

# Gabriel India Limited

Deep C Anand  
**Chairman Emeritus**

**Board of Directors**  
Prakash Kulkarni  
Executive Chairman

Arvind Walia  
Managing Director

Russi Jal Taraporevala  
Ravi K Sinha  
Padmini Khare Kaicker  
Rajeev Vasudeva  
Deepak Chopra  
Rakesh Sachdev

**VP & Head of Finance**  
Alok Agarwal

**Company Secretary**  
Anshul Bhargava

## **Bankers**

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

## **Auditors**

Price Waterhouse & Co.  
Building No. 8, Tower B  
DLF Cyber City,  
Gurgaon - 122 002

## **Solicitors**

VD Wadia & U Deshi  
Elphinstone House,  
1st Floor, 17, Mezbon Road,  
Opp Sterling Theatre,  
Mumbai

## **Corporate Offices**

1 Sri Aurobindo Marg  
New Delhi 110 016

Magnet House  
N M Marg  
Ballard Estate  
Mumbai 400 038

## **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

## **Sales Office**

10, Prasad Chambers  
Opera House  
Mumbai 400 004

## **Manufacturing Facilities**

B-2 MIDC  
Ambad Indl. Area  
Nashik 422 010 (Maharashtra)

5, Industrial Area No. 3  
Agra-Mumbai Road  
Dewas 455 001  
(Madhya Pradesh)

Plot No. 5, Sector II  
Parwanoo 173 220  
(Himachal Pradesh)

29th Milestone  
Pune-Nashik Highway  
Village Kuruli  
Taluka Khed  
Pune 410 501 (Maharashtra)

52-55, S.No. 102/3 -106 (PT)  
Sipcot, Phase - II  
Moranapalli Village  
Hosur 635 109 (Tamil Nadu)

38 KM Stone Behrampur Road,  
Khandsa, Gurgaon - 122 001  
(Haryana)

## Financial Highlights

	<b>2008-09</b>	<b>2007-08</b>
Domestic Sales (Rs Million)	5758.1	5344.5
Export Sales (Rs Million)	109.1	72.2
Total Sales (Rs Million)	5867.2	5416.7
Profit Before Tax (Rs Million)	72.3	123.6
PBT as a % to Sales	1.2	2.3
Profit After Tax (Rs Million)	56.1	76.5
PAT as a % to Sales	1.0	1.4
Return on Net Worth (%)	4.2	5.8
Net Worth per Share (Rs)	18.4	18.5
Earning per Share (Rs) -Basic & Diluted	0.8	1.1
Dividend per Share (Rs)	0.7	0.7
Dividend Cover (Times)	1.1	1.6
Return on Total Assets (%)	1.3	2.0

## Company Highlights



- Commenced commercial production at Gabriel-Khandsa
- Supplies started for Tata Nano from Dewas facility
- Set-up of the Chrome plating facility at Gabriel-Khandsa
- Additional facility setup in Chakan to service the Commercial vehicle segment
- Set-up of the Aluminium casting facility at Chakan



with a single plant in Mulund, Mumbai, the Company has grown manifold since then and has six manufacturing facilities across the country.

## Facilities

The six facilities spread strategically across the country facilitate just-in-time supplies to its customers and optimise the availability of materials having a combined capacity of over 18 million Shock absorbers, Struts and 2.5 million Front forks to service the requirement of - OE, Replacement and Exports - for application in four, three and two-wheelers as well as the Indian Railways.



BOTTOM LEFT: Mr Arvind Wallia, MD, Gabriel India, giving a memento to Mr Sanjeev K Yogi, Dept Head-Purchase, India Yamaha Motor Pvt Ltd, for the Company's support at a Meet organised by Gabriel India. Also seen is Mr Tsuji, President & MD, India Yamaha Motor Pvt Ltd

## Four Wheelers – Passenger Car Segment

### Chakan (Pune)

The Chakan facility was set up in 1997 having annual production capacity of 2.7 million, Struts and Shock absorbers, servicing all Passenger car OEMs like Tata Motors, Hyundai, Renault, General Motors, Ford, Maruti Suzuki etc.

The facility is equipped to manufacture products based on latest technologies from KYB Corporation, Japan and KYBSE, Spain, meeting the requirements of European, Japanese and Korean OEMs.



BOTTOM RIGHT: Mr Diwakar Bhatt, DGM, Gabriel India and his team were awarded the Anand Engineering Excellence award for the project 'Canister-Rear Gas Shox, receiving the award from Mr Deepak Chopra, CEO, Designate, Anand Automotive Systems and Mr KN Subramaniam, Member-Anand Policy Committee

## Company Profile

Gabriel India Limited, leader in the Indian auto component industry, manufactures Shock absorbers, Struts and Front forks with the widest range of Ride Control products in India, catering to Passenger cars, Utility vehicles, Commercial vehicles and two-wheelers. Sold under the renowned brand 'Gabriel', the products have established a strong presence both in domestic OE as well as overseas markets and the brand is synonymous with Shock absorbers. Commencing operations in 1961

TOP: Mr CS Patel, CEO, Anand Automotive Systems receiving the Bajaj TPM & Quality award from Mr Rajiv Bajaj, MD, Bajaj Auto Limited. Also seen is Mr Yamaguchi, TPM Consultant (centre)



The plant is certified for TS 16949, ISO 14001 and OHSAS 18001 and also meets the quality requirements of the international and Indian customers like Renault, Volkswagen, Ford, GM and Hyundai.

## Khandsa (Gurgaon)

The Khandsa facility, a benchmark plant for Ride Control products in India, commenced production in

April 2008. Set up with most modern equipment and processes including, for the first time in the Company, in-house facility for E-coating and Chrome plating. The dyna chrome technology for Chrome plating of Piston rods, sets a high standard in this technology and has been introduced for the first time in South East Asia. The plant supplies Shock absorbers and Struts to Maruti Suzuki. It has a production capacity of 2.5 million units.



TOP : L-R - Prof. Prem Kumar Dhumal, Chief Minister, Himachal Pradesh, Mr Deep C Anand, Chairman, Anand Automotive Systems, Dr Rajeev Bindal, Health Minister, Himachal Pradesh, Mr KC Anand, Trustee, Deep C Anand Foundation and Mr Prakash Kulkarni, Executive Chairman, Gabriel India after unveiling the Plaque on the occasion of the inauguration of the Parwanoo plant

Centre : Mr SG Kate, TPM Coordinator, Bajaj Auto Limited, releasing the TPM Policy at Gabriel-Nashik facility

## Commercial Vehicles

### Dewas

Set up in 1992, the plant has a production capacity of 4 million nos. of Shock absorbers, meeting the requirements of Commercial vehicles, supplying to OEMs like Tata Motors, Eicher, M&M, Force Motors, Ashok Leyland and others. The Plant has a continuous focus on development of products to meet the requirements of damping forces in the vehicles.

The Dewas facility is certified for QS9000, ISO14001, OSHAS18001, TS16949 and has successfully implemented Toyota Production System, expecting to have

BOTTOM: Mr Jose Antoinio, GM-Suppliers & Logistics, Ms Maria Fernanda, President and Mr Carlos Juri, President, Co-exito, SA, on a visit to Gabriel-Hosur



also has the wherewithal to manufacture new generation products for Indian Railways.

## Two-wheelers

### Ambad (Nashik)

The Nashik facility was set-up in 1990 to manufacture Shock absorbers and Front forks for two-wheelers - scooters and motorcycles - with technology partner, Yamaha Motor Hydraulic Systems, a 100% subsidiary of Yamaha Motor Company, Japan. The plant has a manufacturing capacity of 2.4 million Shock absorbers and 0.6 million Front forks supporting domestic OEMs like Bajaj, Yamaha, Piaggio and is quality certified for TS16949 and has successfully implemented TPM.



TOP: New Twin Shox Dia 30 mm developed for India Yamaha Motor, during the year

CENTRE: New Shox developed with Dia 20mm Monotube Canister for TVS Motor Company for the Indonesia plant

significant increase in productivity and quality through TPS implementation. The plant has recently started supplies for the TATA-Nano.

### Chakan (Pune)

Anticipating growth and demand in Commercial vehicle segment, the Company has set up an additional facility at Chakan, Pune, having a combined manufacturing capacity of 1.2 million nos. of Shock absorbers and Struts. This plant is planned to meet requirement of the customers from west India – Bajaj Auto and Tata Motors. The plant

### Hosur

The plant, set-up in 1997, manufactures 2 million Shock absorbers and half a million Front forks for the two/three-wheeler industry, ensuring supplies to OEMs-TVS, Suzuki, HMSI, Yamaha and others. The plant is equipped with the capacity and high level of competency for developing new products with the technology support from Yamaha Motor Hydraulic Systems and KYB Corp., Japan. The products manufactured at this facility are exported to Yamaha Motor Hydraulic Systems, Japan for the Japanese market and supports TVSM, Indonesia for its products launched in Indonesia.

### Parwanoo

Set-up in 2007 to meet the requirements of the replacement market and optimise the benefits available under special scheme of Govt. of India for hilly regions including Himachal Pradesh, the Plant manufactures Shock absorbers and Struts for





Commercial vehicles, Passenger cars and Front forks for 2-wheelers.

## Casting Facility

The Company's initiative to set up an Aluminium Casting facility within the Chakan campus has been completed. This Casting facility will provide Outer tubes required to make Front forks, that will be manufactured with the technical support from KYB Corp., Japan. The facility has developed competency to manufacture, for the first time in India, product from a specialised alloy to meet critical requirements of high end motorcycles. The manufacturing is scheduled to commence by July, 2009.

## Research & Product Development

With judicious investments and requisite focus, the Company has created a pool of resources - people and infrastructure - to develop new products, subject the new developments through various tests to check and enhance capability. The Company's R&D division is located in Chakan, Pune, focusing on 4-wheelers - Passenger cars and Commercial vehicles - while the R&D facilities at Hosur and Ambad focus on 2-wheelers. The Company provides adequate facilities like that of the Ride Tuning Van to provide concurrent Ride Tuning services.

Value added services like CAE - Computer Aided Engineering - are also provided to enhance product performance.

## Technical Support Group

The Company has a centralised Technical Support Group supporting all Gabriel plants, focusing on development and production of equipments, plant setup and to optimise and



TOP: Gabriel India team members posing at the Gabriel booth at the Technology Day organised at Bajaj Auto

BOTTOM RIGHT: Mr CS Patel, CEO, Anand Automotive Systems with the Anand participants (Operating Engineers) at Anand 'U'-Bangalore posing for a photo after the completion of training at NTTF, Bangalore



of a broad range of integrated systems, modules and components to the motor vehicle industry. ArvinMeritor marks its centennial anniversary in 2009, celebrating a long history of 'forward thinking.' ArvinMeritor serves commercial truck, trailer and specialty original equipment manufacturers and certain aftermarkets, and light vehicle manufacturers.

The Company also has Technical collaboration with KYB Corporation, Japan and KYBSE Spain, established in 1919 in Japan, a renowned manufacturer of Ride Control Products in Japan, supplying to well known vehicle manufacturers globally. Other technical collaborator of the Company is Yamaha Motor Hydraulic Systems, Japan, a 100% subsidiary of Yamaha Motors, Japan, specialising in the manufacture and sale of Shock absorbing components for automobiles.

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.

## Exports

Though not meeting the Company's expectations, the exports were significantly higher than previous year ending March 2008. The Company is focusing to develop the replacement market in South East Asian countries. The products are fitted into 'A-Star', which is exported to Europe and Japan by Maruti Suzuki Motors Limited. Other export initiatives with respect to Yamaha Motor Powered Products Co. Ltd. and CVS (ArvinMeritor) continues as in the past. The Company continues to focus on growing exports in 2009-10.

standardise manufacturing processes.

The Company applied for patent for improved induction hardening system for Cylindrical and stepped Cylindrical Rods and a unique method for testing and checking the presence of nodular chrome.

## Collaborators

Gabriel India has financial cum technical collaboration for Ride Control Products with ArvinMeritor Inc., USA, a premier global supplier



TOP : The Group's participation in IZB 2008, exhibition organised in Wolfsburg, Germany where Gabriel India also showcased its capability

BOTTOM RIGHT: Participants of the Training Programme on Lean Manufacturing organised by Anand 'U', the Group's Corporate university





## Replacement Market

The Company's strong focus on the replacement market has helped establish a leadership position, servicing through OEMs as original spare parts and also directly under the 'Gabriel' brand name. The Company has a vast distribution network comprising of 300 dealers in all major cities of the country, supporting about 10,000 retail outlets, coordinated and serviced by a team of 25 strong fieldforce.

## Human Resource Development

The Company firmly believes that people are its most important asset. Its people-practices focus on personal and professional development to align individual goals with organisational objectives. This philosophy and innovative people practices have earned the Company its efficient and dedicated workforce.



With a view to develop a leadership pipeline and have a productive and efficient workforce to overcome the challenging business environment, special HR initiatives are undertaken. Anand Production System - APS - was launched across all Gabriel plants with the objective to achieve manufacturing excellence and provide structured nurturing of people identified as Key Talent.

The Company believes that training is an important process for development of people; lending support to all training requirements



TOP: Participants at the All India Dealer Conference organised by Gabriel India at Jaipur  
CENTRE: Participants at the seminar on India Auto Parts for Profit in Colombo, Sri Lanka during the year

BOTTOM LEFT: Mr Alok Agarwal, VP-Finance, Gabriel India, receiving the 10-year Service award

BOTTOM RIGHT: Ms Sandeep Kaur, Manager-Manufacturing, Gabriel India, receiving her certificate after the successful completion of the Visionary Leaders for Manufacturing programme. Also seen is Prof. Shoji Shiba (extreme left)



knowledge and quality systems and procedure.

Constant emphasis to improve Quality, Cost, Delivery, Growth, Productivity/Profitability under QCDGP and other programmes like Six Sigma, Total Productive Maintenance (TPM), Anand Production System (APS) conducted by the Anand 'U'. Other training programmes for soft skill development like leadership, building assessment skills, time management, personality development, stress management are organised depending on the requirements of the people.

of people is Anand's technical and management institute, Anand 'U', which designs and conducts programmes to suit the Company's requirements. Besides other growth opportunities, the Company offers job rotation, multi-function responsibilities, empowerment and overseas secondment to encourage cross-functional exposure and cross-pollination of ideas. The Company has started a training school at Chakan to provide training to the newly recruited Operating Engineers covering basics of manufacturing including process, product

## Corporate Social Responsibility

The Company continues to attach importance to 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 among other corporates/partners in the

neighbourhood, the 'spirit of giving'. SNS Foundation, a charitable Trust which has sanction 100% tax exemption status under section 35 AC of the Income Tax Act of Government of India, offers to be custodians of the funds donated for projects or activities specified by the donors. 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.



