Mr. Arvind Walia – Key Management Personnel
    - Federal Mogul Bearings India Limited formerly Anand Engine Components Limited-Associate
    - Asia Investments Private Limited - Entity in respect of which the company is an associate.
- \* As identified and certified by the Management

Particulars	Rs. Million	
	Key Management Personnel	Associates
1 Reimbursement of expenses from associate	-	1.31
	-	(0.45)
2 Inter corporate deposits Given	-	15.00
	(-)	(40.00)
3 Interest on inter corporate deposits Received	-	8.04
	(-)	(30.12)
4 Repayment of Inter corporate deposits	-	97.50
	(-)	(192.50)
5 Fixed Assets purchased/reconditioning charges/ advance paid for Fixed asset purchase	-	16.85
	(-)	(22.35)
6 Directors' Remuneration		
Mr. Prakash Kulkarni	8.53	-
	(6.56)	(-)
Mr. Arvind Walia	8.98	-
	(10.38)	(-)
Mr. K. N. Subramaniam	-	-
	(6.74)	(-)
Amount Outstanding		
1 Reimbursement of expenses	-	1.31
	(-)	(NIL)
2 Inter corporate deposits	-	Nil
	(-)	(82.50)
3 Advance for Fixed Assets purchase	-	0.60
	(-)	(8.23)
4 Investment in shares of Federal Mogul Bearings India limited	-	133.09
	(-)	(133.09)
5 Directors' Remuneration		
Mr. Prakash Kulkarni	1.71	-
	(-)	(-)
Mr. Arvind Walia	4.12	-
	(-)	(-)

Previous year figures have been given in brackets

10. The Company has the following provision in the books of account as on March 31, 2010.

Rs. Million				
Description	Balance as on 01.04.09	Additions during the year	Used/Paid/Reversed during the year	Balance as on 31.03.10
Provision for Warranty	22.60	39.74	32.34	30.00
	(27.09)	(17.96)	(22.45)	(22.60)

The Company gives warranties on its products wherein it undertakes to reimburse to its customers the cost of the items that fail to perform satisfactorily during the warranty period. Provision as at March 31, 2010 represents the amount of expected cost of meeting such obligations of rectifications/replacement. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims from customers.

*Previous year figures have been given in brackets*

11. The following expenses incurred on Research and Development are included under respective account heads:

Rs. Million		
	2009-10	2008-09
Personnel Expenses	16.46	18.44
Manufacturing, Administration, Selling & Distribution and Other Expenses	6.37	4.30
Depreciation	4.00	4.49
Total	26.83	27.23

12. Assets on lease on or after April 1, 2001 included in fixed assets, where the company is a lessee under a finance lease:

Rs. Million			
	Minimum Lease Payments due as at 31.03.10	Future Finance Charge	Present Value as at 31.03.10
Total	5.51	1.19	4.32
	(5.29)	(1.32)	(3.97)
Not later than 1 year	2.52	0.72	1.80
	(2.55)	(0.59)	(1.96)
Later than 1 year and not later than 5 year	2.99	0.47	2.52
	(2.74)	(0.73)	(2.01)

*Previous year figures have been given in brackets*

13. Earning per share (EPS) - The numerators and denominators used to calculate Basic and Diluted Earnings per share

	2009-10	2008-09
-Profit attributable to Equity Shareholders (Rs. million)-(A)	240.40	56.10
-Basic/Weighted average number of Equity Shares Outstanding during the year – (B)	71,821,970	71,821,970
-Nominal Value of Equity Share	1.00	1.00
- Basic Earning per Share (Rs.) – (A)/(B)	3.35	0.78

14. The Company enters into forward exchange contracts being derivative instruments, for the purpose of hedging its currency risk and are not intended for trading or speculation.

- a) The following are the outstanding Forward Exchange Contracts entered into by the Company:

Sr. No.	Particulars	As at March 31, 2010		As at March 31, 2009	
		Amount in Foreign Currency (In million)	Amount in INR (In Million)	Amount in Foreign Currency (In million)	Amount in INR (In Million)
1.	Assets				
	(a) EURO	0.08	4.66	0.19	13.03
	(b) USD	1.78	80.53	8.23	419.12
	(c) JPY	349.62	169.35	195.58	101.44

b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below.

