

# BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
<b>SOURCES OF FUNDS:</b>			
<b>Share holders' Funds</b>			
Share Capital	A	90,733,000	90,733,000
Reserves & Surplus	B	1,264,926,708	1,069,353,227
		<u>1,355,659,708</u>	<u>1,160,086,227</u>
<b>Loan Funds</b>			
Secured Loans	C	82,641,846	16,945,213
Unsecured Loans	D	201,445,256	210,360,756
		<u>284,087,102</u>	<u>227,305,969</u>
		<u>1,639,746,810</u>	<u>1,387,392,196</u>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>			
Gross Block		1,394,045,824	1,126,241,682
Less : Depreciation		<u>890,488,725</u>	<u>835,292,553</u>
Net Block	E	503,557,099	290,949,129
Capital advance/ work in progress		<u>18,101</u>	<u>927,634</u>
		<u>503,575,200</u>	<u>291,876,763</u>
<b>Investments</b>	F	903,737,664	599,690,391
<b>Net Deferred Tax Assets</b>	P(8)	2,264,400	32,421,400
<b>Current Assets, Loans and Advances</b>			
Inventories	G	210,473,742	320,124,014
Sundry Debtors	H	213,297,870	154,987,367
Cash and Bank Balances	I	38,345,230	169,609,409
Loans and Advances	J	<u>73,872,860</u>	<u>45,307,941</u>
		<u>535,989,702</u>	<u>690,028,731</u>
<b>Less : Current Liabilities and Provisions</b>			
i) Current Liabilities	K	211,801,335	106,886,588
ii) Provision	L	<u>94,018,821</u>	<u>119,738,501</u>
<b>Net Current Assets</b>		<u>230,169,546</u>	<u>463,403,642</u>
		<u>1,639,746,810</u>	<u>1,387,392,196</u>
<b>Notes to Accounts</b>	P		

As per our Report of even date attached.

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

**Mangesh Katariya**  
Partner  
Membership No. 104633

Pune  
May 27, 2010

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**A.H. Firodia** Chairman  
**Dinesh Munot** Managing Director  
**Jinendra Munot** Jt. Managing Director  
**Utkarsh Munot** Executive Director

**Manish Motwani**  
**Dr. Dinesh Bothra**  
**Ludwig Rapp**  
**M. L. Rathi**  
**Shridhar S. Kalmadi**  
**Klaus Traeder**  
**B.S. Iyer** } Directors

**Satish Mehta** Company Secretary & DGM-Finance  
Pune, May 27, 2010

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Schedule	For the year ended March 31, 2010		For the year ended March 31, 2009
	Rs.	Rs.	Rs.
<b>INCOME:</b>			
Sales (Gross)	2,345,432,199		1,880,522,563
Less :- Excise Duty	184,229,729		219,413,080
		2,161,202,470	1,661,109,483
Other Income		58,609,521	36,900,984
		2,219,811,991	1,698,010,467
<b>EXPENDITURE:</b>			
Materials	M	1,421,111,186	1,127,055,257
Manufacturing and Other Expenses		309,600,739	273,482,303
Depreciation		76,106,382	79,510,816
	N	1,806,818,307	1,480,048,376
<b>Profit Before Tax</b>	O	412,993,684	217,962,091
<b>Provision for Taxation</b>			
a) Current Tax		100,500,000	81,000,000
b) Fringe Benefit Tax		-	1,700,000
c) Deferred Tax		30,157,000	(8,000,000)
<b>Profit After Tax</b>		282,336,684	143,262,091
Less : Depreciation /Taxation pertaining to earlier years (Refer note No. 22, Schedule 'P' )		(4,291,682)	140,405
<b>Balance Profit</b>		286,628,366	143,121,686
Add :- Balance in Profit & Loss Account brought forward		13,444,487	24,629,952
<b>Profit available for appropriations</b>		300,072,853	167,751,638
<b>APPROPRIATIONS:</b>			
Proposed Dividend		45,366,500	63,513,100
Corporate Dividend Tax		7,534,809	10,794,051
Interim Dividend		31,756,550	-
Corporate Dividend Tax on interim dividend		5,397,026	-
General Reserve		200,000,000	80,000,000
Balance carried to Balance Sheet		10,017,968	13,444,487
		300,072,853	167,751,638
Basic & Diluted Earnings per Share (Refer Note No. 16, Schedule 'P')		31.59	15.77
<b>Notes of Accounts</b>	P		

As per our Report of even date attached.