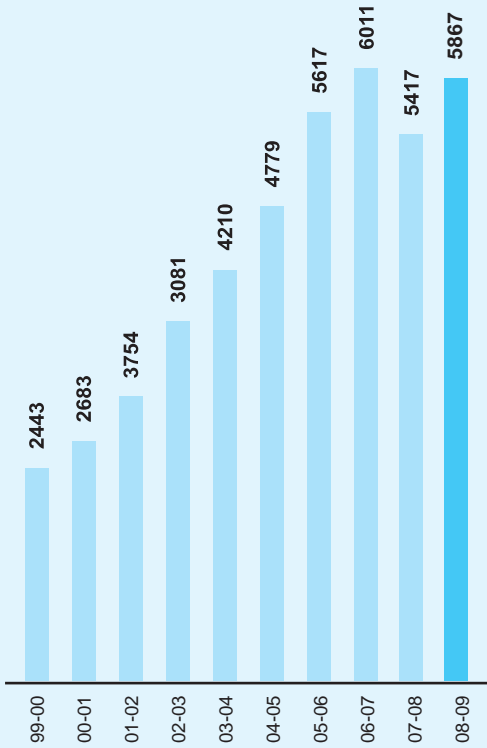
TOP: Student Beneficiaries receiving Scholarship cheques as part of the Avneet Singh Scholarship organised by SNS Foundation

BOTTOM RIGHT: Volunteers for the Teach India Campaign at one of SNSF's Learning Centre with the students

# Working Results at a Glance

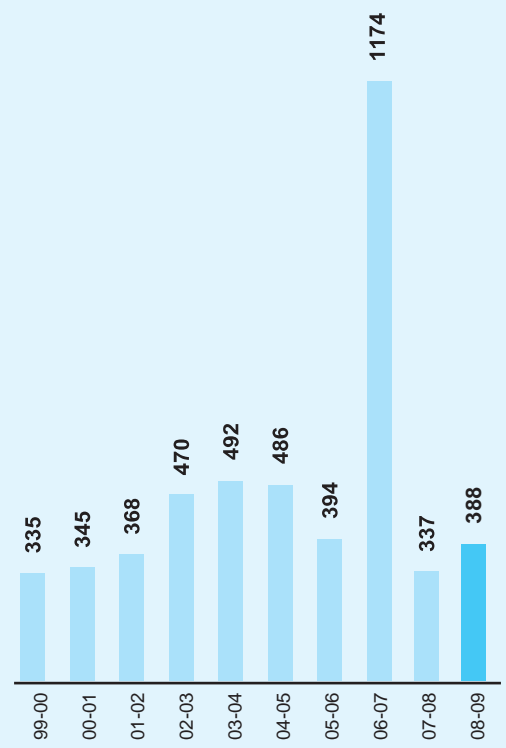
**Sales**

(Rs million)



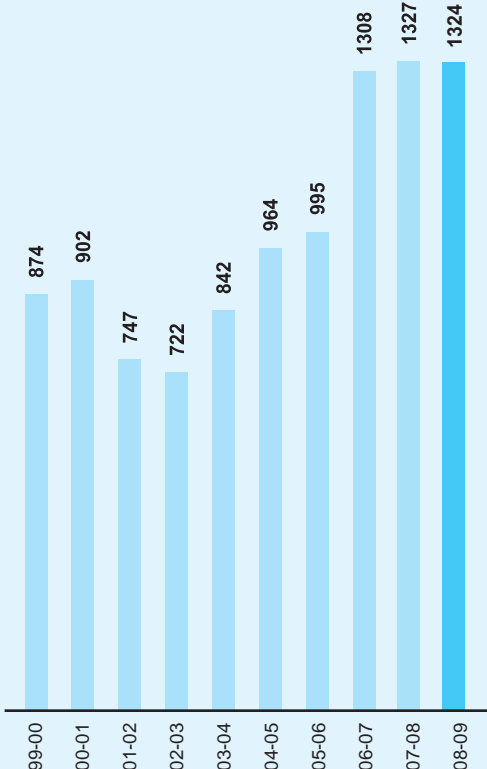
**Gross Profit**

(Rs million)

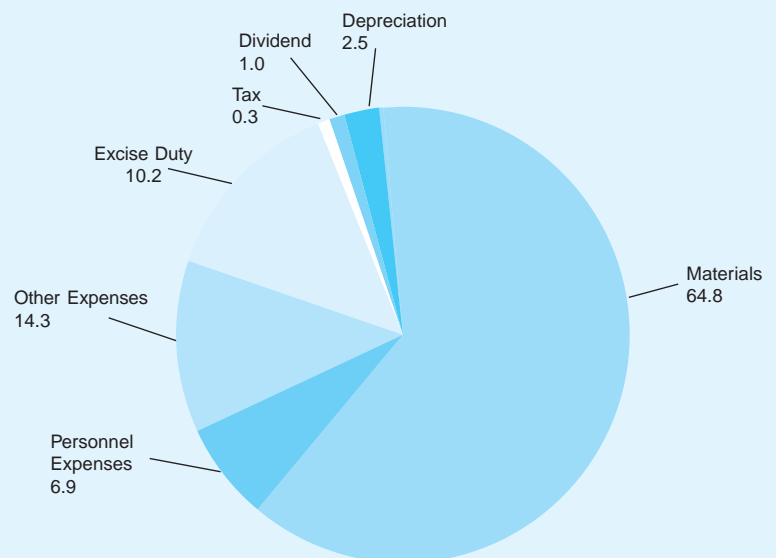


**Shareholders' Funds**

(Rs million)



**Distribution of Income (In %)**



## Working Results at a Glance

Year	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
	<b>Rs Million</b>									
Share Capital	71	71	71	72	72	72	72	72	72	72
Reserves & Surplus	803	831	676	650	770	892	923	1236	1255	1252
Shareholders Funds	874	902	747	722	842	964	995	1308	1327	1324
Loans	1425	1371	1282	1050	971	913	1033	736	1461	1569
Deferred Tax Liability			204	233	237	217	195	106	104	106
<b>Funds Employed</b>	<b>2299</b>	<b>2273</b>	<b>2233</b>	<b>2005</b>	<b>2050</b>	<b>2094</b>	<b>2222</b>	<b>2150</b>	<b>2892</b>	<b>2999</b>
Fixed Assets(Gross)	1870	1960	2043	2302	2454	2545	2729	2251	2786	3218
Depreciation	520	605	725	918	1055	1200	1352	1070	1193	1306
Net Block	1350	1355	1318	1384	1399	1345	1377	1181	1593	1912
Investments	122	115	270	10	10	10	10	10	143	133
Net Current Assets	827	803	645	611	641	739	836	960	1156	954
<b>Net Assets Employed</b>	<b>2299</b>	<b>2273</b>	<b>2233</b>	<b>2005</b>	<b>2050</b>	<b>2094</b>	<b>2222</b>	<b>2150</b>	<b>2892</b>	<b>2999</b>

	<b>Rs Million</b>									
Sales	2443	2683	3081	3754	4210	4779	5617	6011	5417	5867
Gross Profit	335	345	368	470	492	486	394	1174	337	388
Interest	206	186	172	130	84	70	83	66	75	163
Depreciation	98	109	122	137	146	153	158	127	138	153
Profit/(Loss) Before Tax	31	50	74	203	262	263	153	981	124	72
Tax	4	4	34	86	95	84	64	250	47	16
Profit/(Loss) After Tax	27	46	40	117	167	179	88	731	76	56

	<b>Rs</b>									
Dividend per Share	2.0	2.5	3.0	5.0	6.0	7.0	0.7	0.7	0.7	0.7
Earnings per Share	3.7	6.4	5.6	16.4	23.2	24.9	1.2	10.2	1.1	0.8

	<b>Million Nos</b>									
Production										
Shock Absorbers,										
Struts & Front Forks	6.3	6.1	6.4	8.0	8.8	9.8	10.9	12.4	11.8	10.8
Bimetal Bearings	8.1	8.2	8.0	7.9	7.7	8.9	9.2	-	-	-

Note : Figures for 05-06, 06-07 and 07-08 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-Seventh 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 Tuesday, 28th July, 2009 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 31st March 2009, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint Mr Gurdeep Singh, who has offered himself for appointment, as a Director in place of Mr Ravi Sinha who retires by rotation and has expressed his inability to continue as a Director of the Company.
4. To appoint a Director in place of Mrs Padmini Khare Kaicker who retires by rotation, and being eligible, offers herself 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 Rajeev Vasudeva who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 by the Board of Directors in their meeting held on 12th November, 2008 and who holds office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257, along with a deposit of Rs 500 from a member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of directors 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 partial modification of the resolutions passed by the Members in this regard in their Annual General Meeting held on 21st July 2008 and subject to provisions of sections 198, 269 and 309, read with Schedule XIII to the Companies Act, 1956 and approval of the Central Government, approval be and is hereby accorded for payment of remuneration of an amount up to Rs 10.38 million in 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.  
RESOLVED FURTHER THAT remuneration within the abovementioned limit be paid to Mr Arvind Walia, Managing Director for the year 2008-09 in form of salaries, allowances, perquisites and bonus, as fixed by the Board as minimum remuneration in absence or inadequacy of profits during the financial year 2008-09.
8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
RESOLVED THAT in partial modification of the resolutions passed by the Members in this regard in their Annual General Meeting held on 21st July 2008 and subject to provisions of sections 198, 269 and 309, read with Schedule XIII to the Companies Act, 1956 and approval of the Central Government, approval be and is hereby accorded for payment of remuneration of an amount up to Rs 6.56 million for the financial year 2008-09 in form of salaries, allowances, perquisites, bonus as fixed by the Board to Mr Prakash Kulkarni as the Executive Chairman of the Company.  
RESOLVED FURTHER THAT remuneration within the abovementioned limit be paid to Mr Prakash Kulkarni as the Executive Chairman for the year 2008-09 in form of salaries, allowances, perquisites and bonus, as fixed by the Board as minimum remuneration in absence or inadequacy of profits during the financial year 2008-09.
9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
RESOLVED THAT subject to approval of the Central Government, approval be and is hereby accorded for waiver of recovery of excess remuneration of an amount of Rs 6.74 Million, as calculated in terms of the provisions of the Companies Act, 1956, paid to Mr KN Subramaniam as the Managing Director of the Company up to 21st May 2008.

Mumbai  
May 26, 2009

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 Tuesday, 21st July, 2009 to Tuesday, 28th July, 2009 (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 Tuesday, 28th July, 2009. 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 Tuesday, 28th July, 2009.
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, 2nd 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 31st March, 2002, 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 31st March, 2002, 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 the Listing Agreement are mentioned in the enclosed Table 'A'- I & II.
9. Members desirous of making a nomination in respect of their shareholding, as permitted by Section 109A of the Companies Act, 1956, are requested to write to the Share Transfer Agents 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

Mr Rajeev Vasudeva was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 by the Board of Directors of the Company at their meeting held on November 12, 2008. Pursuant to Section 260 of the Companies Act, 1956 read with Article 111 of the Articles of Association of the Company, Mr Rajeev Vasudeva holds office upto the date of ensuing Annual General Meeting.

A Notice has been received by the Company from a member, under Section 257 of the Companies Act, 1956, signifying his intension to propose Mr Rajeev Vasudeva as a candidate for the office of the Director, alongwith a deposit of Rs 500/-.

The particulars of Mr Rajeev Vasudeva, which are required to be disclosed pursuant to clause 49 IV(G) of the Listing Agreements are mentioned hereunder as 'Table A' - III.

The Board of Directors are of the view that having regard to Mr Rajeev Vasudeva's experience, it would be in the interest of the Company to appoint him as a Director and, accordingly, recommend the resolution for your approval.

Excepting Mr Rajeev Vasudeva, none of the Directors of the Company is in any way concerned or interested in the said resolution.

#### 'TABLE A'

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

##### I. Gurdeep Singh

Name of Director	Gurdeep Singh
Date of birth	23.07.1944
Expertise in specific functional areas:	Process implementation, Human resource and Industrial relation, Business development and Technical support
Qualifications:	B.Tech & Chemical Engg.
List of other Companies in which Directorships held:	Blue Star Limited Perfect Circle India Limited Halonix Limited Tecnova India Pvt. Limited Everest Kanto Cylinder Limited
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Shareholder Grievance Committee - Blue Star India Limited
	Audit Committee & Share transfer committee - Halonix Limited
	Audit Committee - Perfect Circle India Limited
	Remuneration Committee - Halonix Limited

## II. Padmini Khare Kaicker

Name of Director	Padmini Khare Kaicker
Date of birth	15.04.1965
Date of Appointment:	19.07.2005
Expertise in specific functional areas:	Finance, Audit and Taxation
Qualifications:	CA & CPA (USA)
List of other Companies in which Directorships held:	Perfect Circle India Ltd.
Memberships/Chairmanships of Committees of Directors of the Company	Audit Committee Remuneration Committee Share Transfer Committee
Memberships/Chairmanships of Committees of Directors of other Companies	Audit Committee - Perfect Circle India Ltd.

## III. Rajeev Vasudeva

Name of Director	Rajeev Vasudeva
Date of birth	19.07.1959
Date of Appointment:	12.11. 2008
Expertise in specific functional areas:	Specializing in recruitment and assessment of CEO's, COO's and critical leadership talent in the Technology and private equity sectors
Qualifications:	CA, MBA & LLB
List of other Companies in which Directorships held:	Egon Zehnder International Pvt. Ltd.,
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Nil

### ITEM NO. 7

Mr Arvind Walia has been appointed as the Managing Director of the Company for a period of five years with effect from May 21, 2008 by the Board of Directors and Members of the Company on payment of such remuneration not exceeding the limit prescribed under Schedule XIII to the Companies Act, 1956. However, due to economic recession globally, Company's actual profits during the financial year 2008-09 are far less than expected. Also, remuneration of Mr Arvind Walia for the year 2008-09 includes payment towards Management Incentive Bonus Plan and Long Term Management Incentive Bonus Plan (Retention Bonus) payable to him for his past services rendered as the Whole Time Director of the Company. As a result, remuneration of Mr Arvind Walia for the financial year 2008-09 has exceeded the limits under Scheduled XIII as approved by the Members, thus requiring approval of Central Government.

The Directors recommend passing of the said resolution by Members as a Special Resolution.

The contents of the Notice & Explanatory Statement should be considered as an abstract of the terms of appointment and variation thereof of Mr Arvind Walia as the Managing Director of the Company and a memorandum as to the nature of concern or interest of the other Directors in the said terms or variation as required under section 302 of the Companies Act, 1956

None of the Directors, except Mr Arvind Walia is interested or concerned in the aforesaid resolution.

### ITEM NO. 8

Mr Prakash Kulkarni has been appointed as the Executive Chairman of the Company for a period of three years with effect from May 21, 2008 by the Board of Directors and Members of the Company on payment of such remuneration not exceeding the limit prescribed under Schedule XIII to the Companies Act, 1956. However, due to economic recession globally, Company's actual profits during the financial year 2008-09 are far less than expected. As a result, remuneration of Mr Prakash Kulkarni for

the financial year 2008-09 has exceeded the limits under Scheduled XIII as approved by the Members, thus requiring approval of Central Government.

The Directors recommend passing of the said resolution by Members as a Special Resolution.

The contents of the Notice & Explanatory Statement should be considered as an abstract of the terms of appointment and variation thereof of Mr Prakash Kulkarni as the Executive Chairman of the Company and a memorandum as to the nature of concern or interest of the other Directors in the said terms or variation as required under section 302 of the Companies Act, 1956

None of the Directors, except Mr Prakash Kulkarni is interested or concerned in the aforesaid resolution.

#### ITEM NO. 9

9. Mr KN Subramaniam ceased to be the Managing Director of the Company with effect from May 21, 2008. During the financial year 2008-09, Mr KN Subramaniam was entitled to remuneration not exceeding the limits prescribed under Schedule XIII to the Companies Act, as approved by the Members of the Company in their Annual General Meeting held on 24th July 2006. However, due to economic recession globally, Company's actual profits during the financial year 2008-09 are far less than expected. Also, remuneration of Mr KN Subramaniam for the year 2008-09 includes payment towards Management Incentive Bonus Plan and Long Term Management Incentive Bonus Plan (Retention Bonus) payable to him for his past services rendered as the Managing Director of the Company. As a result, remuneration of Mr KN Subramaniam for the financial year 2008-09 has exceeded the limits approved by the Members, thus requiring approval of Central Government for waiver of recovery of excess remuneration paid to Mr KN Subramaniam as the Managing Director of the Company up to 21st May 2008.

The Directors recommend passing of the said resolution by Members as a Special Resolution.