Sr. No.	Particulars	As at March 31, 2010		As at March 31, 2009	
		Amount in Foreign Currency (In million)	Amount in INR (In Million)	Amount in Foreign Currency (In million)	Amount in INR (In Million)
1.	Liabilities				
	(a) EURO	0.50	31.03	0.35	23.50
	(b) USD	1.04	47.79	0.38	19.09
	(c) JPY	79.39	39.29	108.28	58.14
2.	Assets				
	(a) EURO	Nil	Nil	Nil	Nil
	(b) USD	0.40	18.29	0.28	13.97
	(c) JPY	Nil	Nil	Nil	Nil

15. As required by Accounting Standard 22 on "Accounting for taxes on income", deferred taxes have been recognized in respect of the following items:

Item of timing difference	Accumulated Deferred tax balances as at April 01, 2009	Movement during the year	Accumulated Deferred tax balances as at March 31, 2010
Deferred tax liability			
Depreciation	153.31	52.02	205.33
	<b>153.31</b>	<b>52.02</b>	<b>205.33</b>
Deferred tax assets			
Expenditure allowable for tax purpose on payments basis	(11.23)	(13.33)	(24.56)
Other provisions	(10.08)	(29.69)	(39.77)
Unabsorbed Depreciation	(26.20)	26.20	0.00
	<b>(47.51)</b>	<b>(16.82)</b>	<b>(64.33)</b>
Net Deferred Tax liability (Assets)	<b>105.80</b>	<b>35.20</b>	<b>141.00</b>

16. (a) Determination of Net Profit in accordance with Section 309(5) of The Companies Act, 1956.

	2009-10	Rs. Million 2008-09
Profit before tax as per Profit and Loss Account	352.22	72.33
Add:		
Directors Remuneration	20.31	24.18
Directors' Fees	0.17	0.15
Depreciation as per books	201.83	152.61
Loss on Assets sold / Scrapped	1.73	-
Provision for Doubtful Debts / Advances / Inventory	1.10	5.47
	<u>225.14</u>	<u>182.41</u>
	577.36	254.74
Less: Deduction under Section 349 and 350		
Depreciation u/s 350	201.83	152.61
Profit on sale of Assets	0.27	46.50
Debts written off against provision	1.34	1.57
	<u>203.44</u>	<u>200.68</u>
Net Profit under Section 309(5)	<u>373.92</u>	<u>54.06</u>
Restricted to 1%	3.74	0.54
Commission payable to directors:		
Whole time	-	-
Non-whole time	2.80	0.50
Total	<u>2.80</u>	<u>0.50</u>
b) Directors Remuneration:		
Salary	15.52	22.34
Company's Contribution to Gratuity, Provident Fund & Superannuation Fund	1.17	1.12
Perquisites	0.82	0.22
Commission [See 16(a) above]	2.80	0.50
Total	<u>20.31</u>	<u>24.18</u>

**Note:**

The aforesaid is exclusive of provision for Compensated absences, as separate actuarial valuation for the directors is not available.

## 17. A) Particulars in respect of Goods manufactured for Sale /consumption:

Product	Year	Unit of Measure	Opening Stock		Sales		Closing Stock	
			Qty.	Rs. Million	Qty.	Rs. Million	Qty.	Rs. Million
i. Shock Absorbers	09-10	Nos.	302,377	99.45	14,555,395	7,508.66	318,077	96.99
Struts & Front Forks	08-09	Nos.	202,862	64.44	10,814,836	5807.02	302,377	99.45
ii. Castings	09-10	Nos.	-	-	-	-	20,926	4.10
	08-09	Nos.	-	-	-	-	-	-

## ii. Licensed Capacity\*, Installed Capacity and Actual Production

	Year	Units of Measure	Installed Capacity	Actual Production
a. Shock Absorbers & Struts	09-10	Nos.	20,130,325	12,782,311
	08-09	Nos.	18,330,325	9,932,417
b. Front Forks	09-10	Nos.	2,727,300	1,788,784
	08-09	Nos.	2,352,000	981,934
c. Castings	09-10	Nos.	640,000	485,764**
	08-09	Nos.	-	-

Installed capacity is as per a certificate issued by the Management and is not verified by the Auditors being a Technical matter.