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

**Mangesh Katariya**  
Partner  
Membership No. 104633

Pune  
May 27, 2010

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**A.H. Firodia** Chairman  
**Dinesh Munot** Managing Director  
**Jinendra Munot** Jt. Managing Director  
**Utkarsh Munot** Executive Director

**Manish Motwani**  
**Dr. Dinesh Bothra**  
**Ludwig Rapp**  
**M. L. Rathi**  
**Shridhar S. Kalmadi**  
**Klaus Traeder**  
**B.S. Iyer** } Directors

**Satish Mehta** Company Secretary & DGM-Finance  
Pune, May 27, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
<b>SCHEDULE: A SHARE CAPITAL</b>		
<b>Authorised:</b> 10,000,000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, Subscribed and Paid up :</b> 9,073,300* Equity Shares of Rs.10/- each	90,733,000	90,733,000
	<u>90,733,000</u>	<u>90,733,000</u>
*(Including 4,536,650 shares of Rs.10/- each allotted as Bonus Shares by way of capitalisation of Securities Premium Account during the year 2005-06 )		
<b>SCHEDULE: B RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b> Balance as per last Balance Sheet	4,500,000	4,500,000
Less: repaid during the year	<u>1,000,000</u>	<u>-</u>
	3,500,000	4,500,000
<b>Securities Premium Account</b> Balance as per last Balance Sheet	23,233,000	23,233,000
<b>General Reserve</b> Balance as per last Balance Sheet	1,028,175,740	948,175,740
Add : Transferred from Profit and Loss Account	200,000,000	80,000,000
	<u>1,228,175,740</u>	<u>1,028,175,740</u>
<b>Profit and Loss Account</b> Balance as per Annexed Account	10,017,968	13,444,487
	<u>1,264,926,708</u>	<u>1,069,353,227</u>
<b>SCHEDULE: C SECURED LOANS</b>		
Working Capital Loans from Banks	82,641,846	16,945,213
	<u>82,641,846</u>	<u>16,945,213</u>
<b>NOTE:-</b> The above is secured by hypothecation of stock and book debts and second-charge on the fixed assets.		
<b>SCHEDULE: D UNSECURED LOANS</b>		
Sales Tax Deferral under Package Schemes of Incentives (Due within One Year Rs. 12,157,044/- Previous Year Rs. 8,811,155/-)	201,445,256	210,360,756
	<u>201,445,256</u>	<u>210,360,756</u>

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

### SCHEDULE: F

#### INVESTMENTS ( Non-Trade, Long Term )

#### AT COST:

			As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
<b>In Mutual Fund Units ( Units of Rs. 10/- each ) - Unquoted, fully paid up</b>				
-	(5,000,000)	Reliance Annual Fixed Horizon Fund - Inst. - Growth	-	50,000,000
-	(3,353,004)	ICICI Prudential Short Term Plan - Growth	-	60,000,000
7,535,152	(-)	ICICI Prudential Long Term Plan - Growth	75,334,944	-
-	(1,700,219)	ICICI Prudential Income Fund- Inst. Growth	-	50,000,000
10,693,786	(-)	Templeton India Income Opportunities Fund - Growth	110,000,000	-
-	(1,000,000)	HSBC Annual Fixed Term Series - Growth	-	10,000,000
-	(6,757,735)	HDFC Short Term Plan - Dividend	-	70,000,000
6,561,618	(-)	HDFC High Interest Fund - STIP - Dividend	70,000,000	-
4,959,687	(1,975,894)	HDFC Arbitrage Fund - Dividend	50,000,000	20,000,000
12,481,290	(-)	Kotak Flexi Debt - Growth	140,000,000	-
5,000,000	(-)	IDFC Hybrid Portfolio Fund - Series I - Growth	50,000,000	-
-	(3,592,936)	Reliance Medium Term Fund- Growth	-	65,000,000
8,887,697	(-)	Reliance Regular Savings Fund-Debt -Inst. Div.	109,999,999	-
1,955,990	(1,955,990)	AIG World Gold Fund - Dividend	13,797,555	13,797,555
975,563	(975,563)	Sundaram Financial Services Opportunities Fund - Growth	7,038,984	7,038,984
4,997,951	(4,997,951)	Birla Floating Rate Fund - Long Term - Inst. - Growth	50,000,000	50,000,000
3,391,049	(3,391,049)	HDFC Floating Rate Fund - Long Term - Inst. - Growth	50,000,000	50,000,000
1,955,990	(1,955,990)	Fidelity India Special Situations Fund - Dividend	20,000,000	20,000,000
-	(3,911,980)	Fidelity International Opportunities Fund -Dividend	-	20,000,000
-	(1,000,000)	JM Agri & Infra Fund -Dividend	-	10,000,000
-	(1,000,000)	Reliance Long term Equity Fund - Dividend	-	10,000,000
-	(959,507)	Sundaram BNPP Equity-Multiplier Fund - Dividend	-	9,595,068
1,000,000	(1,000,000)	Sundaram BNPP SMILE Fund - Dividend	10,000,000	10,000,000
1,191,838	(-)	Sundaram BNPP Select Midcap Fund - Dividend	20,000,000	-
634,095	(-)	Sundaram Balanced Fund - Dividend	10,000,000	-
1,975,309	(-)	Sundaram PSU Opportunities Fund - Dividend	20,000,000	-
-	(3,013,548)	IDFC Dynamic Bond Fund-Plan B-Dividend	-	31,209,918
466,843	(-)	HDFC Top 200 Fund - Dividend	20,000,000	-
-	(977,995)	HSBC Midcap Equity Fund - Dividend	-	10,000,000
896,032	(-)	Reliance Regular Savings Fund-Equity - Dividend	20,000,000	-
2,000,000	(-)	Reliance Infrastructure Fund	20,000,000	-
<b>Total (A)</b>			<b>866,171,482</b>	<b>566,641,525</b>
<b>In Equity Shares - Quoted, fully paid-up :</b>				
14,259	(14,259)	ICICI Bank Ltd. of Rs.10/- each	13,403,460	13,403,460
19,576	(19,576)	Power Grid Corporation of India Ltd. of Rs.10/- each	1,017,952	1,017,952
4,905	(4,905)	Reliance Power Ltd. of Rs.10/- each	1,379,531	1,379,531
135,159	(135,159)	National Thermal Power Corporation of Rs. 10/- each	8,379,858	8,379,858
12,216	(6,108)	Tata Consultancy Services Ltd. of Re. 1/- each	2,595,900	2,595,900
-	(23,149)	Reliance Petroleum Ltd. of Rs. 10/- each	-	1,388,940
3,948	(-)	Reliance Industries Ltd. of Rs. 10/- each	3,166,476	-
76,105	(-)	NHPC Ltd. of Rs. 10/- each	2,739,780	-
30,443	(30,443)	Idea Cellular Ltd. of Rs. 10/- each	2,283,225	2,283,225
<b>Total (B)</b>			<b>34,966,182</b>	<b>30,448,866</b>
<b>In Equity Shares - Unquoted, fully paid up (In JV):</b>				
260,000	(260,000)	ZF Lenksysteme India Pvt. Ltd. (26% holding) of Rs.10/- each	2,600,000	2,600,000
<b>Total (C)</b>			<b>2,600,000</b>	<b>2,600,000</b>
<b>Total ( A + B+C )</b>			<b>903,737,664</b>	<b>599,690,391</b>