None of the Directors are interested or concerned in the aforesaid resolution.

Additional Information as required under Schedule XIII of the Companies Act, 1956 is provided in 'Annexure – A' hereto.

#### ANNEXURE - A

##### STATEMENT CONTAINING INFORMATION AS REQUIRED UNDER CLAUSE (iv) OF SUB-PARA (C) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956.

##### I. GENERAL INFORMATION:

1. Nature of Industry:

The Company is an auto component manufacturing industry. Its major products are Shock Absorbers and Struts.

2. Date of Commencement of Commercial Production:

The Company commenced its business in February 1962.

3. Financial performance of the Company in past three years:

(Rs in Millions)

	2005-2006	2006-2007	2007-08
Sales	5617	6011	5417
PBT	153	981	124

4. Export performance and net foreign exchange collaborations:

- Earnings in foreign exchange transaction – 109.09 million

5. Foreign investments or collaborators, if any:

Investments in Gabriel India Limited by Foreign Investors:

- Gabriel International Inc (ArvinMeritor) – Its shareholding in Gabriel India Limited is 15.52%
- Collaborations of Gabriel India Limited:
  - KYB Corporation Japan
  - KYB Suspensions Europe
  - Yamaha Motor Hydraulic Systems Company Limited Japan

## **II. INFORMATION ABOUT THE APPOINTEES:**

### **MR ARVIND WALIA**

1. Background Details:

Mr Arvind Walia is 54 years old and is a Chartered Accountant by profession and has a cumulative work experience of almost 30 years in areas of finance, tax, operations, legal matters and project management.

2. Past remuneration: As on 31<sup>st</sup> March 2008

The remuneration paid to Mr Arvind Walia in year 2007-08 is Rs 5.19 million.

3. Job Profile and his suitability:

The job involves operational and administrative responsibilities of the Company. In his capacity as the Managing Director, Mr Arvind Walia will be accountable to the Board of Directors and Members of the Company for the overall financial and operational performance of the Company.

Mr Arvind Walia has earlier served the Company as the Wholetime Director of the Company for a period of 2 years i.e. from May 2006 to May 2008.

4. Remuneration Proposed:

Salary: Such amount per month from 1<sup>st</sup> April 2008 as may be fixed by the Board of Directors from time to time provided that such basic salary shall not exceed Rs 3,00,000/- per month and other allowances/perquisites and bonus as also fixed by the board, subject to an overall maximum annual remuneration as permissible under Schedule XIII of the Companies Act, 1956.

5. Comparative remuneration profile:

The Remuneration Committee has evaluated the proposed package in comparison to similar sized companies in the Automobile industry and with the remuneration package of Operational heads in comparable organizations. In the opinion of the Remuneration Committee and the Board, the proposed remuneration package is fair and reasonable.

6. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Except for the remuneration payable to Mr Arvind Walia, for which approval is being sought, Mr Arvind Walia has no direct or indirect pecuniary relationship with the Company. Mr Arvind Walia does not have any pecuniary relationship, direct or indirect with any of the Directors of the Company.

### **MR PRAKASH KULKARNI**

1. Background Details:

Mr Prakash Kulkarni is 62 years old and is a Mechanical Engineer by profession and has a cumulative work experience of almost 37 years in areas of operations, and project management. He had been Managing Director of Thermax India Limited and was instrumental in its success.

2. Past remuneration: As on 31<sup>st</sup> March 2008

The remuneration paid to Mr Prakash Kulkarni in 2007-08 is Nil .

3. Job Profile and his suitability:

The job involves operational and administrative responsibilities of the Company. In his capacity as the Executive Chairman, Mr Prakash Kulkarni will be accountable to the Board of Directors and Members of the Company for the overall financial and operational performance of the Company.

4. Remuneration Proposed:

Salary: Such amount per month from 1<sup>st</sup> April 2008 as may be fixed by the Board of Directors from time to time provided that such basic salary shall not exceed Rs 5,00,000/- per month and other allowances/perquisites and bonus as also fixed by the board, subject to an overall maximum annual remuneration as permissible under Schedule XIII of the Companies Act, 1956.



5. Comparative remuneration profile:

The Remuneration Committee has evaluated the proposed package in comparison to similar sized companies in the Automobile industry and with the remuneration package of Executive Chairman in comparable organizations. In the opinion of the Remuneration Committee and the Board, the proposed remuneration package is fair and reasonable.

6. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Except for the remuneration payable to Mr Prakash Kulkarni, for which approval is being sought, Mr Prakash Kulkarni has no direct or indirect pecuniary relationship with the Company. Mr Prakash Kulkarni does not have any pecuniary relationship, direct or indirect with any of the Directors of the Company.

**III. OTHER INFORMATION:**

1. Reasons of loss or inadequate profits:

The Company is in the manufacturing of auto component segment. Due to the recessionary trends being experienced in the Automotive Industry, the performance of the Company was below expectation.

2. Company has taken the following key steps to improve profitability:

- a. Broad base the customer profile of the Company
- b. Value engineering projects and cost reduction measures
- c. Restructuring of the organization.

3. Expected increase in productivity and profits in measurable terms:

(Rs in Million)

	2009-10	2010-11	2011-12
Gross Revenue	5100	7089	7472
Profit Before Tax	207	416	457

**IV. DISCLOSURES:**

Shareholders of the Company have been informed about the remuneration package proposed to be paid to Mr Arvind Walia & Mr Prakash Kulkarni through Notice dated May 26, 2009 recommended by the Board for their consideration and approval in the Annual General Meeting to be held on July 28, 2009. Members have been requested to accord their approval by way of a Special Resolution.

# Report of the Board of Directors

Your Directors have pleasure in presenting the Forty Seventh Annual Report together with the Audited Accounts for the year ended March 31, 2009.

## Financial Highlights

	Year ended March 31, 2009* (Rs Million)	Year ended March 31, 2008 (Rs Million)
Sales	5867.2	5416.7
Profit before Interest and Depreciation	388.3	337.5
Interest	163.4	75.4
Depreciation	152.6	138.5
Profit / Loss before Tax	72.3	123.6
Provision for Current Tax (Net of MAT credit)	–	43.1
Provision for Deferred Tax	1.4	(1.2)
Provision for Fringe Benefit Tax	5.4	5.2
Profit / Loss after Tax for current year	65.5	76.5
Provision for Tax for earlier years	9.4	–
Profit / Loss after Tax	56.1	76.5
Dividend		
Interim	–	21.6
Final Proposed	50.3	28.7
Dividend Tax	8.5	7.9
Transfer to / (from) General Reserve	(2.7)	7.7

\* subject to the approval of Shareholders

## Dividend

Your Directors have recommended for approval of shareholders a dividend of Rs 0.70 per equity share of Rs one each for the financial year under review. This proposed dividend would amount to Rs 50.3 million (Previous Year Rs 50.3 Million). The dividend, subject to its declaration by the members at the ensuing Annual General Meeting will be distributed to the shareholders whose name appears on the Register of members as on July 28, 2009.

## INDIAN ECONOMY

The year 2008-09 started with a strong economy, carrying forward momentum of previous year when the growth had been in excess of 9%. However, towards September, Global recession caught up with India and the economy slowed down significantly. Overall the economy grew by 6.7% during the year.

The Indian Automotive Industry grew overall at 4% following the same pattern i.e. high growth till September and thereafter nose diving. The high interest rate in combination with the non-availability of funds also affected the market demand for vehicles. The Passenger car segment in terms of numbers grew at 7% in comparison to previous year due to introduction of new models by OEM's, the Commercial vehicle segment declined by 23% over the last year. The Two-wheeler segment, compared to last year's negative growth of 5% had marginal increase of around 2.5%.

The year 2009-10 is likely to be a stable year with each segment improving over previous year. The reason for optimism arises from lower interest rate regime, availability of funds, normal price levels of raw material, stable government with economic development as agenda and overall signs of improving global economies.

## PERFORMANCE

Within the ambit of above scenario, the Company's sales at 10.81 million nos, was 8% less than the previous year. However, sales in monetary terms were more due to price adjustments received from customers to partly compensate for increased raw material prices.

In this year, when sales were low, the Company was further impacted by high interest costs and depreciation charges, as the new Khandsa facility was commissioned, for which the business will mature only in year 2009-10.

The Company's performance was also adversely affected by Rs 40 million due to exchange fluctuations loss. The unprecedented depreciation of Indian rupee by 25% in a span of 3 months was seen. Unprecedented increase in material costs was compensated partly by adjustment in sale prices. The Company through managing resources and other cost reduction engineering programmes was able to maintain the material consumption levels.

With the reduction in business, the organisation was restructured in terms of manpower and also commenced other cost reduction measures. The efforts resulted in improving the efficiency over previous year. The current year EBIDTA is increased to Rs 388 million (7.4%) over previous year EBIDTA at Rs 337 Million (7.2%).

The Company also introduced fixed deposit scheme which had favourable response from Investors. The Company could get around Rs 250 Million from Fixed Deposits till May 2009.

## OPERATIONS

The Company had undertaken significant facility re-structuring exercise during the year which included:

- 1. At Parwanoo:** The Parwanoo plant has added new products and is now capable of meeting the requirements of all segments of the industry i.e. two-wheeler, four-wheeler and Commercial vehicle. The turnover of the plant has grown substantially from Rs 193 million to Rs 551 million and its profitability has also improved due to addition of strut facility.
- 2. At Khandsa:** A new facility with state-of-art technology, houses finest manufacturing technologies for gas charged Shock absorbers and Struts based on KYB design. It caters to most of the models of Maruti Suzuki India Limited on just-in-time basis. The plant is expected to improve its capacity utilisation in 2009-10 to the extent of 75%. Its state of the art chrome plating facility based on "Dyna-Chrome" technology is first of its kind in South East Asia and is capable of product quality comparable with the best of its class at Global level.
- 3. At Chakan, Pune:** The Chakan plant has been re-organised as follows:-  
Passenger car facility:  
In the first phase of the re-organisation of the passenger car facility, the manufacturing processes have been aligned, and processes have been decided to be done in-house mainly, so as to minimise the material movement. In the second phase to be completed by 2009-10, the re-layout of the facility would be done to ensure unidirectional flow of material for quality and capacity enhancement.  
Commercial vehicle facility:  
The plant has been organised to support the Dewas plant for supply of Shock absorbers for Commercial vehicles. This facility has also been geared up for manufacturing products for the Indian Railways.  
Casting facility:  
The Casting plant set up with KYB's Japanese technology with equipment imported from Japan, is geared to provide high-end products i.e. aluminium alloy outer tubes for Front fork of motorcycles. In addition, with this facility the Company gets backwardly intergrated in its process of manufacturing Front forks. The Company views this as a strategic advantage for increasing its competitiveness in motorcycle segment.
- 4. At Hosur:** The facility at Hosur has been upgraded with addition of new technologies required for producing new generation vehicles e.g. Monoshocks and large size Telescopic Front forks. These products would add to the business of the unit.
- 5. At Dewas:** Dewas facility started supplies to four-wheelers for the first time - Tata Nano. The facility has a dedicated line for meeting Nano's requirement of Shock absorbers at Pantnagar and Sanand.
- 6. At Ambad:** The Ambad plant had initiated and successfully concluded the introduction of TPM concept in the plant and were awarded for this by Bajaj Auto Limited – the main customer of the plant. The plant also received the Nashik Industrial Manufacturers Association award for Corporate Social Responsibility. The plant has also cleared the evaluation test of Yamaha Motor Company Limited enabling it to supply for Yamaha's high end motorcycles. Negotiations are on with the Unions for the long term agreements at Ambad and Dewas.

7. **Corporate Office:** The Corporate office of the Company, which is presently in Khandsa, is being shifted to Chakan, Pune for better coordination and administrative convenience.

## Technology Tie -up

The Company continues its association with Technical partners KYB, Japan and KYBSE, Spain in 4-wheelers and 2-wheelers, ArvinMeritor for Commercial vehicles and Yamaha Motor Hydraulic System Company Limited for 2-wheelers. Additionally, the Company has also evolved its own technical base, design development competency to meet the latest requirement of the customers.

## Exports

Your Company achieved 50% growth in exports of Ride Control Products at Rs 109 million in the year as against Rs 72 million during the previous year.

Consequent to the agreement with ArvinMeritor for supplying products for USA markets through them, your Company succeeded in getting approvals of many applications and exported products during the year of Rs 10 Million. However, the actual exports are lower than the initial targets set.

Continuous focus on exports resulted in your Company getting 'in Principle' agreement for supplying products to a European OEM in overseas market. This programme will be operationalised by June 2009.

Your Company is sensitive to currency fluctuations and accordingly has insured itself either through forward contracts or by having built-in price adjustment agreements with customers.

## Collaborators

Your Company wishes to place on record its appreciation for the continued support extended by its collaborators. The Company was pleased to receive several top executives from ArvinMeritor Inc, KYB Corp., Japan, Yamaha Motor Hydraulic System Company Limited, Japan, and KYBSE, Spain. Your Company had successful discussions with these visiting executives from the Collaborators on several avenues of mutual co-operation including sourcing of products and design engineering services from your Company.

## 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.

## Fixed Deposits

Fixed deposits at the end of the year were Rs 187 million.

## Directors

In accordance with Article 123 of the Articles of Association, Mrs Padmini Khare Kaicker and Mr Ravi Sinha retire by rotation at the ensuing Annual General Meeting of the Company. Mrs Padmini Khare Kaicker, being eligible, offers herself for re-appointment. However, Mr. Ravi Sinha has expressed his inability to continue as a Director of the Company upon his retirement in the ensuing Annual General Meeting. The Board expresses its sincere appreciation for the contribution made by Mr Ravi Sinha during his tenure as a Director of the Company.

Your Directors recommend the appointment of Mr Gurdeep Singh in place of the retiring Director, Mr Ravi Sinha. Mr Gurdeep Singh, being eligible, has offered himself for appointment as a Director of the Company. Mr Gurdeep Singh has been associated with Unilever Limited for 37 year holding key positions in the company. He is recognised as an ethical, high performing, inspiring and very well networked leader. He specialises in Process implementation, Human resource and Industrial relation,

Business development and Technical support. He is a Director on the Board of Blue Star Limited, Perfect Circle India Limited, Halonix Limited, Tecnova India Pvt. Limited and Everest Kanto Cylinder Limited.

Mr Rajeev Vasudeva was appointed as an Additional Director on the Board of the Company effective November 12, 2008. He holds office till the date of ensuing Annual General Meeting and, being eligible, offers himself for reappointment. The Company has received a notice in writing proposing the candidature of Mr Rajeev Vasudeva for the office of a Director under section 257 of the Companies Act, 1956.

## 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, 2009 and of the Profit and Loss Account for the year ended March 31, 2009;
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. The Directors are pleased to record their appreciation of the services rendered by the employees and staff at all levels.

## Particulars of Employees

The information required under section 217(2A) of the Companies Act, 1956 and the rules framed thereunder is annexed hereto and forms part of the Report.