\* Licensing requirement for Automotive parts, including the Company's products, have been dispensed with effective July 25, 1991.

\*\* Actual production includes Castings for two wheelers captively consumed 464,838 Nos (Previous Year Nil)

## (B) Particulars in respect of Purchased Goods – Finished

Product	Year	Opening Stock		Purchases		Sales		Closing Stock	
		Qty. Nos.	Value Rs. Million	Qty. Nos.	Value Rs. Million	Qty. Nos.	Value Rs. Million	Qty. Nos.	Value Rs. Million
Shock Absorbers	09-10	460	0.08	11,226	2.17	11,145	2.26	541	0.09
	08-09	293	0.05	8,018	1.23	7,851	1.91	460	0.08
Front Fork	09-10	13,307	0.52	79,875	3.04	75,033	3.48	18,149	0.63
	08-09	14,349	0.50	106,494	3.49	107,536	4.33	13,307	0.52
Gas Springs	09-10	-	-	28,445	3.84	22,168	4.30	6,277	0.83
	08-09	-	-	-	-	-	-	-	-

## 18. Consumption of Raw Materials, Components and Packing Materials:

Items	Unit of Measure	2009-10		2008-09	
		Quantity	Rs. Million	Quantity	Rs. Million
A Raw Materials (Basic)					
Tubes	Meters	21,950,230	771.61	14,448,060	610.44
Bright Bars	Kgs	5,599,230	320.56	3,954,192	233.40
Shock Fluid	Litres	2,185,537	135.82	1,694,806	121.35
Others			387.14		121.62
			1,621.13		1,086.81
B Components					
Pressed Parts	Nos	157,431,397	466.55	127,025,205	397.31
Die Castings	Nos	10,501,823	439.92	6,949,482	427.98
Imported GIL	Litres	810,262	25.12	453,624	4.30
Imported KYB	Litres	24,642,970	143.63	7,063,106	54.74
Rubber Parts	Nos.	85,956,320	525.60	66,554,755	417.58
Springs	Nos.	72,352,530	611.56	61,328,593	440.67
Turned Parts	Nos.	62,169,282	336.38	59,296,980	271.08
Sintered Parts	Nos.	36,429,828	269.94	30,047,504	206.02
Forgings	Nos.	9,667,907	199.71	2,348,168	88.95
Others			437.96		480.46
			3,456.37		2,789.09

19. Job work charges included in cost of materials amount to Rs. 333.93 million (Previous Year Rs. 308.21 million).

20. Value of Imports on CIF basis:	2009-10 Rs. Million	2008-09 Rs Million
i) Raw Materials	662.25	617.47
ii) Components	202.31	115.60
iii) Stores	24.12	16.14
iv) Machinery Spares	67.04	0.02
v) Capital Goods	26.27	94.22

21. Expenditure in Foreign Currency (On Cash Basis):	2009-10 Rs. Million	2008-09 Rs Million
i) Foreign Travel	1.32	2.95
ii) Technical Services	3.79	11.55
iii) Royalty	40.48	23.41
iv) Export Commission	1.21	0.45
v) Professional Fees	2.33	5.03

22. Materials, Components and Spares consumed:

Particulars	2009-10				2008-09			
	Raw Materials & Components		Spares*		Raw Materials & Components		Spares*	
	%	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million
i) Imported at landed cost	18.87	957.95	23.99	28.44	20.60	798.37	25.57	24.63
ii) Indigenous	81.13	4,119.55	76.01	90.10	79.40	3,077.53	74.43	71.69
	100.00	5,077.50	100.00	118.54	100.00	3,875.90	100.00	96.32
iii) *Consumption for repairs to machinery (included in the figures stated above)				10.26				4.27

23. Actual consumption of raw material as disclosed in the Profit and Loss account is derived on the basis of Opening stock + purchases - closing stock = Consumption. The standard consumption based on the bill of material is not fully computed by the company in two of its plants. Accordingly, the amount relating the abnormal scrap, rejections and wastages which is inbuilt in the above mentioned consumption relating to these plants are not fully readily available.