#### INVESTMENTS :

#### AGGREGATE VALUE OF :

Quoted Shares

Unquoted Investment

As at March 31, 2010	
Book Value Rs.	Market Value Rs.
34,966,182	62,512,994
868,771,482	-

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

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
<b>SCHEDULE: G</b>		
<b>INVENTORIES</b>		
(Valued and certified by the Managing Director- At lower of cost and net realisable value)		
Work-in-Progress	17,951,650	31,788,604
Raw materials and components	192,178,925	285,378,263
Finished Goods	343,167	2,957,147
	<u>210,473,742</u>	<u>320,124,014</u>
<b>SCHEDULE: H</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured - Considered Good by management)		
Over Six Months	839,275	12,945,706
Others	212,458,595	142,041,661
	<u>213,297,870</u>	<u>154,987,367</u>
<b>SCHEDULE: I</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	176,835	111,935
<b>BALANCES WITH SCHEDULED BANKS</b>		
In Fixed Deposit	31,884,565	134,500,000
Interest Accrued on Fixed Deposits	126,715	1,031,535
In Current Accounts	6,157,115	33,965,939
	<u>38,345,230</u>	<u>169,609,409</u>
<b>SCHEDULE: J</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and considered good by management, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	16,349,507	11,873,682
Advances on Capital Account	13,928,648	2,107,500
Deposits	4,186,096	3,239,258
Payment of Income Tax (Net of provision for Tax)	33,978,022	23,241,293
Balances with Central Excise Authorities	5,430,587	4,846,208
	<u>73,872,860</u>	<u>45,307,941</u>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>SCHEDULE: K</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	208,404,905	104,275,004
* Unclaimed Dividends	3,396,430	2,611,584
	<u>211,801,335</u>	<u>106,886,588</u>
* Investor Protection and Education Fund is being credited by the amount of unclaimed dividend after seven years from the due date		
<b>SCHEDULE: L</b>		
<b>PROVISIONS</b>		
Proposed Dividend	45,366,500	63,513,100
Corporate Dividend Tax	7,534,809	10,794,051
Leave Encashment and Gratuity	38,371,608	43,431,350
For Warranties	2,745,904	2,000,000
	<u>94,018,821</u>	<u>119,738,501</u>

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

	For the Year ended March 31, 2010 Rs.	For the Year ended March 31, 2009 Rs.
<b>SCHEDULE: M</b>		
<b>OTHER INCOME</b>		
<b>Interest</b>	-	
i) From Banks (T.D.S. Rs. 1,082,717 (P.Y. - 268,036))	10,822,488	1,292,443
ii) From Others (T.D.S. NIL (P.Y. - 244,585))	171,798	1,358,238
Dividend on long-term Investments	19,727,027	10,813,521
Profit on sale of long-term Investments (Net)	15,454,464	17,679,267
Liabilities and Provisions written back	109,107	524,156
Exchange variation profit (Net)	7,565,950	-
Profit on sale of assets (Net)	390,811	-
Miscellaneous Income	4,367,876	5,233,359
	<u>58,609,521</u>	<u>36,900,984</u>
 <b>SCHEDULE: N</b>		
<b>MATERIALS</b>		
Stock at Commencement-		
Finished Goods	2,957,147	2,084,459
Work-in-Progress	31,788,604	66,442,964
	<u>34,745,751</u>	68,527,423
Raw materials consumed-		
Stock at Commencement	285,378,263	222,286,812
Purchases	1,213,761,244	1,078,066,050
	<u>1,499,139,507</u>	1,300,352,862
Less : Closing Stock	192,178,925	285,378,263
	<u>1,306,960,582</u>	1,014,974,599
Fabrication and Processing charges	14,751,314	16,726,828
Stores and tools consumed	82,948,356	61,572,158
	<u>1,439,406,003</u>	1,161,801,008
Less: Closing Stock		
Work-in-Progress	17,951,650	31,788,604
Finished Goods	343,167	2,957,147
	<u>18,294,817</u>	34,745,751
	<u>1,421,111,186</u>	<u>1,127,055,257</u>

## SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

	For the Year ended March 31, 2010	For the Year ended March 31, 2009
	Rs.	Rs.
<b>SCHEDULE: O</b>		
<b>MANUFACTURING &amp; OTHER EXPENSES</b>		
<b>Payments to and Provisions for Employees</b>		
Salaries, Wages and related payments	155,884,566	140,743,831
Contribution to Provident Fund and Other Funds	5,194,495	4,846,656
Staff and Labour Welfare Expenses	13,816,790	10,699,697
	<b>174,895,851</b>	<b>156,290,184</b>
<b>Interest</b>		
On Bank	120,775	85,629
Others	1,197,578	1,251,198
	<b>1,318,353</b>	<b>1,336,827</b>
<b>Repairs</b>		
Plant & Machinery	14,466,192	22,332,992
Building	6,056,664	2,390,054
Others	6,882,772	3,558,702
	<b>27,405,628</b>	<b>28,281,748</b>
Power and Fuel (net of credit for captively consumed Windmill power generation - Rs. 6,533,059 - P.Y. Rs. 7,385,921)	<b>41,866,834</b>	27,502,219
Rates and Taxes	857,680	1,631,671
Miscellaneous Expenses	22,061,541	14,952,978
Bank charges and commission	3,179,654	5,146,944
Travelling and conveyance	8,615,784	8,296,608
Communication Expenses	1,806,710	1,885,437
Selling and Distribution Expenses	19,901,924	17,039,593
Advertisement Expenses	580,561	219,341
Printing and Stationery	1,978,448	1,704,252
Directors' Sitting Fees	295,000	175,000
Auditors' Remuneration	200,000	225,000
Insurance	1,669,208	1,494,598
Loss on sale of Assets(Net)	-	71,955
Windmill Expenses	2,967,563	2,163,542
Exchange Variation Loss (Net)	-	5,064,406
	<b>309,600,739</b>	<b>273,482,303</b>

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-2010	2008-2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax	412,993,684	217,962,091
<b>Adjustments For:</b>		
Add : Interest Paid	1,318,353	1,336,827
Add : Loss (Net ) On Sale Of Assets	(390,811)	71,955
Less: Profit on Sale of Investments	(15,454,464)	(17,679,267)
Depreciation (Net)	76,106,382	79,510,816
Interest/ Dividend Received	(30,721,313)	(13,464,202)
<b>Operating Profit Before Working Capital Changes</b>	<b>443,851,831</b>	<b>267,738,220</b>
<b>Adjustments For:</b>		
Trade And Other Receivables	(64,317,545)	132,365,321
Inventories	109,650,272	(29,309,779)
Trade Payables	99,816,063	(34,989,981)
<b>Cash Generated From Operations</b>	<b>589,000,621</b>	<b>335,803,781</b>
Direct Taxes Paid (Net)	(111,236,729)	(72,685,616)
<b>Net Cash From Operating Activities (Sub. Total 'A')</b>	<b>477,763,892</b>	<b>263,118,165</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase Of Fixed Assets (including changes in capital WIP / capital advances)	(301,025,459)	(23,931,682)
Sale Of Fixed Assets	6,081,985	1,449,434
Sale Of Investments	412,648,390	406,890,401
Purchase Of Investments	(701,241,199)	(479,386,457)
Interest Received	10,994,286	2,650,681
Dividend Received	19,727,027	10,813,521
<b>Net Cash Used In Investing Activities (Sub Total 'B')</b>	<b>(552,814,970)</b>	<b>(81,514,102)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds From Short Term Borrowings and subsidy	64,696,633	16,945,213
Sales Tax Deferral	(8,915,500)	(7,957,468)
Interest Paid	(1,318,353)	(1,336,827)
Dividend Paid (including dividend tax)	(110,675,881)	(84,104,583)
<b>Net Cash Used In Financing Activities (Sub. Total 'C')</b>	<b>(56,213,101)</b>	<b>(76,453,665)</b>
Net Increase In Cash And Cash Equivalents (Sub Total 'A'+ 'C'-'B')	(131,264,179)	105,150,398
Opening Cash & Cash Equivalents	169,609,409	64,459,011
<b>Closing Cash &amp; Cash Equivalents</b>	<b>38,345,230</b>	<b>169,609,409</b>

As per our Report of even date attached.