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

For and on behalf of the Board

Mumbai  
May 26, 2009

Prakash Kulkarni  
Executive Chairman

Arvind Walia  
Managing Director



# 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, 2009.

## I. Conservation of Energy

Your Company has been continuously working towards Energy conservation. This year the Company has worked mainly in the following areas

- Reduction in coolant consumption by using efficient filtration system
- Reduction in energy losses due to heat radiation
- Reduction in power consumption on the durability testing machines by improving testing efficiency and optimization of motor usage
- Significant reduction in water consumption through many projects
- Optimization of motor power required for various processes as a measure of reducing energy consumption

## II. Particulars as per Form B

### Research and Development (R&D)

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

- Ride Tuning which was carried out for various customers within India and abroad. The customers include Maruti Suzuki, Mahindra and Mahindra, Tata Motors, General Motors-USA, Renault-France, Lotus-UK
- New Products launched by global OEM's for domestic market including Indian Railways and select export markets
- Continuous improvement of existing products for enhanced durability and performance
- Design optimization using advanced software packages for CAE (Computer Aided Engineering) & CFD (Computational Fluid Dynamics)
- Vehicle instrumentation for suspension parameter measurements
- Testing and adaptation of New Materials
- New Processes and upgradation of existing processes in the area of machining and surface coatings
- Assimilation of collaborators' technology
- Product Engineering for enhanced product quality and reliability
- Reduction of rejections and warranty returns
- Improving New Product development (NPD) lead time
- Environmental compliance by products and processes
- Testing and validation of new products
- Development of peripheral parts for Strut dampers for many OEM's including Mahindra and Mahindra

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

- It helped in reducing cost of production
- Improvement in productivity
- Building brand image of the Company resulting in getting new orders from OEM for new products launched/ to be launched in Europe and America
- Earning revenues by offering value added services like Ride Tuning

#### 3. Future plan of action

- Company is concentrating on developing know how for advance suspension systems which would be required by OEM's by 2012.

#### 4. Expenditure on R&D

		Rs Million
Capital	:	1.0
Recurring	:	27.2
Total	:	<u>28.2</u>

Total R&D expenditure  
as percentage of total  
turnover : 0.5%

## Technology Absorption, Adaptation and Innovation

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

- i) 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, GM Tavera, 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 - XR 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 Co. Ltd., 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 109.1 Million (Previous Year Rs 72.2 Million)
Outgoings	Rs 709.8 Million (Previous Year Rs 372.2 Million)

For and on behalf of the Board

Mumbai  
May 26, 2009

Prakash Kulkarni  
Executive Chairman

Arvind Walia  
Managing Director

# 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
- 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, 2009 was 8 Directors. The Board comprises of two Executive Directors – an Executive Chairman and a Managing Director. The rest are Non-Executive Directors. The Board meets the requirement of not less than one-third being Independent Directors.

#### Details of Board Meetings held during the financial year 2008-09

Dates of Meetings	Board Strength	No of Directors present
21 <sup>st</sup> May, 2008	11	10
21 <sup>st</sup> July, 2008	7	6
24 <sup>th</sup> Oct, 2008	7	5
12 <sup>th</sup> Nov, 2008	8	4
28 <sup>th</sup> Jan, 2009	8	7

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*		
		Board Meetings	Last AGM	Directorships*	Committee Memberships*	Committee Chairmanships
Mr Deep C. Anand -1	CE	1	Yes	6	Nil	Nil
Mr Prakash Kulkarni -2	EC	5	Yes	Nil	Nil	NIL
Mr Arvind Walia -3	MD	5	Yes	2	1	Nil
Mr KN Subramaniam -4	MD	1	N.A.	4	3	1
Mr MS Sandhu -4	N.E.D.	1	N.A.	1	1	Nil
Mr CS Patel -4	N.E.D.	1	N.A.	8	3	1
Mr RJ Taraporevala	N.E.D. I	3	Yes	2	4	2
Ms Padmini Khare Kaicker	N.E.D. I	3	Yes	1	1	1
Mr Ravi K Sinha	N.E.D. I	4	Yes	2	1	Nil
Mr Rajeev Vasudeva -5	N.E.D. I	2	N.A.	Nil	Nil	Nil
Mr Deepak Chopra -6	N.E.D.	5	Yes	14	10	5
Mr Rakesh Sachdev	N.E.D.	0	No	2	Nil	Nil

CE – Chairman Emeritus; 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 Chairman and appointed as Chairman Emeritus w.e.f from May 21, 2008
2. Appointed as Executive Chairman w.e.f. May 21, 2008
3. Appointed as Managing Director w.e.f. May 21, 2008
4. Resigned w.e.f. May 21, 2008.
5. Appointed as Additional Director w.e.f. from November 12, 2008
6. Appointed as Director w.e.f. May 21, 2008

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 four meetings during the year 2008-09. The composition of Audit Committee and attendance at its meetings is given hereunder:

Member	Position	No. of meetings attended
Mr Ravi K Sinha	Chairman	4
Ms Padmini Khare Kaicker	Member	3
Mr CS Patel*	Member	1
Mr Deepak Chopra	Member	4
Mr Nitin Jain**	Alternate to Ms Padmini Khare Kaicker, Member	1

\* Resigned w.e.f. May 21, 2008.

\*\* Appointed on October 24, 2008 and resigned after the meeting.

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 Headquarters 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 2008. One meeting was held on May 21, 2008 during the year 2008-09.

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 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 2008-09 are given below: -

Name of Executive Directors	All elements of remuneration package i.e. benefits, bonuses pension etc. (Rs Million)	Fixed component and performance linked incentives alongwith the performance criteria (Rs Million)	Service contracts period, severance fees	Stock option with details, if any whether issued at discount as well as the period over which accrued and over which exercisable*
Mr Prakash Kulkarni Executive Chairman <small>(Appointed w.e.f. May 21, 2008)</small>	6.56	Nil	Pl. see note 'a'	Pl. see note 'b'
Mr Arvind Walia Managing Director <small>(Appointed w.e.f. May 21, 2008)</small>	10.38	Nil	Pl. see note 'a'	Pl. see note 'b'
Mr KN Subramaniam Managing Director <small>(Ceased w.e.f. May 21, 2008)</small>	6.74	Nil	Nil	Nil
<b>Total</b>	<b>23.68</b>			

Includes 12.94 million paid which is in excess of the limits prescribed under Section II of part II of Schedule XIII to the Companies Act, 1956

- 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, and subsequently reconstituted in May 2006 and 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 Taraporewala	Chairman	3
Mr Ravi K Sinha	Member	4
Mr Prakash Kulkarni	Member	4
Mr MS Sandhu*	Member	1

\*Ceased to be Director w.e.f. May 21, 2008

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

Number received during the year	4167
Number resolved to the satisfaction of complainant	4167
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  
1, Sri Aurobindo Marg,  
New Delhi – 110 016

#### 7. Share Transfer Committee

The Share Transfer Committee of the Board was constituted on May 14, 2001 and subsequently reconstituted in May 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
2007-08	July 21, 2008	2:30 p.m.	29 <sup>th</sup> Milestone Pune-Nashik Highway Village Kuruli Taluka Khed, Pune 410 501
2006-07	July 23, 2007	2:30 p.m.	-do-
2005-06	July 24, 2006	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 last three years:-

- (1) Year 2005-06 - For approval of amendment to Article of Association of the Company by insertion of a new article 8A for Buy Back of Shares.
- (2) Year 2005-06 - For approval of payment of commission upto 1% of Net Profit of the Company under section 309 (4) of the Companies Act,1956 to directors other than whole –time directors
- (3) Year 2007-08 - Appointment of Mr Arvind Walia as Managing Director
- (4) Year 2007-08 - Appointment of Mr Prakash Kulkarni as Executive Chairman

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.

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	Gurdeep Singh
Date of birth	23.07.1944
Expertise in specific functional areas:	Process implementation, Human resource and Industrial relation, Business development and Technical support
Qualifications:	B.Tech & Chemical Engg.
List of other Companies in which Directorships held:	Blue Star Limited Perfect Circle India Limited Halonix Limited Tecnova India Pvt. Limited Everest Kanto Cylinder Limited
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Shareholder Grievance Committee - Blue Star India Limited
	Audit Committee & Share transfer committee - Halonix Limited
	Audit Committee - Perfect Circle India Limited
	Remuneration Committee - Halonix Limited

Name of Director	Padmini Khare Kaicker
Date of birth	15.04.1965
Date of Appointment:	19.07.2005
Expertise in specific functional areas:	Finance, Audit and Taxation
Qualifications:	CA & CPA (USA)
List of other Companies in which Directorships held:	Perfect Circle India Limited
Memberships/Chairmanships of Committees of Directors of the Company	Audit Committee Remuneration Committee Share Transfer Committee
Memberships/Chairmanships of Committees of Directors of other Companies	Audit Committee - Perfect Circle India Limited

Name of Director	Rajeev Vasudeva
Date of birth	19.07.1959
Date of Appointment:	12.11. 2008
Expertise in specific functional areas:	Specialize in recruitment and assessment of CEO's, COO's and critical leadership talent in the Technology and private equity sectors
Qualifications:	CA, MBA & LLB
List of other Companies in which Directorships held:	Egon Zehnder International Pvt. Ltd.,
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Nil

## 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 31, 2009, 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  
Any website, where displayed  
Whether it also displays official news Released; and the presentations made to Institutional investors or to the Analysts  
Newspapers in which results are normally published in  
Same as above  
Yes, on [www.gabrielindia.com](http://www.gabrielindia.com)  
No
- Whether Management discussions and Analysis is a part of Annual Report or not  
1) Indian Express – Pune edition  
2) Lok Satta – Pune edition  
3) The Economic Times—Delhi & Mumbai edition  
Yes enclosed

## 13. General Shareholder Information

- AGM : Date, Time and Venue  
July 28, 2009 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, 2009 to July 28, 2009 (both days inclusive)
- Dividend Payment date(s)  
August 04, 2009
- Listing on Stock Exchange  
The Bombay Stock Exchange Limited  
National Stock Exchange of India Limited
- Stock Code  
505714 on Mumbai Stock Exchange  
GABRIEL on National stock exchange  
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](mailto: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, 2009  
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 and Parwanoo
- 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](mailto:secretarial@gabriel.co.in)'  
The investors complaints may be registered with the Company by email to [grd@gabriel.co.in](mailto: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.

For and on behalf of the Board

Mumbai  
May 26, 2009

Prakash Kulkarni  
Executive Chairman

Arvind Walia  
Managing Director

## 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 26, 2009

**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 2008-09 is furnished below:

Period (Year 2008-2009)	Highest (Rupees)	Lowest (Rupees)	Period (Year 2008-2009)	Highest (Rupees)	Lowest (Rupees)
April	20.90	17.55	October	12.63	8.25
May	20.95	17.90	November	9.68	7.54
June	17.40	14.35	December	8.99	7.01
July	15.87	13.13	January	9.23	7.36
August	15.00	14.29	February	7.97	7.15
September	14.84	12.49	March	7.49	6.37

### (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 2008-09 is furnished below:

Period (Year 2008-2009)	Highest (Rupees)	Lowest (Rupees)	Period (Year 2008-2009)	Highest (Rupees)	Lowest (Rupees)
April	21.00	17.00	October	12.90	7.25
May	21.80	17.55	November	10.50	7.20
June	18.60	14.10	December	9.40	6.60
July	17.45	12.70	January	9.65	7.25
August	15.85	14.00	February	8.45	7.00
September	15.00	11.55	March	7.85	6.05

## Annexure "B"

(i) The distribution of shareholdings as on March 31, 2009 is as follows:

### Distribution of Shareholding as on 31.03.2009

Category	No. of Folios	%	No. of Shares	%
Upto 5000	42,530	98.76	1,48,84,759	20.72
5001 to 10000	280	0.65	21,42,844	2.98
10001 to 100000	223	0.52	55,35,701	7.71
100001 and above	32	0.07	4,92,58,666	68.58
<b>Total:</b>	<b>43,065</b>	<b>100.00</b>	<b>7,18,21,970</b>	<b>100.00</b>

(ii) Shareholding pattern as on March 31, 2009 is as follows:

### Gabriel India Limited Shareholding pattern as on 31.03.2009

Sr No	Description	No. of shares	%
1	Indian Promoters	3,20,58,124	44.64
2	Collaborators	1,11,47,980	15.52
3	Insurance Companies & Banks	6,00,890	0.84
4	Mutual Funds & UTI	23,59,348	3.28
5	FII's & NRIs	2,95,658	0.41
6	Domestic Companies	40,25,178	5.60
7	Resident Individuals	2,13,34,792	29.71
<b>Total:</b>		<b>7,18,21,970</b>	<b>100.00</b>



## Auditors' Certificate regarding Compliance 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, 2009, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) 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 Agreement(s).

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.

*Place : Gurgoan  
Dated: May 26, 2009*

V. NIJHAWAN  
*Partner*  
Membership Number - F87228

For and on behalf of  
PRICE WATERHOUSE & CO.  
*Chartered Accountants*

## Management Discussion and Analysis

### Overview

#### i) Industry

The Indian automotive industry, a major component of the Country's economic activity, could not escape the economic recession which hit India around September, 2008. This slump was preceded by steep increases in all commodity prices. Hence, this economic turmoil was felt by the automotive component industry as well as your Company.

The Industry performed at projected level till September, 2008 but started nose diving thereafter in all industry segments, maximum impact being on commercial segment. For the year, the Automotive Industry grew at 4% over previous year. This included growth of 7% for Passenger cars, decline of 23% in Commercial vehicles and growth of 3% in 2/3-wheelers.

The concerted interventionist efforts by Government all over the world including the Indian government and the relative steadiness of the Indian financial system did result in stabilization of economic processes beginning from March 2009. It appears that the financial year 2009-10 would atleast be at the same level as last year, though marginal growth to the extent of 3-4% overall can be expected. The availability of funds and the lower interest rates would spur the demand.

#### ii) Company

Your Company in this troubled year of 2008-09 managed to continue with its leading position in India. In co-operation with the customers, your Company managed to negotiate supply contracts for part neutralizing the increased input cost. Though in terms of business volumes 2008-09 showed a decline over previous year by 8% but because of increased compensations, in monetary terms, it recorded a growth of 8%.

	Growth / Decline over previous year	
	Unit in volumes	In terms of Rs Value
Passenger cars	(13%)	16%
Commercial vehicles	(23%)	(16%)
2/3 Wheelers	(4%)	7%
After market	16%	26%
Total	(8%)	8%

However, your Company utilized this year to effect operational efficiencies and broad base its' customer profile. With significant projects under development, your Company is well poised to meet the challenges and the market demands in 2009-10 and onwards. All plants of the Company have been right sized in terms of organization, focussed on improving the working capital and have registered improvements in manufacturing efficiencies. These measures alongwith new programmes under development would ensure positive improvement in 2009-10.

In Passenger car segment, the improved market share positioning with the market leader – Maruti Suzuki and lead supply position in Tata Motor's Nano, your Company would ensure its leading position in this segment.

In Commercial vehicles, your Company continues its leadership and its participation in virtually all the new developments which would be introduced by the OEM's in 2009-10 and 2010-11.

In 2/3-wheelers, your Company has increased its customer base into two-wheeler manufacturers resulting in its market share going upto 22%. Because of this, even though the segment (2/3 wheeler) had only 3-4% growth, your Company increased its volume by 10% in this segment.

Based on it's own technological competencies, your Company could successfully participate in development of new designs with OEM's in all segments.

### Risk and Concerns

Your Company has broadly classified risks as following:-

1. Industry Risk
  - Customer Concentration
  - Material supplies and Price
  - Technology Changes
  - Global Competition

2. Financial Risks
  - Borrowings
  - Foreign exchange risk
3. Legal and Statutory Risks
  - Contractual liabilities
  - Statutory compliances
4. Political Risk
5. Hazard Risks

#### **Industry Risk**

Your Company and the entire component industry is integrally linked with the Automotive Industry, which in all its segments is influenced by general economic growth, availability of finance and interest rates.

Your Company has diversified its customer portfolio and is in fair position to absorb fluctuations of individual customer requirements within the respective segments.

In 4-wheeler and Commercial vehicle segments, being supplier to all prominent OEM's, your Company has evenly spread out its risk. Even in 2-wheeler segment, the Company has increased its market share with OEM's like, Yamaha, Suzuki and HMSI thereby insuring against the risks of demand fluctuations within the Industry. Further, your Company has consolidated its position with TVS, competing on technology front with imports from China.