24. Remittances in foreign currency on account of dividend to Non-Resident Shareholders:

	2009-10	2008-09
i) Number of Shareholders	1	1
ii) Number of Shares	11,147,980	11,147,980
iii) Amount remitted (Rs. Million)	11.15	4.46
iv) Relating to year ending	Final dividend for the year 2008-09 and Interim Dividend for 2009-10	Final dividend for the year 2007-08

25. Auditor's Remuneration:

Particulars	2009-10 Rs. Million	2008-09 Rs. Million
For Audit fee	3.50	2.20
For Certification and other charges	1.00	1.44
Expenses reimbursed	0.78	0.29

26. Earnings in Foreign Exchange:

Particulars	2009-10 Rs. Million	2008-09 Rs. Million
FOB Value of Exports	126.13	109.09

27. The Company has identified certain assets which are not in use. The WDV of these assets as at March 31, 2010 is Rs. 17.89 million (Previous Year Rs.24.99 Million) against which an additional provision of Rs. 4.61 million (previous year Rs. 5.19 million) has been made during the year. The total provision being carried at March 31, 2010 is Rs. 13.42 million (Previous Year Rs. 8.81 Million).

28. The amounts of Inter Corporate Deposits outstanding as at the year end from Asia Investments Pvt Ltd, a shareholder of the company are Rs. Nil (previous year Rs. 82.5 million), from Anfilco Limited Rs. 75 million (Previous year Rs.10 million) and from Anand Automotive Systems Limited Rs. 5 million (Previous Year Rs Nil).
29. Disclosure under AS-15

	Gratuity	Rs. Million Leave Encashment
	2009-10	2009-10
<b>Reconciliation of opening and closing balances in the present value of the defined benefit obligation are as follows:</b>		
Defined Benefit obligation at the beginning of the year April 01, 2009	29.52	14.96
Service Cost	3.47	3.14
Interest Cost	2.36	1.20
Benefit settled	(4.44)	(2.71)
Actuarial (Gain)/Loss	0.46	0.39
Defined Benefit obligation at year end March 31, 2010	<u>31.37</u>	<u>16.98</u>
<b>Changes in the fair value of plan assets are as follows:-</b>		
Opening Fair Value of plan assets April 01, 2009	5.10	-
Expected returns	0.44	-
Contributions	-	-
Benefit paid	-	-
Actuarial gains/( losses)	-	-
Closing fair Value of plan assets March 31, 2010	<u>5.54</u>	<u>-</u>
<b>Reconciliation of present value of the obligation and fair value of the plan assets:</b>		
Fair value of plan assets at the end of the year	5.54	-
Present value of defined benefit obligation on March 31, 2010	<u>31.37</u>	<u>16.98</u>
Liability recognized in the balance sheet	<u>25.83</u>	<u>16.98</u>
<b>Costs</b>		
Service Cost	3.47	3.14
Interest Cost	2.36	1.20
Expected return of plan assets	(0.44)	-
Actuarial (gain) / loss	0.46	0.39
Net Costs	<u>5.85</u>	<u>4.73</u>
<b>Assumptions</b>		
Discount factor	8%	8%
Estimated rate of return on plan assets	8.65%	-
Salary Increase	4.5%	4.5%
Withdrawal rate		
Upto 30 years	3%	
31to 44 years	2%	
44 and above	1%	
Retirement age (55 for grade upto 8 and 58 for grade 9 & above)	55 & 58	55 & 58

The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market

30. Other income includes Rs. Nil (previous year Rs. 9.00 million) of reimbursement towards shifting expenses for the manufacturing facility located at Gurgaon.
31. Profit on sale of assets includes gain of Rs. Nil (previous year Rs. 42.80 million) for ceding development rights for a part of the land located at Mulund, Mumbai.
32. One case involving fraudulent purchases of stores and consumables through falsification of records and documents was detected during the year. Based on the investigations carried out by the Company, the estimated amount involved is Rs 4.1 Million over a period of time including previous years. Necessary legal process has been initiated for the recovery of the amount.