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

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

Pune  
May 27, 2010

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**A.H. Firodia**  
**Dinesh Munot**  
**Jinendra Munot**  
**Utkarsh Munot**

Chairman  
Managing Director  
Jt. Managing Director  
Executive Director

**Manish Motwani**  
**Dr. Dinesh Bothra**  
**Ludwig Rapp**  
**M. L. Rathi**  
**Shridhar S. Kalmadi**  
**Klaus Traeder**  
**B.S. Iyer**

Directors

**Satish Mehta**  
Pune, May 27, 2010

Company Secretary & DGM-Finance

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

**SCHEDULE: E**

**FIXED ASSETS (AT COST)**

	LAND (Freehold)	LEASEHOLD LAND	BUILDING	PLANT & MACHINERY	ELECTRICAL INSTALLATION	FURNITURE FIXTURES & OFFICE EQUIPMENTS	VEHICLES	WIND MILLS	TOTAL	PREVIOUS YEAR TOTAL
	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>GROSS BLOCK COST AS AT APRIL 1, 2009</b>	3,302,906	-	94,335,483	846,788,577	8,493,789	36,288,610	52,102,317	84,930,000	1,126,241,682	1,108,057,607
ADDITIONS MAR 31, 2010	-	6,000,000	3,689,303	25,389,257	-	3,276,678	14,929,873	236,828,731	290,113,842	21,945,978
DEDUCTIONS	-	-	-	3,316,034	-	-	18,993,666	-	22,309,700	3,761,903
<b>COST AS AT MAR 31, 2010</b>	<b>3,302,906</b>	<b>6,000,000</b>	<b>98,024,786</b>	<b>868,861,800</b>	<b>8,493,789</b>	<b>39,565,288</b>	<b>48,038,524</b>	<b>321,758,731</b>	<b>1,394,045,824</b>	<b>1,126,241,682</b>
<b>DEPRECIATION</b>										
AS AT APRIL 1, 2009	-	-	51,693,385	648,300,767	5,089,286	21,531,189	27,592,003	76,794,239	831,000,869	758,022,251
<b>FOR THE YEAR 2009-2010</b>		1095	2,946,624	59,359,346	497,302	3,215,075	7,462,552	2624388	76,106,382	79,510,816
DEDUCTIONS	-	-	-	3,090,573	-	-	13,527,953	-	16,618,526	2,240,514
<b>TOTAL DEPRECIATION AS AT MARCH 31, 2010</b>	<b>-</b>	<b>1,095</b>	<b>54,640,009</b>	<b>704,569,540</b>	<b>5,586,588</b>	<b>24,746,264</b>	<b>21,526,602</b>	<b>79,418,627</b>	<b>890,488,725</b>	<b>835,292,553</b>
<b>NET BLOCK AS AT MARCH 31, 2010</b>	<b>3,302,906</b>	<b>5,998,905</b>	<b>43,384,777</b>	<b>164,292,260</b>	<b>2,907,201</b>	<b>14,819,024</b>	<b>26,511,922</b>	<b>242,340,104</b>	<b>503,557,099</b>	<b>290,949,129</b>
NET BLOCK AS AT MARCH 31, 2009	3,302,906	-	40,589,112	196,076,415	3,172,982	15,004,216	24,667,737	8,135,761	290,949,129	361,678,917

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

### SCHEDULE: P

#### 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES :

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

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

##### B) Fixed Assets and Depreciation :

###### (i) Fixed Assets:

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

###### (ii) Depreciation:

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

##### C) Investments:

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

##### D) Inventories:

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

##### E) Revenue Recognition:

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

##### F) Employee Retirement Benefits:

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

**Defined Benefit Plans:** The Company's gratuity and leave wages are defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of services as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the profit and loss account.

Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account in the year in which the related service is rendered.

#### G) Foreign Currency Transactions:

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

#### H) Taxation:

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

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

#### I) Impairment of Assets:

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

#### J) Provisions and Contingent Liabilities:

- Provisions in respect of present obligation arising out of past events are made in the accounts when reliable estimates can be made about the amount of obligation.
- Contingent Liabilities are disclosed when there is a possible obligation that may, but probably will not, require an outflow of resources.

#### K) Earnings per Share:

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

#### L) Warranty:

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

	Rs.	
2. CONTINGENT LIABILITY ( Not provided for ) :	2009-2010	2008-2009
i) Income Tax matters in dispute	.	.
in respect of penalty matters pending before CIT(A), Pune	32,631,743	32,631,743
ii) Co-acceptance of Import bills by the bankers	61,312,462	2,964,542
iii) Bank Guarantees on behalf of the Company	4,225,625	4,225,625
iv) Bills discounted	488,087,261	258,964,460
v) Sales Tax matter under Appeal	-	1,439,044
vi) Claims against the Company not acknowledged as debts	156,790	413,684
vii) Service Tax matters under Appeal	3,634,012	2,566,264
3. Estimated amount of contracts remaining to be executed on capital account and not provided for	64,494,200	4,867,500

(Contd....)