#### **Customer Concentration**

About 90% of your Company's sale comes from OEM's. Your Company supplies to virtually all OEM's and has dominant market share. In 2-wheeler, though the Company has a lower market share and has broadened its customer base to insulate itself from setbacks of any individual customer in the industry.

Having also secured orders from most OEM's for their new models to be introduced in the coming years, your Company's market share is likely to be maintained in the future. Supplying from its new facility at Khandsa, the Company is increasing its shares with Maruti Suzuki which is the consistent market leader amongst OEM's. The new model launched towards the end of last year would attain full volume which would there after be followed by two new models by this year end. Your Company being the lead supplier for all these models would be benefited. Also the successful launch of Nano where the Company has 50% market share would further strengthen Company's strong position in this segment.

For forthcoming years, your Company has obtained new businesses from Maruti Suzuki, Renault France, Tata Motors, General Motors, Yamaha, Suzuki motorcycles, Mahindra and Mahindra and Ashok Leyland.

In addition your Company has also focused on Replacement Market and registered a growth of 23% in last year and expects the growth trend to continue in 2009-10.

#### **Material Supplies and Prices**

The prices of all commodities like steel, rubber, oil etc. increased steeply in the first half of last year to the extent of 20-25%. However, in the last quarter i.e. Jan-Mar'09, the trend reversed and the prices came down significantly virtually reaching the level of April, 2008.

Your Company managed to renegotiate the contractual prices of all OEM's and by and large got the fair compensation to neutralize the increased cost. The Value Engineering and other cost reduction exercise continued as a major operational strategy for neutralizing and/or cushioning the fluctuations of material cost and also to improve its margins.

Sourcing of many components from China continued with increasing vigour. Also your Company succeeded in developing many alternative sources for supplies which helped in keeping the cost under control.

#### **Technology Changes**

Your Company continues to have technology license Agreement with ArvinMeritor, USA; Kayaba Corporation, Japan; KYB Suspensions, Spain for manufacture of Shock absorbers and Struts for four wheeler products and with Yamaha Motor Hydraulic System Company Limited for 2-wheeler products.

In addition, your Company has also concluded a technology agreement with Kayaba Industry Company Ltd., in products in 2 wheeler (motorcycle) segment, which would enable your Company to actively participate in the growing high end vehicles in this segment.

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 wherein modern facilities for testing analyzing and designing capabilities have been created. Along with these equipments and facilities, your Company has highly trained team of R&D Engineers capable of providing engineering solutions for ride control products including designing for new models.

With opening of Free Trade Agreement with ASEAN, Thailand and other Countries the Company has a threat of global competition. Aggressive focus on Quality, Cost and Delivery has been taken up as effective method in safeguarding the Company's interest and business share.

The Company's efforts are likely to materialise during the year 2009-10.

#### **Global Competition:**

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 Europe and Japan 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.

#### **Financial Risks**

##### **Borrowings**

Your Company has a borrowing ratio to capital of 1:1.19, the Company has developed strategy to ensure that the funding of capital assets is to be done through long term funds (i.e. equity/ borrowings) and working capital requirements are financed by short term borrowings and internal accruals.

##### **Foreign exchange risk**

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

#### **Legal and Statutory Risks**

##### **Contractual liability**

The Company has entered into business agreement with major OEM's for supply of components. Terms agreed includes quantity, quality, price, delivery, warranty etc. The Management has taken conscious steps to restrict liabilities under the contract and to cover the risks involved. Your Company currently has no litigation in relation to contractual obligations pending against it in any court in India or elsewhere.

##### **Statutory compliances**

Your Company has its legal team in place with appropriate policies towards legal compliances. Continuous monitoring of the business operations by the team through a proper system of reporting ensures that the Company has not defaulted in any of the statutory compliance/requirement.

##### **Political risks**

After a long time, the Indian Electorate has preferred to vote-in single party dominated Government, which is likely to bring stability in policies and economic measures. With the declared agenda for growth and economic development, the Government is periodically well positioned for creating environment for both. The Government, from time to time, releases policies on Automotive Industry. The profitability of the Company may further be affected by changes in Government Policies on different taxes and duties.

##### **Hazard & Other Risks**

Your Company is adequately insured against all natural calamities under standard fire and special peril policy which includes fire, lightening, flood, typhoon, tempest, hurricane, earthquake, terrorism, impact damage, subsidence etc. We have also insured ourselves against various other types of risks which include insurance cover for professional errors and omissions, the entire physical infrastructure, protection against fixed costs, product liability policy and loss of profits. We have insured against other contingencies including coverage for lives of all employees in India and abroad. This includes key insurance cover for Directors and Officers (D&O).

### **Internal Control Systems and their adequacy**

The Company's well defined organization structure, documented policy guidelines, predefined authority levels, and an extensive system of internal controls ensure optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations. The Internal Control systems are guided to ensure that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are authorized, recorded, and reported correctly. The Company has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis. The Company's internal auditors review business processes and controls. The Audit Committee of the Board then discusses significant findings and corrective measures initiated.

### **Human Resources/ Industrial Relations**

During the year under review, the Company has undertaken extensive steps for optimising the use of its manpower through automation, productivity improvement, offloading of components and services and role enrichment.

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.

### **Pollution and Environmental Controls**

As a continuous step of utmost importance, environmental concerns are given priority. Accordingly, the Company has taken steps to improve efficiencies and waste management and to comply with applicable environment laws and regulations.

Safety and health of people working in and around the premises of the Company continue to get the maximum attention of the management. The Company takes special care of its employees in terms of improving the working condition and providing safety equipments as per the process requirements. Regular training is being provided to the employees to ensure that the environmental norms are being met and maintained. The Company is regular in investing in new equipments which help in meeting pollution norms and keep the environment clean.

### **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 26, 2009

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, as at March 31, 2009, 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, 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 further report that:
  - i)
    - (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 have been physically verified by the management during the year and no material discrepancies between the book records and the physical records 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 of by the company during the year.
  - ii)
    - (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 one location**. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
  - iii)
    - (a) The Company has granted loans, secured or unsecured, to two companies 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 272.5 million and Rs 92.5 million 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) 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 secured/unsecured loans, from companies covered in the register maintained under Section 301 of the Act.
  - iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased 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.



- v) (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.
- vi) 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.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) 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.
- ix) (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, service tax, and cess as at March 31, 2009 which have not been deposited on account of a dispute, are as indicated in Note 4(b) on Schedule 20.
- x) The Company has no accumulated losses as at March 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi) 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.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv) 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, are not prejudicial to the interest of the Company.
- xvi) 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.
- xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xviii) 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.

- xix) The Company has not issued any debentures during the year.
  - xx) The Company has not raised any money by public issues during the year.
  - xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
4. Further to our comments 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, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2009 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, **read with Note 5 below**, 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, 2009;
    - (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.
5. **As stated in Note 17(ii) on Schedule 20, remuneration paid to the Executive Directors aggregating Rs. 12.94 Million is in excess of the limits prescribed under the Companies Act, 1956 for which the Company is in the process of obtaining the shareholders' approval and applying to the Central Government of India for obtaining requisite approvals.**

*Gurgaon,  
May 26, 2009*

V. NIJHAWAN  
Partner  
Membership Number–F 87228  
For and on behalf of  
Price Waterhouse & Co.  
Chartered Accountants

# Balance Sheet

as at March 31, 2009

		31.03.09		31.03.08	
	Schedule	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 & Surplus	'2'	1,251.90	1,323.75	1,254.62	1,326.47
<b>Loan Funds</b>					
Secured Loans	'3'	1,275.23		1,004.57	
Unsecured Loans	'4'	293.94	1,569.17	456.92	1,461.49
<b>Deferred Tax Liability (Net)</b>	'5'		105.80		104.38
			<b>2,998.72</b>		<b>2,892.34</b>
<b>Application of Funds</b>					
<b>Fixed Assets</b>					
Gross Block	'6'	3,061.78		2,378.18	
Less: Depreciation		1,306.18		1,193.28	
Net Block		1,755.60		1,184.90	
Capital Work-in-progress		155.73	1,911.33	407.81	1,592.71
<b>Investments</b>	'7'		133.31		143.06
<b>Current Assets, Loans &amp; Advances</b>					
Inventories	'8'	672.16		446.34	
Sundry Debtors	'9'	822.73		724.05	
Cash and Bank Balances	'10'	90.83		122.05	
Loan and Advances	'11'	604.99		790.67	
		<b>2,190.71</b>		<b>2,083.11</b>	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	'12'	1,115.51		807.39	
Provisions	'13'	121.12		119.15	
		<b>1,236.63</b>		<b>926.54</b>	
<b>Net Current Assets</b>			<b>954.08</b>		<b>1,156.57</b>
			<b>2,998.72</b>		<b>2,892.34</b>
<b>Significant Accounting Policies</b>	'19'				
<b>Notes to Accounts</b>	'20'				

This is the Balance Sheet referred to in our report of even date.

V. Nijhawan  
Partner  
Membership Number - F87228  
For and on behalf of  
PRICE WATERHOUSE & CO.  
Chartered Accountants

Place: Gurgaon  
Dated: May 26, 2009

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

ANSHUL BHARGAVA  
Company Secretary

Place: Mumbai  
Dated: May 26, 2009

PRAKASH KULKARNI  
Executive Chairman  
ARVIND WALIA  
Managing Director  
RAVI K SINHA  
PADMINI KHARE KAICKER  
RAJEEV VASUDEVA  
DEEPAK CHOPRA  
Directors

# Profit & Loss Account

for the year ended March 31, 2009

	Schedule	31.03.09		31.03.08	
		Rs. Million	Rs. Million	Rs. Million	Rs. Million
<b>Income</b>					
Sales		5,867.19		5,416.72	
Less: Excise Duty		<u>610.80</u>		<u>741.80</u>	
Net Sales		5,256.39		4,674.92	
Other Income	'14'	<u>175.69</u>		<u>141.12</u>	
			5,432.08		4,816.04
<b>Expenditure</b>					
Excise Duty		4.31		7.15	
Cost of Materials	'15'	3,924.41		3,477.08	
Personnel Expenses	'16'	415.36		389.36	
Manufacturing, Administration, Selling & Distribution and Other Expenses	'17'	699.64		604.99	
Interest	'18'	163.42		75.38	
Depreciation		<u>152.61</u>		<u>138.46</u>	
			5,359.75		4,692.42
Profit Before Tax			<u>72.33</u>		<u>123.62</u>
Provision For Taxation: (Refer Note 7 on Schedule 19)					
- Current Tax			8.19		43.10
- Mat Tax Credit			(8.19)		-
- Tax for previous years			9.39		-
- Deferred Tax			1.42		(1.17)
- Fringe Benefit Tax			<u>5.42</u>		<u>5.20</u>
Profit After Tax			56.10		76.49
Profit Brought Forward			<u>755.45</u>		<u>744.79</u>
Profit Available For Appropriation			<u>811.55</u>		<u>821.28</u>
<b>Appropriations</b>					
Dividend - Interim					21.55
- Proposed Final			50.28		28.73
Corporate Dividend Tax			8.54		7.90
General Reserve			5.61		7.65
Profit Carried Forward			<u>747.12</u>		<u>755.45</u>
			<u>811.55</u>		<u>821.28</u>
<b>Earning Per Share - (Refer Note 15 on Schedule 20)</b>					
- Basic / Diluted EPS (Rs.)			0.78		1.06
- Paid Up Value Per Share (Rs)			1.00		1.00
<b>Significant Accounting Policies</b>	'19'				
<b>Notes to Accounts</b>	'20'				

This is the Balance Sheet referred to in our report of even date.

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

V. Nijhawan  
Partner  
Membership Number - F87228  
For and on behalf of  
PRICE WATERHOUSE & CO.  
Chartered Accountants

Place: Gurgaon  
Dated: May 26, 2009

ANSHUL BHARGAVA  
Company Secretary

Place: Mumbai  
Dated: May 26, 2009

PRAKASH KULKARNI  
Executive Chairman  
ARVIND WALIA  
Managing Director  
RAVI K SINHA  
PADMINI KHARE KAICKER  
RAJEEV VASUDEVA  
DEEPAK CHOPRA  
Directors

# Schedules

## Schedule '1': Share Capital

	31.03.09 Rs. Million	31.03.08 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 &amp; Paid Up Capital</b>		
71,821,970 ( <i>Previous Year 71,821,970</i> ) Equity Shares of Re. 1 each fully paid up ( <i>Previous Year Re. 1/- each</i> )	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 December 16, 2005

## Schedule '2': Reserves & Surplus

	31.03.09		31.03.08	
	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	153.88		146.23	
Add: Transferred From Profit & Loss Account	<u>5.61</u>	159.49	<u>7.65</u>	153.88
<b>Profit &amp; Loss Account</b>				
Available For Carried Forward		747.12		755.45
		<u>1,251.90</u>		<u>1,254.62</u>

### Schedule '3': Secured Loans

(Refer Notes 1 and 2 (a) on Schedule 20)	31.03.09 Rs. Million	31.03.08 Rs. Million
<b>From Banks</b>		
– Rupee Term Loans	399.02	508.75
– Foreign Currency Loans	200.00	200.00
Short Term Loans	175.00	–
<b>Working Capital Facilities From Banks</b>	501.21	295.82
(Including Buyer's Credit Rs. 248.87 Million (Previous Year Nil))		
	<u>1,275.23</u>	<u>1,004.57</u>

### Schedule '4': Unsecured Loans

(Refer note 2(b), 2(c) and 2(d) on Schedule 20)	31.03.09 Rs. Million	31.03.08 Rs. Million
Fixed Deposits	186.83	
– Interest Accrued and Due	<u>2.27</u>	–
Sales Tax Deferral Loans	96.06	100.69
Short Term Loans and Advances		
– Rupee Loan From Banks		200.00
– Interest Accrued and Due	–	<u>1.13</u>
<b>Other Loans and Advances</b>		
– Commercial Paper	–	150.00
– Others	8.78	5.10
	<u>293.94</u>	<u>456.92</u>

### Schedule '5': Deferred Tax Liabilities (Net)

(Refer Note 7(b) on Schedule 19 and note 16 on Schedule 20)	31.03.09 Rs. Million	31.03.08 Rs. Million
Deferred Tax Liability -		
– At beginning of the year	104.38	105.55
– Adjustment for current year	1.42	(1.17)
	<u>105.80</u>	<u>104.38</u>



## Schedule '6': Fixed Assets

(Refer Notes 2,5,8,9,11 and 12 on Schedule 19 and Notes 3,5,14, 28 and 32 on Schedule 20)

	(Rs. Million)									
	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.08	Additions*	Deduc- tions/ Adjust- ments	As at 31.03.09	Upto 1.4.08	For the Year@	Deduc- tions/ Adjust- ments	Upto 31.03.09	As at 31.03.09	As at 31.03.08
<b>Tangible Assets</b>										
Freehold Land	26.03	—	0.21	<b>25.82</b>	—	—	—	—	<b>25.82</b>	26.03
Leasehold Land **	24.05	—	—	<b>24.05</b>	2.75	0.15	—	2.90	<b>21.15</b>	21.30
Buildings **	480.33	152.54	22.90	<b>609.97</b>	154.39	18.03	22.90	149.52	<b>460.45</b>	325.94
Plant & Machinery	1,707.41	509.88	17.55	<b>2,199.74</b>	964.86	115.92	15.30	1,065.48	<b>1,134.26</b>	742.55
Vehicles****	26.46	9.00	2.33	<b>33.13</b>	12.74	3.55	1.49	14.80	<b>18.33</b>	13.72
Furnitures & Fixtures	53.67	8.69	1.07	<b>61.29</b>	26.26	3.90	0.83	29.33	<b>31.96</b>	27.41
<b>Intangible Assets</b>										
Computer Software	7.29	4.72	—	<b>12.01</b>	5.74	1.22	—	6.96	<b>5.05</b>	1.56
Technical Knowhow	52.94	42.83	—	<b>95.77</b>	26.54	10.65	—	37.19	<b>58.58</b>	26.40
	<u>2,378.18</u>	<u>727.66</u>	<u>44.06</u>	<u><b>3,061.78</b></u>	<u>1,193.28</u>	<u>153.42</u>	<u>40.52</u>	<u><b>1,306.18</b></u>	<u><b>1,755.60</b></u>	<u>1,184.90</u>
Capital Work-in-Progress ***									155.73	407.81
Total	<u>2,378.18</u>	<u>727.66</u>	<u>44.06</u>	<u><b>3,061.78</b></u>	<u>1,193.28</u>	<u>153.42</u>	<u>40.52</u>	<u><b>1,306.18</b></u>	<u><b>1,911.33</b></u>	<u>1,592.71</u>
Total as at 31.03.08	<u>2,090.04</u>	<u>309.71</u>	<u>21.57</u>	<u>2,378.18</u>	<u>1,070.02</u>	<u>138.46</u>	<u>15.20</u>	<u>1,193.28</u>	<u>1,592.71</u>	

\* Addition includes interest and pre operative expenses capitalized Rs 81.8 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.