33. (a) During the previous year, the Company paid remuneration to the Executive Directors in accordance with the resolutions passed by the Remuneration Committee of the Board of Directors and the Shareholders. An amount of Rs 12.94 million was paid to the Executive Directors in excess of the limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956. The Company had obtained the Shareholders approval in the Annual General Meeting held on July 28, 2009 and has applied to the Central Government and their approval is awaited.
- (b) The Company has purchased machinery from related party i.e. Asia Investments Private Limited without the prior approval of Central Government under Section 297 of the Companies Act, 1956. The Company has filed for Compounding of offence under Section 621A of the Companies Act, 1956 to the Central Government and their approval is awaited.
- (c) The Company has given Inter Corporate Deposits to related party i.e. Asia investments Private Limited without the prior approval of Central Government under Section 295 of the Companies Act, 1956. The Company has filed for Compounding of offence under Section 621A of the Companies Act, 1956 to the Central Government and their approval is awaited.
34. Previous year figures have been re-grouped/reclassified wherever necessary to conform to current year's classification.

Signatures to the Schedules 1 to 19 forming part of the Balance Sheet and Profit and Loss Account.

For PRICE WATERHOUSE & CO.  
Firm Registration Number 007567S  
*Chartered Accountants*

JEETENDRA MIRCHANDANI  
*Partner*  
Membership Number F 48125

*Place : Mumbai*  
*Date: May 29, 2010*

ANSHUL BHARGAVA  
*Company Secretary*

For and on behalf of the Board of  
Directors  
PRAKASH KULKARNI  
*Executive Chairman*

ARVIND WALIA  
*Managing Director*

RUSSI JAL TARAPOREVALA  
PADMINI KHARE KAICKER  
RAJEEV VASUDEVA  
*Directors*

*Place : Mumbai*  
*Date : May 29, 2010*



**V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)**

Item Code No.	8	7	0	8	8	0	-	0	0									
Product Description	S	H	O	C	K	A	B	S	O	R	B	E	R	S				
	M	C	P	H	E	R	S	O	N	S	T	R	U	T	S			
Item Code No.	8	7	1	4	1	9	-	0	0									
Product Description	F	R	O	N	T	F	O	R	K	S								

ANSHUL BHARGAVA  
Company Secretary

For and on behalf of the Board of Directors  
 PRAKASH KULKARNI  
Executive Chairman  
 ARVIND WALIA  
Managing Director  
 RUSSI JAL TARAPOREVALA  
PADMINI KHARE KAICKER  
RAJEEV VASUDEVA  
Directors  
 Place : Mumbai  
 Date : May 29, 2010

# Cash Flow Statement

For the Year ended March 31, 2010

	31.03.10		31.03.09	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
<b>A. Cash flow from operating activities:</b>				
Net profit before tax		352.22		72.33
Depreciation	201.83		152.61	
Interest Expenses	147.95		163.42	
Interest Income	(43.37)		(41.66)	
Dividend	(0.03)		(0.52)	
(Profit)/ Loss on Assets (Net)	1.46		(46.50)	
Provision for leave encashment	2.02		(12.30)	
Provision for gratuity	1.41		(5.25)	
Provision for superannuation	3.36		-	
Provisions - others	7.40		(4.49)	
Provision for doubtful debts and advances	(0.60)		5.47	
Bad debts written off against provision	-		(1.57)	
Provision for assets not in use	4.61		5.19	
<b>Operating profit before working capital changes</b>		<b>326.04</b>		<b>214.40</b>
<b>Adjustments for changes in working capital :</b>				
(Increase)Decrease in Sundry Debtors	49.90		(102.59)	
(Increase)Decrease in Loans and Advances	(35.76)		44.05	
(Increase) in Inventories	(127.42)		(225.82)	
Increase in Trade and Other Payables	79.83	(33.45)	347.15	62.79
<b>Cash generated from operations</b>		<b>644.81</b>		<b>349.52</b>
Direct Taxes Paid		(81.70)		(42.68)
<b>Net cash from operating activities</b>		<b>563.11</b>		<b>306.84</b>
<b>B. Cash flow from Investing activities:</b>				
Purchase of fixed assets	(307.05)		(727.66)	
Decrease in Capital Work in Progress	28.04		252.08	
Proceeds from Sale of fixed assets	2.05		50.84	
Sale of units of Unit trust of India	-		9.75	
Purchase of investment	(0.01)		-	
Decrease in intercorporate deposit given	12.50		150.00	
Security deposit	-		(43.00)	
Interest received	43.37		41.66	
Dividend received	0.03		0.52	
<b>Net cash used in investing activities</b>		<b>(221.07)</b>		<b>(265.81)</b>