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

**Rs.**

	2009-2010	2008-2009
i) Salaries	9,341,640	8,492,400
ii) Commission	18,000,000	6,500,000
iii) Perquisites	13,017,196	7,010,043
	40,358,836	22,002,443
iv) Contribution to Provident Fund / Superannuation	411,840	374,400
<b>TOTAL</b>	<b>40,770,676</b>	<b>22,376,843</b>

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

	2009-2010	2008-2009
Net profit before tax as per Profit and Loss Account	412,993,684	217,962,091
Add : Depreciation as per accounts	76,106,382	79,510,816
Managerial Remuneration including perquisites	40,770,676	22,376,843
Directors' Sitting Fees	295,000	175,000
Loss on Sale of Assets	281,998	71,955
	530,447,740	320,096,705
Less : Depreciation as per Section 350 of The Companies Act, 1956	76,106,382	75,329,713
Less : Profit on sale of Investments	15,454,464	17,679,267
Less : Profit on sale of Assets	672,809	-
Less : Depreciation on Sale of Assets as per Section 350 of The Companies Act, 1956.	-	109,199
<b>Net Profit</b>	<b>438,214,085</b>	<b>226,978,526</b>
Maximum Managerial remuneration restricted to 10% of Net Profit computed in accordance with Section 198 of the Companies Act, 1956.	43,821,408	22,697,852

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

Class of Goods	Capacity		Production	Opening Stock		Closing Stock		Sales	
	Licensed Nos.	Installed Nos.	Qty. Nos.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
Hydraulic Power Steering Gears including components/ spares	300,000 (300,000)	270,000 (270,000)	138,330 (105,545)	268 (89)	1,616,557 (799,947)	31 (268)	235,833 (1,616,557)	138,567 (105,366)	1,962,056,821 (1,627,111,760)
Mechanical Steering Gears including components/ spares	200,000 (200,000)	180,000 (140,000)	123,426 (79,658)	792 (658)	1,340,590 (1,284,512)	67 (792)	107,334 (1,340,590)	124,151 (79,524)	340,995,144 (231,413,039)
			261,756 (185,203)	1,060 (747)	2,957,147 (2,084,459)	98 (1,060)	343,167 (2,957,147)	262,718 (184,890)	2,303,051,965 (1,858,524,799)

**Notes :** 1) In view of the number of components/ spares being large, it is not possible to give the quantitative information.

2) Installed capacity is as certified by the Managing Director and accepted by the Auditors, being a technical matter.

3) The above figures are inclusive of Excise Duty and Education Cess.

## NOTES TO ACCOUNTS (Contd.)

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

### 7. Related Party Disclosures as per AS18:

#### a) List of Related Parties with whom transactions have taken place and relationships :

##### Foreign Collaborator :

ZF Lenksysteme, GmbH

##### Associate Companies :

ZF Shanghai Steering Co.Ltd., China      ZF Boge Elastmettal GmbH

ZF Sistemas De Direcao Ltd, Brazil.      ZF Great Briton

ZF Steering Jincheng (Nanjing),China      Varsha Forgings Ltd

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

**Key Managerial Personnel :** Mr. Dinesh Munot - Managing Director  
Mr. Jinendra Munot - Jt. Managing Director  
Mr. Utkarsh Munot - Executive Director

Rs.

#### b) Transactions with related parties :

##### i) Sales

Foreign Collaborator

Other related parties

##### ii) Purchase of Raw Materials & components

Foreign Collaborator

Other related parties

##### iii) Outstanding balance

##### Debtors

Foreign Collaborator

Other related parties

Joint Venture company

##### Creditors

Foreign Collaborator

Other related parties

##### iv) Dividend paid during the year

Foreign Collaborator

Other related parties

##### v) Remuneration to: Key Managerial Personnel

##### vi) Rent and other services

Joint venture company

##### vii) Interest received - other related party

	2009-2010	2008-2009
	.	.
	2,991,288	7,355,375
	3,720	75,833,988
	115,938,722	306,296,926
	130,902,222	154,291,845
	-	6,183,367
	-	16,775,996
	32,301	262,763
	9,337,308	317,941
	6,796,880	13,293,184
	24,570,000	18,720,000
	45,075,219	33,256,168
	40,770,676	22,376,843
	1,477,385	1,170,898
	-	904,765

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

The break-up of the net deferred tax liability as at March 31, 2010 is as under :-

Rs.

Timing differences on account of	2009-2010		2008-2009	
	Assets	Liabilities	Assets	Liabilities
- Book Depreciation & depreciation under the Income-tax Act, 1961	-	16,779,091	18,586,614	
- Provision for Gratuity & Leave Encashment	13,259,826	-	13,834,679	-
- Managerial Commission	5,979,150	-	-	-
- Shares	-	195,373	-	-
Total ...	19,238,976	16,974,464	32,421,293	
<b>Net Deferred Tax Assets</b>	<b>2,264,512</b>		32,421,293	
<b>Rounded off</b>	<b>2,264,400</b>		32,421,400	

## NOTES TO ACCOUNTS (Contd.)

### 9. Auditors' Remuneration :

Rs.