\*\*\* Capital Work-in-Progress includes Capital Advances of Rs 97.77 Million (Previous Year Rs 86.61 Million)

\*\*\*\* Vehicles include Assets purchased on finance lease amounting to Rs 6.25 Million (Previous Year Rs 8.23 Million) with a written down value of Rs 5.61 Million (Previous Year Rs 3.18 Million) as at year end

@ Depreciation for the year includes an amount of Rs 0.81 million, which has been capitalised

### Schedule '7': Investments

(Refer Note 3 on Schedule 19)	31.03.09 Rs. Million	31.03.08 Rs. Million
Non-Trade—Long Term Investments		
Quoted—at cost:		
Nil (Previous Year 97,548) 6.75% US64 Bonds issued by the Administrator of the Specified Undertaking of Unit Trust of India of Rs 100/- each (Previous Year Rs 100/- each), fully paid up, issued in lieu of 972,484 Units of Rs 10 each fully paid up of Unit Trust of India	—	9.75
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:		
714,825 shares at Rs 88 per share and 738,841 shares at Rs 95 per share (Previous Year 714,825 shares at Rs 88 per share and 738,841 shares at Rs 95 per share) face value Rs 10/- each fully paid up of Federal-Mogul Bearings India Ltd. (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
	<u>133.31</u>	<u>143.06</u>
Aggregate of Quoted investments :		
At Book Value	0.02	9.77
At Market Value	1.71	11.65

### Schedule '8': Inventories

(Refer Note 4 on Schedule 19)	31.03.09 Rs. Million	31.03.08 Rs. Million
Raw & Packing Materials	389.00	227.59
Stores and Spares	53.52	37.78
Work-in-Process	129.18	115.98
Finished Goods	100.06	64.99
Goods in transit (Raw Material)	0.40	—
	<u>672.16</u>	<u>446.34</u>

### Schedule '9': Sundry Debtors

	31.03.09 Rs. Million	31.03.08 Rs. Million	31.03.08 Rs. Million	31.03.08 Rs. Million
UNSECURED				
Debts Outstanding for over six months				
Considered Good	24.18		5.04	
Considered Doubtful	23.71	47.89	19.37	24.41
Other Debts				
Considered Good	798.55		719.01	
Considered Doubtful	—	798.55	0.43	719.44
Less : Provision for Doubtful Debts		23.71		19.80
		<u>822.73</u>		<u>724.05</u>

### Schedule '10': Cash and Bank Balances

	31.03.09 Rs. Million	31.03.08 Rs. Million
Cash-in-Hand	1.15	2.28
With Scheduled Banks		
On Current Accounts	54.78	24.04
On Fixed Deposit Accounts	0.03	95.01
On Margin Money Accounts	34.87	0.72
	<u>90.83</u>	<u>122.05</u>

### Schedule '11': Loans and Advances

(Refer Note 7 and 29 on Schedule 20)	31.03.09		31.03.08	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Advances recoverable in Cash or in kind or for value to be received				
– Unsecured				
– Considered Good	330.52		378.34	
– Considered Doubtful	0.35		0.35	
Less Provision for Doubtful Advances	0.35	330.52	0.35	378.34
Recoverable from Federal-Mogul Bearings India Ltd upon restructuring		–		18.30
Inter Corporate Deposits		92.50		242.50
Deposits with Excise Authorities		67.29		49.47
Advance Tax				
– Income Tax (Net of Provision Rs 575.41 million Previous Year Rs 557.83 million)		101.74		84.01
– MAT Credit Entitlement		8.19		–
– Fringe Benefit Tax {(Net of Provision Rs 62.49 Million (Previous Year Rs 57.07))}		0.75		–
Other current assets		4.00		18.05
		<b>604.99</b>		<b>790.67</b>

### Schedule '12': Current Liabilities

(Refer Note 6 on Schedule 20)	31.03.09		31.03.08	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Acceptances		–		7.84
Sundry Creditors				
– Total outstanding dues to micro, small and medium enterprises @	160.52		67.16	
– Total outstanding dues of creditors other than micro, small and medium enterprises	902.13	1,062.65	572.26	639.42
Interest accrued but not due		3.92		4.08
Security Deposit Received		–		43.00
Deposit from Customers		9.29		14.71
Other Liabilities		34.12		28.56
Book Overdraft		–		63.04
Investor Education & Protection Fund shall be credited by the following amount :				
Unpaid Dividend		4.89		5.39
Unpaid Matured Deposits		0.64		1.35
		<b>1,115.51</b>		<b>807.39</b>

@ 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 '13': Provisions

	31.03.09	31.03.08
	Rs. Million	Rs. Million
Proposed Dividend	50.28	28.73
Proposed Corporate Dividend Tax	8.54	4.88
Provision for Taxation		
– Fringe Benefit Tax	–	1.20
– Wealth Tax (Net of Advance Tax Rs 0.60 million Previous year Rs 0.60 million)	0.32	0.32
Provision for Leave Encashment (Refer Note 10 on Schedule 19 and Note 30 on Schedule 20)	14.96	27.26
Provision for Gratuity (Refer Note 10 on Schedule 19 and Note 30 on Schedule 20)	24.42	29.67
Others (Refer Note 13 on Schedule 19 and Note 12 on Schedule 20)	22.60	27.09
	<b>121.12</b>	<b>119.15</b>

### Schedule '14': Other Income

	31.03.09		31.03.08	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Income from Investments		0.52		0.71
Interest on :				
Income Tax Refunds	–		3.03	
Loans to Staff	0.31		1.06	
Deposits	39.77		17.10	
[Tax Deducted at Source Rs 11.62 Million (Previous Year Rs 3.27 Million)]				
Advances to Suppliers	0.21		0.33	
Others	1.37	41.66	2.89	24.41
Discounts from suppliers		3.35		6.83
Income from services		7.29		18.35
Sale of Scrap		52.00		48.17
Rent		1.53		2.27
[Tax Deducted at Source Rs 0.14 Million (Previous Year Rs 0.76 Million)]				
Insurance Claim (Refer Note 6 on Schedule 19)		–		0.12
Sales Tax Deferral (Refer Note 8 on Schedule 20)		–		22.90
Profit on sale of asset (Net) (Refer Note 32 on Schedule 20)		46.50		–
Excess Provision/ Liabilities Written back		6.54		7.16
Miscellaneous Income (Refer Note 31 on Schedule 20)		16.30		10.20
		<b>175.69</b>		<b>141.12</b>

### Schedule '15': Cost of Materials

	31.03.09		31.03.08	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Traded Finished Goods				
Opening Stock	0.55		1.57	
Add: Purchases	4.72		3.46	
	<u>5.27</u>		<u>5.03</u>	
Less: Closing Stock	0.60	4.67	0.55	4.48
Manufactured Goods				
Raw Material, Components and Packing Materials Consumed				
Opening Stock	227.59		206.89	
Add: Purchases	4,037.31		3,458.48	
	<u>4,264.90</u>		<u>3,665.37</u>	
Less: Closing Stock	389.00	3,875.90	227.59	3,437.78
(Increase)/Decrease in Work-in-Process and Finished Goods				
Opening Stock				
– Work-in-Process	115.98		85.06	
– Finished Goods	64.44		60.88	
	<u>180.42</u>		<u>145.94</u>	
Less: Closing Stock				
– Work-in-Process	129.18		115.98	
– Finished Goods	99.45		64.44	
	<u>228.63</u>	(48.21)	<u>180.42</u>	(34.48)
Stores and Spares Consumed		92.05		69.30
		<b>3,924.41</b>		<b>3,477.08</b>

**Schedule '16': Personnel Expenses**

(Refer Note 10 on Schedule 19 and Notes 13, 17 and 30 on Schedule 20)	31.03.09 Rs. Million	31.03.08 Rs. Million
Salaries, Wages & Bonus	350.75	321.67
Contribution to Provident and Other Funds	19.02	18.12
Staff Welfare	45.59	49.57
	<u>415.36</u>	<u>389.36</u>

**Schedule '17': Manufacturing, Administration,  
Selling & Distribution and Other Expenses**

(Refer Note 13 and 28 on Schedule 20)	31.03.09 Rs. Million	31.03.08 Rs. Million
Power & Fuel	103.25	99.72
Rent	13.36	25.29
Rates & Taxes	2.92	4.50
Insurance	10.39	11.72
Repairs & Maintainance		
– Buildings	3.05	6.80
– Machinery	58.33	56.10
– Others	17.67	17.06
Freight	88.07	62.92
Advertisement & Sales Promotion	6.38	4.41
Discounts	90.91	63.14
Warranty	17.29	35.04
Provision for Doubtful Debts/Advances	5.47	3.67
Provision for assets not in use	11.50	0.72
Royalty	32.88	21.62
Travelling & Conveyance	52.42	54.92
Printing & Stationery	7.86	8.04
Legal and Professional	90.26	73.92
Communication	10.75	12.60
Bank Charges	7.81	2.52
Loss on Assets Sold / Scrapped (Net)	–	0.52
Foreign Exchange Fluctuations (Net) (Refer Note 8 on Schedule 19)	39.99	11.23
Directors' Fees	0.15	0.11
Miscellaneous Expenses	28.93	28.42
	<u>699.64</u>	<u>604.99</u>

**Schedule '18': Interest**

	31.03.09 Rs. Million	31.03.08 Rs. Million
Term Loans	80.10	35.16
Working Capital Accounts	50.13	8.69
Fixed Deposits	6.19	–
Commercial Paper	1.44	11.96
Others	25.56	19.57
	<u>163.42</u>	<u>75.38</u>

## Schedule '19': Statement on Significant Accounting Policies

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### 1. Accounting Convention

The Financial Statements are prepared to comply in all material aspects with all the applicable accounting Principles in India, the applicable accounting standards notified u/s 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 forward 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 the 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 land taken on lease are amortised over the lease period or useful life whichever is lower.
  - IV. Technical know-how fee is amortised over a period of 6 years or period of agreement, whichever is shorter.
  - V. Based on technical evaluation, tools and dies are written off over a period upto eight years.
  - 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

Raw material and stores and spares are valued at cost. Other inventories are valued at lower of cost or net realisable value. Cost is arrived on a weighted average basis and includes applicable manufacturing overheads. Due allowance being made for obsolete and slow moving items based on estimated useful life.

### 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 (tax saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit and Loss Account for the year. However, in the year of transition the accumulated deferred tax liability at the beginning of the year has been recognised with a corresponding charge to the General Reserve in accordance with Accounting Standard-22 "Accounting for Taxes on Income" and measured at the tax rates that have been enacted or substantially enacted by the Balance Sheet Date

- a) Current year charge

The provision for taxation is based on assessable profits of the company as determined under the Income Tax Act, 1961. Provisions are recorded as considered appropriate for matters under appeal due to disallowances or for other reasons.

b) **Deferred Tax**

The Company provides for deferred tax using the liability method, based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision.

Deferred Tax Assets arising from temporary timing differences are recognized to the extent there is reasonable certainty that the assets can be realised in future.

**8. Foreign Currency Transactions**

Foreign currency transactions, other than those covered by forward contracts, are accounted for at the exchange rate prevailing on the transaction date. Gain / loss arising out of fluctuation in rate between transaction date and settlement date in respect of revenue items are recognised in the Profit and Loss Account.

In respect of transactions covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is amortised as expense or income over the life of the contract.

Foreign currency assets and liabilities are restated at the exchange rate prevailing at the year end and the overall net gain / loss is adjusted to the Profit and Loss Account.

**9. Research and Development**

Equipment purchased for research and development is capitalised when commissioned and included in the gross block of 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 are made to Provident Fund and charged to revenue.

Regular contributions are made to the superannuation fund which is maintained by the LIC. The said contributions made are charged to revenue every year.

The Company has Defined Benefit plans namely leave encashment/ compensated absence, Gratuity and Retirement Allowance for employees, the liability for which is determined on the basis of an 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 evaluations are recognised immediately in the Profit and Loss Account as income or expense.

**11. Borrowing Cost**

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. Interest on working capital is charged to revenue accounts.

**12. Leases**

Leases of Fixed assets where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charge is charged to the Profit and Loss Account over the lease period.

Lease rentals in respect of assets taken on "Operating Lease" are charged to the Profit and Loss Account on straight line basis over the lease term.

**13. Warranty**

Provision for warranty is made on trends determined by the Company, as per technical evaluation

**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.



## Schedule '20': Notes forming part of Accounts

1. (a) The Term Loans from banks of Rs 774.02 million (*Previous Year Rs 708.75 million*) are secured as follows:
  - i) Rs 54.30 million (*Previous year Rs 170.00 million*) from State Bank of India is secured by hypothecation of the Company's entire movable fixed assets both present and future.
  - ii) Rs 200.00 million (*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.
  - iii) Rs 214.30 million (*Previous year Rs 250.00 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 Pune.
  - iv) Rs 130.42 million (*Previous year Rs NIL*) from Bank of India, secured by first charge on specified movable plant and machinery installed at Khandsa and Pune and also collaterally secured by first and exclusive charge on the immovable properties situated at Hosur.
  - v) Rs 175.00 million (*Previous year NIL*) from ING Vysya Bank, is secured by second Charge of the movable fixed assets and the Company is in a process to create an exclusive charge by way of equitable mortgage over the immovable properties situated at Nasik.
- (b) The Working capital facilities amounting to Rs 501.21 million (*Previous year Rs 295.82 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 191.40 million (*Previous year Rs 184.46 million*).
- (b) Fixed deposits due for repayment within a year are Rs 22.22 million (*Previous year NIL*).
- (c) Sales Tax Deferral loan due for repayment within a year are Rs 15.28 million (*Previous year Rs 4.26 million*).
- (d) Loans and Advances Others due for repayment within a year are Rs 0.65 million (*Previous year Rs 3.15 million*).
3. Estimated amount of contracts remaining to be executed on capital account and not provided for are Rs 342.78 million (*Previous year Rs 143.35 million*).