	31.03.10		31.03.09	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
<b>C. Cash flow from financing activities:</b>				
(Repayment) of long term borrowings	(209.32)		(114.36)	
Proceeds from AECL	-		18.30	
Proceeds from Fixed Deposit	163.47		186.83	
Increase in Working Capital facilities (net)	139.54		205.40	
(Decrease) of short term borrowings (net)	(179.33)		(172.45)	
Interest Paid	(130.00)		(161.15)	
Dividend Paid	(70.93)		(29.94)	
Corporate dividend tax paid	(12.21)		(4.88)	
<b>Net cash from/(used) in financing activities</b>		<b>(298.78)</b>		<b>(72.25)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>43.26</b>		<b>(31.22)</b>
<b>Cash and cash equivalents as at Opening</b>		<b>90.83</b>		<b>122.05</b>
<b>Cash and cash equivalents as at Closing</b>		<b>134.09</b>		<b>90.83</b>
<b>Cash and cash equivalents includes</b>				
Cash-in-Hand		0.84		1.15
With Scheduled Banks				
In Current Accounts		51.62		49.89
In Unpaid Dividend Accounts		5.78		4.89
In Fixed Deposit Accounts		-		0.03
In Margin Money Accounts		75.85		34.87
		<u>134.09</u>		<u>90.83</u>

**Notes :**

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outflow.
3. Previous period figures have been regrouped and recast wherever necessary to conform to the current year classification.

This is the Cash Flow Statement referred to in our report of even date.  
For **Price Waterhouse & Co.**  
Firm Registration Number 007567S  
Chartered Accountants

**JEETENDRA MIRCHANDANI**  
Partner  
Membership Number F 48125

Place : Mumbai  
Date : May 29, 2010

ANSHUL BHARGAVA  
Company Secretary

For and on behalf of the Board of Directors

PRAKASH KULKARNI  
Executive Chairman

ARVIND WALIA  
Managing Director

RUSSI JAL TARAPOREVALA  
PADMINI KHARE KAICKER  
RAJEEV VASUDEVA  
Directors

Place : Mumbai  
Date : May 29, 2010

CEO/CFO Certification.

To the Board of Directors of Gabriel India Limited.

We, Arvind Walia, Managing Director, and M.J. Kishore, Financial Controller certify that:

- (A) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2010, and that to the best of our knowledge and belief
- (I) These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading;
  - (II) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's Code of Conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the Auditors and the Audit Committee that:
- (I) There has not been any significant change in internal control over financial reporting during the year under reference;
  - (II) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - (III) There has not been any instance during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting except as mentioned in Schedule 19 Note No. 32.

Place : New Delhi  
Date : May 18, 2010

M.J. Kishore  
Financial Controller

Arvind Walia  
Managing Director

**ATTENDANCE SLIP**

# Gabriel India Limited

*Registered Office :*

29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501  
(To be handed over at the entrance of the Meeting Hall)

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Name of the Shareholder  
(in Block Letters)

Member's Folio  
Number

---

Name of the Proxy (in Block Letters)  
(To be filled in if the Proxy attends instead of the Member)

---

No. of shares held.....

I hereby record my presence at the 48th Annual General Meeting on Wednesday, July 28, 2010 at the Auditorium, Gabriel India Limited, 29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501.

---

Member's/Proxy's Signature

To be signed at the time of handing over this slip

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## Proxy

I/We .....of.....

being a Member of Gabriel India Limited, hereby appoint .....

..... of..... or failing him

..... of.....

as my/our proxy to attend and vote for me/us and on my/our behalf at the Forty Eighth Annual General Meeting of the Company to be held on July 28, 2010 and at any adjournment thereof.

As witness my/our hand (s) this ..... day of ..... 2010

Signed by the said.....

Affix  
Re. 1  
Revenue  
Stamp



## **GABRIEL INDIA LIMITED**

29th Milestone, Pune-Nashik Highway,  
Village Kuruli, Taluka Khed,  
Pune - 410 501

***GABRIEL***