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

2009-2010	2008-2009
120,000	75,000
40,000	25,000
25,000	25,000
15,000	100,000
200,000	225,000

### 10. Consumption of Raw materials and Components :

Description	2009-2010		2008-2009	
	MT Quantity	Value (Rs.)	MT Quantity	Value (Rs.)
A) Raw Materials :				
i) Alloy Steel Bars	1070	45,373,186	593.97	31,888,866
B) Components :	-	1,375,738,000	-	1,095,166,391
		1,421,111,186		1,127,055,257

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

Description	2009-2010		2008-2009	
	Rs.	Percentage	Rs.	Percentage
A) Imported	335,056,832	23.58	433,849,327	38.49
B) Indigenous	1,086,054,354	76.42	693,205,930	61.51
	1,421,111,186	100.00	1,127,055,257	100.00

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

Rs.

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

2009-2010	2008-2009
257,896,664	471,199,327
9,303,904	4,544,727

### 13. Expenditure in Foreign Currency

Travelling and other expenses

2009-2010	2008-2009
2,389,539	2,896,920

### 14. Remittance of dividend in Foreign Currency

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

1	1
2,340,000	2,340,000
24,570,000	18,720,000

### 15. Earnings in Foreign Currency

F.O.B. Value of Exports

6,163,408	9,864,185
-----------	-----------

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

Rs.

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

	2009-2010	2008-2009
Rs.	286,628,366	143,121,686
Nos.	9,073,300	9,073,300
Rs.	31.59	15.77

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

- a) **Defined Contribution Plans** : Contribution to Provident Fund of Rs.5,175,775 (previous year Rs.4,828,044) is recognized as expense and included in Contribution to Provident Fund and Other Funds in the Profit and Loss Account.
- b) **Defined Benefit Plans** : The amounts recognized in respect of Gratuity and Leave Encashment, based on Actuarial valuation is as per Annexure.

18. Under the Micro, Small and Medium Enterprises Development Act, 2006 certain disclosures are required to be made for enterprises which are covered under the Act. Since the company is in a process of compiling relevant information from its suppliers about their coverage under the said Act, no disclosures have been made. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.
19. In current year provision for current taxes includes provision for wealth tax of Rs. 400,000 (P.Y. - Rs. 320,000)
20. The Company has 26% joint venture interest in ZF Lenksysteme India Private Limited, a company incorporated in India.

As on March 31, 2010, the Company has invested Rs. 2,600,000 (previous year Rs. 2,600,000) in the share capital of this Joint Venture.

The Company's share of each of the assets, liabilities, income and expenses (each without elimination of the effect of transactions between the Company and the Joint Venture), related to its interest in the joint venture as per AS 27 on 'Financial Reporting of Interest in Joint Ventures' (based on the audited accounts of the Joint Venture for the year ended March 31, 2010) are as under:

(Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Assets	7,740,291	1,219,087
Liabilities	18,115,213	74,635
Particulars	For the year 2009-2010	For the year 2008-2009
Income	6,151	-
Expenditure	7,176,367	1,406,972

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

(Rs.)

Description	Opening balance	Additions during the year	Payment/ reversal during the year	Closing balance
Provision for warranties	2,000,000	2,000,000	1,254,096	2,745,904

## 22. Exceptional item- change in depreciation policy for assets acquired prior to April 1, 2000

As per Company policy depreciation on Fixed Assets acquired prior to April 1, 2000 was provided as per the Written Down Value (w.d.v.) method at the following rates:

Building @ 10%, Plant & Machinery @ 25%, Furniture & Fixtures @ 15%, Office Equipments @ 25%, Computer @ 60%, Cars @ 20%, Two Wheelers @ 25%

From the current year, depreciation on above assets is provided on Written Down Value at the rates and in manner specified in the Schedule XIV to the Companies Act, 1956, to be in tune with the current policy of charging depreciation on assets acquired on or after April 1, 2000. This has resulted in uniform policy of providing depreciation in respect of all fixed assets.

The above change has resulted in a surplus of Rs. 4,291,682 for earlier years, which has been credited to Profit & Loss Account. Due to change in method, depreciation for the current year is higher by Rs. 2,221,837. Consequently, profit after tax and net block of fixed assets is higher by Rs. 2,825,047.

23. The Company has revised its VAT -Returns for the period 2005-06 to 2009-10 by paying Rs. 39 Million (approx.) based on search carried out by Sales Tax Authorities.
24. Foreign Exchange difference (Net) credited to Profit & Loss Account Rs. 7,565,950 (Previous year : Debit Rs. 5,064,406.)
25. Figures relating to the previous year have been regrouped, rearranged wherever it is necessary.