4. (a) Contingent Liabilities are in respect of:
 

	<b>31.03.09</b>	<i>31.03.08</i>
	<b>Rs. Million</b>	<i>Rs. Million</i>
(i) Bills discounted, Letters of Credit and Bank guarantees	<b>111.32</b>	<i>30.00</i>
(ii) Income Tax, Sales Tax and Excise duty against which appeals are pending	<b>100.44</b>	<i>146.56</i>
(iii) Claims not acknowledged as debts	<b>241.22</b>	<i>5.99</i>
(iv) Interest unpaid to Micro, Small & Medium Enterprises	<b>3.21</b>	<i>3.70</i>

- (b) Particulars of dues of Sales Tax, Income Tax and Service Tax as at March 31, 2009, 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 treated as sales by Department	0.26	2002-2003	Maharashtra sales tax tribunal.
Sales Tax Act	For 'D Forms' & 'F Forms'	0.29	1999-2000	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	2000-2001	Joint Comm-Appeal- Lucknow
Sales Tax Act	For 'D Forms'	0.07	2000-2001	Dy. Comm-Appeal(I)- Lucknow
Sales Tax Act	Sales return credit notes disallowed	0.09	2001-02	Assisstant Commissioner, Cuttack
Sales Tax Act	Tax Liability for 'Form 31'	0.04	2002-2003	Tribunal Ghaziabad.
Sales Tax Act	For 'C Forms'	0.05	2003-04	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	Warranty claim rejected	0.47	2004-05, 2005-06	The Superintendent of Taxes, Assam, Unit B, Kar Bhawan, Gawahati
Sales Tax Act	For 'C Forms'	0.10	2004-05	Deputy Commissioner of Commercial Taxes, Special Circle, Ranchi
Sales Tax Act	Form D & F Forms	0.05	2003-04	Commercial Tax officer, Namapally Circle, Hyderabad
Sales tax Act	Form no-31	0.05	2006-07	Deputy Commissioner Assessment, Lucknow
Sales Tax Act	For Form 31	0.02	2004-05	Appeal pending with Tribunal Ghaziabad
Sales Tax Act	For Form 31 and export sales	0.18	2002-03	Deputy Commissioner Appeals, Luknow
Sales Tax Act	Declaration Forms not received	32.10	2004-05	Deputy Commissioner Assessments, Lucknow
Sales Tax Act	Declaration Forms not received	7.9	2005-06	Joint Commissioner Appeals, Lucknow
Sales Tax Act	Declaration Forms not received	34.9	2006-07	Joint 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	Oct'99	CESTAT
Central Excise Act	Irregular availment of service tax credit	1.82	2007-08	Superintendent of Central Excise
Income Tax Act	Disallowance of expenses	3.10	Assessment year 2004-05	Income Tax Appellate Tribunal
Income Tax Act	Disallowance of expenses	4.00	Assessment year 2005-06	Income Tax Appellate Tribunal
Income Tax Act	Disallowance of expenses	4.91	Assessment year 2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act	Penalty u/s 271(1)(c)	4.96	Assessment year 2004-05	Commissioner of Income Tax (Appeals)
Employee State Insurance	ESIC Contribution	0.27	2001-02 to 2003-04	Regional ESIC office

5. The company is in the process of obtaining requisite clearances and completing purchase formalities for the land situated at Khandsa , on which a manufacturing facility has been setup .The said facility has been capitalized during the current year and is being depreciated at rates as specified under note 2(d) in schedule 19.
6. Disclosures required under the Micro, Small & Medium Development Act, 2006 Rs Million
- |  |        |
|--|--------|
| (a) (i) The principal amount remaining unpaid as at March 31, 2009   | 160.52 |
| (ii) Interest due thereon remaining unpaid on March 31, 2009   | 3.21   |
| (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, 2009  | -      |
| (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. 1.55 million (*Previous year Rs 3.19 million*) due from an officer of the company. Maximum amount due during the year Rs. 3.40 million (*Previous year Rs 3.32 million*).
  - Debts due from Private Limited Companies and Firms where any Director is a Director or Partner is Rs 4.72 million (*Previous year Rs 1.71 million*).
8. Other Income includes an amount of. NIL (*Previous year Rs 22.90 million*) arising from pre mature repayment of NIL (*Previous year Rs 8.73 million*) against outstanding liability of NIL (*Previous year Rs 31.63 million*) under sales tax deferral scheme.
9. 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 2.08% of the total turnover of the company; there are no reportable geographical segments.
10. 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. K.N. Subramaniam (Managing Director upto May 20, 2008) - Key Management Personnel
    - Mr. Arvind Walia (Whole time director upto May 20, 2008 & Managing Director from May 21, 2008) – Key Management Personnel
    - Mr. Prakash Kulkarni (Executive Chairman from May 21, 2008)- Key Management Personnel
    - Federal-Mogul Bearings India Limited (Upto May 20, 2008) formerly-Anand Engine Components Limited- Associate
    - Asia Investments Private Limited - Associate

\* As identified and certified by the Management

B. Details of Transactions

Particulars	Rs. Million	
	Key Management Personnel	Associates
1 Reimbursement of expenses to associate	–	–
2 Reimbursement of expenses from associate	–	(0.12)
3 Inter corporate deposits	–	0.45
4 Interest on inter corporate deposits	–	(0.04)
5 Repayment of Inter corporate deposits	–	40.00
6 Fixed Assets purchased/advance paid for Fixed asset purchase	–	(305.00)
7 Share purchased of Anand Engine Components Limited	–	30.12
8 Directors' Remuneration	24.18	(8.63)
	(10.74)	192.50
		(70.00)
		22.35
		(14.55)
		NIL
		(133.00)
		–
		–
Amount Outstanding		
1 Corporate Guarantee	–	NIL
2 Reimbursement of expenses	–	(95.00)
3 Inter corporate deposits	–	NIL
4 Interest on inter corporate deposits	–	(0.02)
		82.50
		(235.00)
		NIL
		(8.63)

Particulars	Rs. Million	
	Key Management Personnel	Associates
5 Advance for Fixed Assets purchase	–	8.23
6 Investment in shares of Anand Engine Components Limited		(12.29)
		133.09
		(133.09)
7 Directors' Remuneration	0.50	
	(2.05)	

*Previous year figures have been given in brackets*

11. The Company had given a guarantee, supported by pledge of its fixed deposits of NIL (*Previous Year Rs. 95.0 million to Indusind Bank*), to Axis Bank in respect of repayment of loans of NIL (*Previous year Rs. 86.87 million*) (including interest or other charges related thereto) taken by Asia Investments Private Limited, a shareholder of the Company.

12. The Company has the following provision in the books of account as on 31.03.2009.

Description	Rs. Million		
	Balance as on 01.04.08	Additions/Utilized/Reversed during the year	Balance as on 31.03.09
Provision for Warranty	27.09	4.49	22.60
	(27.12)	(0.03)	(27.09)

*Previous year figures have been given in brackets*

Provision for warranty relates to the estimated (based on management's technical evaluation) outflow in respect of warranty for products sold by the Company. Due to the nature of such cost, it is not possible to estimate the timing/uncertainties relating to its outflow.

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

	Rs. Million	
	2008-09	2007-08
Personnel Expenses	18.44	12.41
Manufacturing, Administration, Selling & Distribution and Other Expenses	4.30	6.12
Depreciation	4.49	4.63
Total	27.23	23.16

14. 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 31.03.09	Future Finance Charge	Present Value as at 31.03.09
Total	5.29	1.32	3.97
	(2.16)	(0.26)	(1.90)
Not later than 1 year	2.55	0.59	1.96
	(1.60)	(0.23)	(1.37)
Later than 1 year and not later than 5 year	2.74	0.73	2.01
	(0.56)	(0.03)	(0.53)

*Previous year figures have been given in brackets*

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

	2008-09	2007-08
– Profit attributable to Equity Shareholders (Rs million)-(A)	56.10	76.49
– 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)	0.78	1.06

16. The Company estimates deferred tax charge/(credit) using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The net deferred tax liability as at March 31, 2009 is given below:

	Opening as at April 01, 2008	Movement during the year	Closing as at March 31, 2009
			Rs. Million
Deferred Tax Liability			
Depreciation	122.08	31.23	153.31
	<b>122.08</b>	<b>31.23</b>	<b>153.31</b>
Deferred Tax Assets			
Deduction u/s 43B	(11.66)	0.43	(11.23)
Other Provisions	(6.04)	(4.04)	(10.08)
Unabsorbed Depreciation	—	(26.20)	(26.20)
	<b>(17.70)</b>	<b>(29.81)</b>	<b>(47.51)</b>
Net Deferred Tax Liability/(Asset)	<b>104.38</b>	<b>1.42</b>	<b>105.80</b>

17. (a) Determination of Net Profit in accordance with Section 349/198 of The Companies Act, 1956 and commission payable to directors:

	Rs. Million		
	2008-09	2007-08	
Profit before tax as per Profit and Loss Account	72.33	123.62	
<i>Add:</i> Directors' Remuneration	24.18	12.37	
Directors' Fees	0.15	0.11	
Depreciation as per books	152.61	138.46	
Loss on Assets Sold / Scrapped	—	0.52	
Voluntary Retirement Scheme	—	24.09	
Provision for Doubtful Debts/Advances/Inventory	5.47	3.67	179.22
	<u>200.68</u>	<u>138.66</u>	
<i>Less:</i> Deduction under Section 349 and 350			
Depreciation u/s 350	152.61	138.46	
Profit on sale of Assets	46.50	—	
Debts written off against provision	1.57	0.20	
	<u>54.06</u>	<u>164.18</u>	
Net Profit under Section 349	54.06	164.18	
Commission payable to directors:			
Whole time	—	2.05	
Non-whole time	0.50	1.64	
Total	<u>0.50</u>	<u>3.69</u>	
b) Directors Remuneration:			
Salary	22.34	6.61	
Company's Contribution to Provident Fund & Superannuation Fund	1.12	0.87	
Perquisites	0.22	1.20	
Commission [See 17(a) above]	0.50	3.69	
Total	<u>24.18</u>	<u>12.37</u>	

**Note:**

- The aforesaid is exclusive of provision for leave encashment, as separate actuarial valuation for the directors is not available
- During the 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 (Previous Year Nil) was paid to the Executive Directors in excess of the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956. The Company is in the process of obtaining requisite approvals from the Shareholders and Central Government for the same.

18. (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, Struts & Front Forks	08-09	Nos.	202,862	64.44	10,814,836	5,860.95	302,377	95.45
	07-08	Nos.	240,112	60.88	11,807,375	5,410.63	202,862	64.44

Licensed Capacity\*, Installed Capacity and Actual Production:

Product	Year	Unit of Measure	Installed Capacity	Actual Production
a. Shock Absorbers & Struts	08-09	Nos.	18,330,325	9,932,417
	07-08	Nos.	19,916,685	11,001,724
b. Front Forks	08-09	Nos.	2,352,000	981,934
	07-08	Nos.	2,597,807	768,401

*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.*

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	08-09	293	0.05	8,018	1.23	7,851	1.91	460	0.08
	07-08	2,350	0.37	8,062	1.23	10,119	2.49	293	0.05
Front Fork Oil	08-09	14,349	0.50	106,494	3.49	107,535	4.33	13,307	0.52
	07-08	31,687	1.20	69,133	2.23	86,471	3.60	14,349	0.50

19. Consumption of Raw Materials, Components and Packing Materials:

Items	Unit of Measure	2008-09		2007-08	
		Quantity	Rs. Million	Quantity	Rs. Million
<b>A Raw Materials (Basic)</b>					
Tubes	Meters	14,448,060	610.44	10,820,764	612.36
Bright Bars	Kgs	3,954,192	233.40	4,624,903	278.61
Shock Fluid	Litres	1,694,806	121.35	1,577,896	89.43
Others			121.62		114.72
			<u>1,086.81</u>		<u>1,095.12</u>
<b>B Components</b>					
Pressed Parts	Nos	127,025,205	397.31	152,938,466	437.81
Die Castings	Nos.	6,949,482	427.98	7,991,374	309.10
Imported GIL	Litres	453,624	4.30	-	-
Imported KYB	Litres	7,063,106	54.74	-	-
Rubber Parts	Nos.	66,554,755	417.58	66,090,822	362.76
Springs	Nos.	61,328,593	440.67	60,670,391	331.53
Turned Parts	Nos.	59,296,980	271.08	33,839,880	189.94
Sintered Parts	Nos.	30,047,504	206.02	31,386,850	297.96
Forgings	Nos.	2,348,168	88.95	3,058,126	86.21
Others			480.46		327.35
			<u>2,789.09</u>		<u>2,342.66</u>

20. Job work charges included in consumption amount to Rs.308.21 million (*Previous Year Rs. 289.15 million*).

21. Value of Imports on CIF basis:

	2008-09 Rs. Million	2007-08 Rs. Million
i) Raw Materials	617.47	314.26
ii) Components	115.60	38.75
iii) Stores	16.14	13.59
iv) Machinery Spares	0.02	2.19
v) Capital Goods	94.22	1.41

22. Expenditure in Foreign Currency (On Cash Basis) :

	2008-09 Rs. Million	2007-08 Rs. Million
i) Foreign Travel	2.95	2.74
ii) Technical Services	11.55	38.56
iii) Royalty	23.41	19.69
iv) Export Commission	0.45	1.84
v) Professional Fees	5.03	0.86
vi) Others	–	2.78

23. Materials, Components and Spares consumed:

Particulars	2008-09				2007-08			
	Raw Materials & Components		Spares*		Raw Materials & Components		Spares*	
	%	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million
i) Imported at landed cost	20.60	798.37	25.57	24.63	12.33	423.79	22.93	16.59
ii) Indigenous	79.40	3,077.53	74.43	71.69	87.67	3,013.99	77.07	55.08
	100.00	3,875.90	100.00	96.32	100.00	3,437.78	100.00	71.67
iii) *Consumption for repairs to machinery (included in the figures stated above)				4.27				2.37

24. 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 one of its plants. Accordingly, the amount relating to the abnormal scrap, rejections and wastage which is inbuilt in the above mentioned consumption relating to this plant is not fully readily available.

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

	2008-09	2007-08
i) Number of Shareholders	1	2
ii) Number of Shares	11,147,980	14,843,980
iii) Amount remitted (Rs. million)	4.46	10.39
iv) Relating to year ending	Final dividend for the year 2007-08	Interim for 2006-07 & Interim for 2007-08

26. Auditor's Remuneration:

Particulars	2008-09 Rs. Million	2007-08 Rs. Million
For Audit fee	2.20	2.20
For Certification & other charges	1.44	1.29
Expenses reimbursed	0.29	0.37



27. Earnings in Foreign Exchange:

Particulars

	2008-09 Rs. million	2007-08 Rs. million
--	------------------------	------------------------

FOB Value of Exports	109.09	72.16
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28. The company has identified certain assets which are not currently in use. The WDV of the assets as at March 31, 2009 is Rs. 31.30 million. A provision for the same has been made by the company amounting to Rs. 11.50 million (Previous year Rs. 3.67 million). The total provision being carried forward is Rs. 15.20 million.

29. The amounts of Inter Corporate Deposits outstanding as at the year end are Rs. 82.5 million (Previous Year 235.00 million) from Asia Investments Pvt Ltd, a shareholder of the company and Rs. 10 million (Previous year NIL) from Anfilco Limited and NIL (Previous Year Rs 7.5 Million) from Anand Automotive Systems Limited.

30. Disclosure under AS-15

	Rs. million	Rs. million
	Gratuity	Leave Encashment
	2008-09	2008-09
<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 01.04.08	37.80	27.26
Service Cost	3.21	2.68
Interest Cost	3.02	2.18
Benefit settled	(3.56)	(4.19)
Actuarial (Gain)/Loss	(10.96)	(12.97)
<b>Defined Benefit obligation at year end 31.03.09</b>	<b>29.52</b>	<b>14.96</b>
<b>Changes in the fair value of plan assets are as follows:-</b>	<b>2008-09</b>	<b>2008-09</b>
Opening Fair Value of plan assets 01.04.08	8.13	
Expected returns	0.70	-
Contributions	-	-
Benefit paid	(3.56)	-
Actuarial gains/( losses)	(0.18)	-
<b>Closing fair Value of plan assets 31.03.09</b>	<b>5.10</b>	<b>-</b>
Reconciliation of present value of the obligation and fair value of the plan assets:		
Fair value of plan assets at the end of the year	5.10	-
Present value of defined benefit obligation on 31.03.09	29.52	14.96
<b>Liability recognized in the balance sheet</b>	<b>24.42</b>	<b>14.96</b>
<b>Costs</b>		
Service Cost	3.21	2.68
Interest Cost	3.02	2.19
Expected return of plan assets	0.71	-
Actuarial (gain) / loss	(10.78)	(12.97)
<b>Net Costs</b>	<b>(5.25)</b>	<b>(8.11)</b>
	<b>Gratuity</b>	<b>Leave Encashment</b>
<b>Assumptions</b>		
Discount factor	8%	8%
Estimated rate of return on plan assets	8.65%	-
Salary Increase	4.50%	4.50%
Withdrawal rate	Upto 30 years: 3%	3%
	31 to 44 years: 2%	2%
	44 and above : 1%	1%
	55 & 58	55 & 58
Retirement age (55 for grade upto 8 and 58 for grade 9 & above)		
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.		
Gains are netted off with Personnel Expenses – Schedule 16		

31. Other income includes Rs. 9.00 million (*Previous year Nil*) as reimbursement towards shifting expenses for the manufacturing facility located at Gurgaon.
32. Profit on sale of assets include an amount of Rs. 42.80 million (*Previous year Nil*) for ceding development rights for a part of the land located at Mulund, Mumbai.
33. Previous year figures have been re-grouped/reclassified wherever necessary to conform to current year's classification

34. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956  
Balance Sheet Abstract and Company's General Business Profile

**I. Registration Details**

Registration No. 

L	3	4	1	0	1	P	N	1	9	6	1	P	L	C	0	1	5	7	3	5
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 State Code 

1	1
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Balance Sheet Date 

3	1
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0	3
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2	0	0	9
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Date Month Year

**II. Capital Raised during the Year (Amount in Rs. Million)**

Public Issue	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	Rights Issue	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							N	I	L														
							N	I	L														
Bonus Issue	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	Private Placement	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							N	I	L														
							N	I	L														

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Million)**

Total Liabilities	<table border="1"><tr><td></td><td></td><td>2</td><td>9</td><td>9</td><td>8</td><td>.</td><td>7</td><td>2</td></tr></table>			2	9	9	8	.	7	2	Total Assets	<table border="1"><tr><td></td><td></td><td>2</td><td>9</td><td>9</td><td>8</td><td>.</td><td>7</td><td>2</td></tr></table>			2	9	9	8	.	7	2	
		2	9	9	8	.	7	2														
		2	9	9	8	.	7	2														
<b>Sources of Funds</b>		<b>Reserves &amp; Surplus</b>	<table border="1"><tr><td></td><td></td><td>1</td><td>2</td><td>5</td><td>1</td><td>.</td><td>9</td><td>0</td></tr></table>			1	2	5	1	.	9	0										
		1	2	5	1	.	9	0														
Paid-Up Capital	<table border="1"><tr><td></td><td></td><td></td><td></td><td>7</td><td>1</td><td>.</td><td>8</td><td>5</td></tr></table>					7	1	.	8	5	Unsecured Loans	<table border="1"><tr><td></td><td></td><td></td><td>2</td><td>9</td><td>3</td><td>.</td><td>9</td><td>4</td></tr></table>				2	9	3	.	9	4	
				7	1	.	8	5														
			2	9	3	.	9	4														
Secured Loans	<table border="1"><tr><td></td><td></td><td>1</td><td>2</td><td>7</td><td>5</td><td>.</td><td>2</td><td>3</td></tr></table>			1	2	7	5	.	2	3												
		1	2	7	5	.	2	3														
Deferred Tax Liabilities/(Assets)	<table border="1"><tr><td></td><td></td><td></td><td>1</td><td>0</td><td>5</td><td>.</td><td>8</td><td>0</td></tr></table>				1	0	5	.	8	0												
			1	0	5	.	8	0														
<b>Application of Funds</b>		<b>Investments</b>	<table border="1"><tr><td></td><td></td><td></td><td>1</td><td>3</td><td>3</td><td>.</td><td>3</td><td>1</td></tr></table>				1	3	3	.	3	1										
			1	3	3	.	3	1														
Net Fixed Assets	<table border="1"><tr><td></td><td></td><td>1</td><td>9</td><td>1</td><td>1</td><td>.</td><td>3</td><td>3</td></tr></table>			1	9	1	1	.	3	3	Miscellaneous Expenditure	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
		1	9	1	1	.	3	3														
							N	I	L													
Net Current Assets	<table border="1"><tr><td></td><td></td><td></td><td>9</td><td>5</td><td>4</td><td>.</td><td>0</td><td>8</td></tr></table>				9	5	4	.	0	8												
			9	5	4	.	0	8														
Accumulated Losses	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L											
							N	I	L													

**IV. Performance of the Company (Amount in Rs. Million)**

Turnover	<table border="1"><tr><td></td><td></td><td>6</td><td>0</td><td>4</td><td>2</td><td>.</td><td>8</td><td>8</td></tr></table>			6	0	4	2	.	8	8	Total Expenditure	<table border="1"><tr><td></td><td></td><td>5</td><td>9</td><td>7</td><td>0</td><td>.</td><td>5</td><td>5</td></tr></table>			5	9	7	0	.	5	5
		6	0	4	2	.	8	8													
		5	9	7	0	.	5	5													
Profit/(Loss) Before Tax	<table border="1"><tr><td></td><td></td><td></td><td></td><td>7</td><td>2</td><td>.</td><td>3</td><td>3</td></tr></table>					7	2	.	3	3	Profit/Loss After Tax	<table border="1"><tr><td></td><td></td><td></td><td></td><td>5</td><td>6</td><td>.</td><td>1</td><td>0</td></tr></table>					5	6	.	1	0
				7	2	.	3	3													
				5	6	.	1	0													
Earnings Per Share in Rs.	<table border="1"><tr><td></td><td></td><td></td><td>0</td><td>.</td><td>7</td><td>8</td></tr></table>				0	.	7	8	Dividend Rate %	<table border="1"><tr><td></td><td></td><td>7</td><td>0</td></tr></table>			7	0							
			0	.	7	8															
		7	0																		

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
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Product Description

S	H	O	C	K		A	B	S	O	R	B	E	R	S				
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M	C	P	H	E	R	S	O	N		S	T	R	U	T	S				
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Item Code No.

	8	7	1	4	1	9	-	0	0
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Product Description

F	R	O	N	T		F	O	R	K	S								
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Signature to Schedule '1' to '20'.

PRAKASH KULKARNI  
*Executive Chairman*  
ARVIND WALIA  
*Managing Director*  
RAVI K SINHA  
PADMINI KHARE KAICKER  
RAJEEV VASUDEVA  
DEEPAK CHOPRA  
*Directors*

*Place: Mumbai*  
*Dated: May 26, 2009*

ANSHUL BHARGAVA  
*Company Secretary*

# Cash Flow Statement

Prepared pursuant to Clause 32 of Listing Agreement  
for the year ended March 31, 2009

	31.03.09		31.03.08	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
<b>A. Cash flow from operating activities:</b>				
Net profit before tax		72.33		123.62
Adjustments for:				
Depreciation	152.61		138.46	
Interest Expense	163.42		75.38	
Interest Income	(41.66)		(24.41)	
Income from Investment - Dividends	(0.52)		(0.71)	
Profit/ Loss on Assets Sold / Scrapped (Net)	(46.50)		0.52	
Provision for leave encashment	(12.30)		(4.30)	
Provision for Gratuity	(5.25)		(11.53)	
Provision for Superannuation	–		(86.16)	
Provisions - Others	(4.49)		(0.49)	
Provision for Doubtful Debts/ Advances	5.47		3.67	
Sales Tax Deferral Income	–		(22.90)	
Excess provision written back	(6.54)		(7.16)	
Bad debts written off against provision	(1.57)		(0.20)	
		<b>202.67</b>		<b>60.17</b>
<b>Operating profit before working capital changes</b>				
<b>Adjustments for changes in working capital :</b>				
– (Increase)/Decrease in Sundry Debtors	(102.59)		(128.99)	
– (Increase)/Decrease in Loans and Advances	44.05		6.92	
– (Increase)/Decrease in Inventories	(225.82)		(66.03)	
– Increase/(Decrease) in Trade and Other Payables	358.88		142.11	
		<b>74.52</b>		<b>(45.99)</b>
<b>Cash generated from operations</b>		<b>349.52</b>		<b>137.80</b>
– Direct Taxes Paid		(42.68)		(74.61)
<b>Net cash from operating activities</b>		<b>306.84</b>		<b>63.19</b>
<b>B. Cash flow from Investing activities:</b>				
Purchase of fixed assets	(727.66)		(309.71)	
(Increase)/ Decrease Capital Work in Progress	252.08		(247.03)	
Proceeds from Sale of fixed assets	50.84		5.85	
Sale of shares of Unit trust of India	9.75		–	
Shares of AECL Purchased	–		(133.09)	
Intercorporate Deposits	150.00		(242.50)	
Security deposit received/(paid)	(43.00)		43.00	
Interest Received (Revenue)	41.66		21.38	
Dividend Received	0.52		0.71	
<b>Net cash used in investing activities</b>		<b>(265.81)</b>		<b>(861.39)</b>

	31.03.09		31.03.08	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
<b>C. Cash flow from financing activities:</b>				
(Repayment)/Proceeds from long term borrowings	(114.36)		615.62	
(Repayment)/Proceeds of AECL	18.30		105.00	
(Repayment)/Proceeds of Fixed Deposit	186.83		(0.26)	
Increase/(Decrease) in Working Capital facilities (Net)	205.40		84.97	
Increase/(Decrease) of short term borrowings (Net)	(172.45)		47.29	
Interest Paid	(161.15)		(75.38)	
Dividend Paid	(29.94)		(49.56)	
Corporate Dividend Tax Paid	(4.88)		(3.02)	
	<u>          </u>		<u>          </u>	
<b>Net cash from/(used) in financing activities</b>		<b>(72.25)</b>		724.66
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>(31.22)</b>		(73.54)
<b>Cash and cash equivalents as at Opening</b>		<b>122.05</b>		195.59
<b>Cash and cash equivalents as at Closing</b>		<b>90.83</b>		122.05
<b>Cash and cash equivalents includes</b>				
Cash-in-Hand		1.15		2.28
With Scheduled Banks				
On Current Accounts		54.78		24.04
On Fixed Deposit Accounts		0.03		95.01
On Margin Money Accounts		34.87		0.72
		<u>          </u>		<u>          </u>
		<b>90.83</b>		122.05

**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 outgo.
3. Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.
4. Cash and cash equivalents as at March 31, 2009 include fixed deposits and margin money with banks of Rs.34.87 Million (Previous year Rs 95.73 Million) not available for use by the company.

This is the cash flow statement referred to in our report of even date.

V. Nijhawan  
Partner  
Membership Number - F87228  
For and on behalf of  
PRICE WATERHOUSE & CO.  
Chartered Accountants

Place: Gurgaon  
Dated: May 26, 2009

ANSHUL BHARGAVA  
Company Secretary

Place: Mumbai  
Dated: May 26, 2009

PRAKASH KULKARNI  
Executive Chairman  
ARVIND WALIA  
Managing Director  
RAVI K SINHA  
PADMINI KHARE KAICKER  
RAJEEV VASUDEVA  
DEEPAK CHOPRA  
Directors

# Annexure to Directors' Report

Information required under Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2009

Name	Age Years	Remuneration Rs. Mill	Designation	Nature of Duties	Qualification	Experience Years	Date of Joining	Last Employment Held	
								Designation	Name of Employer
Mr KN Subramaniam#	55	6.70	Managing Director	Chief Executive Officer	B.Tech., P.G.D.B.M. IIM, Ahmedabad	9	Feb'2001	President	Perfect Circle Victor Ltd.
Mr Prakash Kulkarni#	62	6.50	Executive Chariman	Management	BE (Mechanical)	1	May'2008	Managing Director	Thermax India Limited
Mr Arvind Walia	55	10.38	Managing Director	Chief Executive Officer	ACA, MBA	29	June'1985	Deputy Manager Finance	Escorts Limited
Mr Ravi A Gothe#	52	3.97	Senior Vice President Business Development	Marketing	BE (Mechanical)	15	June' 1993	DGM (R&D)	Anand Automotive Systems Limited
Mr Rajiv Mokashi#	52	3.26	Senior Vice President	R&D	ME (Mechanical)	12	Sept' 1996	GM (R&D)	Baker Mencer Limited
Mr Rajendra Abhange	47	3.15	Director (Tech.)	Technical	BE (Mechanical)	4	March'2004	Manager (Mat)	Motor Industries Co. Ltd.
Mr Vinai Gupta#	58	3.80	Senior Vice President	Operations	ME (Mechanical)	25	June' 1983	Senior Manager (Design)	Central Tool Room
Mr S Sarathi*	42	4.43	Vice President	Operations	ACA,ACS,AICWA	7	July' 2001	Manager Finance	Emcon Technologies India Private Limited
Mr Alok Agarwal	45	3.10	Vice President	Finance	ACA	6	March' 2002	DGM Operations	Stallion Shox Limited
Mr S Nanal	51	2.46	General Manager	R&D and Application Engineering	BE (Mechanical) and MMS	12	May'1997	Sr. Manager Quality Assurance	Sulzer India Limited
Mr Manoj Menon	41	3.00	General Manager	Operations	B.Tech & MMS Finance	13	June'1996	Asst. Manager Facility Enng.	Bajaj Auto Limited
Mr S Sengupta	52	3.01	Director Strategy Sourcing	Sourcing & Vendor Devp.	B.com & MBA Marketing	27	December'1984	Manager Marketing	Asia Automotive Limited
Mr Arul Kumar	46	2.90	General Manager	Operations	M.Tech MBA	4	August'2005	Asst. General Manager	Sundram Fastners Limited
Mr Vivek Kulkarni	44	2.90	General Manager	Operations	BE	4	October'2005	Manager Qty.	Schleider Electric Pvt. Ltd.

\* On deputation

# Salary for part of the year

Notes : (1) The nature of employment is contractual.

(2) Remuneration as shown above includes salary, allowances, commission, leave travel allowance, Company's Contribution to Provident Fund and Superannuation Fund, expenditure incurred by the Company on accommodation, transport, insurance, medical, club membership, Gratuity paid and contribution to Gratuity Fund on the basis of actuarial valuation as separate figures are not available. Wherever the actual costs are not ascertainable, the monetary value of the prerequisites as per Income Tax Rules, 1962 has been considered.

For and on behalf of the Board

Mumbai  
Dated : May 26, 2009

Prakash Kulkarni  
Executive Chairman

Arvind Walia  
Managing Director



CEO/CFO Certification.

To the Board of Directors of Gabriel India Limited.

We, Arvind Walia, Managing Director, and Alok Agarwal, Financial Controller certify that:

- (A) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2009, 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.

Place : New Delhi  
Date : May 16, 2009

Alok Agarwal  
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)

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 47th Annual General Meeting on Tuesday, July 28, 2009 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

**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 Seventh Annual General Meeting of the Company to be held on July 28, 2009 and at any adjournment thereof.

As witness my/our hand (s) this ..... day of ..... 2009

Signed by the said.....

Affix  
Re. 0.15  
Revenue  
Stamp