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

# EMPLOYEE BENEFITS

Defined benefit plan as per Actuarial Valuation as on March 31, 2010

Sr. No.	Particulars	GRATUITY (Rs.) 2009-2010	LEAVE ENCASHMENT (Rs.) 2009-2010	GRATUITY (Rs.) 2008-2009	LEAVE ENCASHMENT (Rs.) 2008-2009
<b>I</b>	<b>Expenses recognised in the Statement of Profit &amp; Loss for the year ended March 31, 2010</b>				
1	Current Service Cost	3,131,602	1,188,458	3,279,953	1,872,029
2	Interest Cost	2,691,994	590,612	2,209,615	957,456
3	Expected return on plan assets	848,307		(691,633)	-
4	Net Actuarial (Gains) / Losses	(3,214,482)	3,325,615	6,112,236	(723,225)
5	Total Expenses	1,760,807	5,104,685	10,910,171	<b>2,106,260</b>
<b>II</b>	<b>Net Asset / (Liability) recognised in the Balance Sheet as at March 31, 2010</b>				
1	Present Value of Obligation as at March 31, 2010	40,555,805	8,429,377	38,977,948	13,549,926
2	Fair Value of plan assets as at March 31, 2010	10,613,574		9,096,524	-
3	Funded status [ Surplus / (Deficit) ]	(29,942,231)	(8,429,377)	(29,881,424)	(13,549,926)
4	Net Assets / (Liability) as at March 31, 2010	(29,942,231)	(8,429,377)	(29,881,424)	(13,549,926)
<b>III</b>	<b>Change in Obligation during the Year ended March 31, 2010</b>				
1	Present value of Defined Benefit Obligation at beginning of the year	38,977,948	13,549,926	27,727,666	12,492,724
2	Interest Cost	2,691,994	590,612	2,209,615	957,456
3	Current service Cost	3,131,602	1,188,458	3,279,953	1,872,029
4	Actuarial (Gains) / Losses	(3,203,950)	3,325,615	5,975,680	(723,225)
5	Benefit Payments	(1,041,789)	(10,225,234)	(214,966)	(1,049,058)
6	Present Value of Defined Benefit Obligation as at the end of year	40,555,805	8,429,377	38,977,948	13,549,926
<b>IV</b>	<b>Change in Assets during the Year ended March 31, 2010</b>				
1	Plan assets at the beginning of the year	9,096,524		7,310,228	
2	Expected return on plan assets	848,307		691,633	
3	Contributions by Employer	1,700,000		1,446,185	
4	Actual benefits paid	(1,041,789)	-	(214,966)	
5	Actuarial Gains / (Losses)	10,532	-	(136,556)	
6	Plan assets at the end of the year	10,613,574	-	9,096,524	
<b>V</b>	<b>Actuarial Gain/ Loss recognised</b>				
1	Actuarial Gain/ (Loss) for the year-obligation	3,203,950	(3,325,615)	(5,975,680)	723,225
2	Actuarial (Gain)/ Loss for the year-plan assets	(10,532)	-	136,556	-
3	Total (Gain)/ Loss for the year	(3,214,482)	3,325,615	6,112,236	(723,225)
4	Actuarial (Gain)/ Loss recognised in the year	(3,214,482)	3,325,615	6,112,236	(723,225)
<b>VI</b>	<b>Assumptions</b>				
	Discount Rate	8.30%	8.30%	7%	7%
	Rate of increase in Compensation levels	12%	12%	12%	12%
	Rate of return on plan assets	9%		9%	
	Expected Average remaining working lives of employees ( years )	11.36	11.13	11.61	11.55

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

### I) Registration Details :

Registration No.   
 Balance Sheet Date

State Code:

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

Public Issue :   
 Bonus Share :

Rights Issue :   
 Private Placement

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

#### Total Liabilities

#### Sources of Funds:

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

#### Total Assets

#### Application of Funds:

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

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

Turnover   
 Profit/Loss Before Tax   
 Earnings per Share

Total Expenditure   
 Profit/Loss After Tax   
 Dividend Rate

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

#### Item Code No. (ITC Code)

#### Product Description

As per our Report of even date attached.

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

**Mangesh Katariya**  
 Partner  
 Membership No. 104633

Pune  
 May 27, 2010

### FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**A.H. Firodia**  
**Dinesh Munot**  
**Jinendra Munot**  
**Utkarsh Munot**

Chairman  
 Managing Director  
 Jt. Managing Director  
 Executive Director

**Manish Motwani**  
**Dr. Dinesh Bothra**  
**Ludwig Rapp**  
**M. L. Rath**  
**Shridhar S. Kalmadi**  
**Klaus Traeder**  
**B.S. Iyer**

} Directors

**Satish Mehta**  
 Pune, May 27, 2010

Company Secretary & DGM-Finance



Proxy Form

## ZF STEERING GEAR (INDIA) LTD.

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

I/We \_\_\_\_\_ being a Member / Members of **ZF STEERING GEAR (INDIA) LTD.**, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him / her \_\_\_\_\_ as my / our proxy to vote for me / us and on my / our behalf at the **30TH ANNUAL GENERAL MEETING** of the Company to be held on Wednesday, July 14, 2010 and at any adjournment there of.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Folio No. / DP ID / Client ID

No. of Shares held :

Affix a  
15 Paise  
Revenue  
Stamp

(Signature of the Member)

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

Attendance Slip

## ZF STEERING GEAR (INDIA) LTD.

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

To be handed over at the entrance of the Meeting Hall

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

I/We hereby record my / our presence at the **30th ANNUAL GENERAL MEETING** of the Company to be held on Wednesday, July 14, 2010 at the Registered Office of the Company at - Gat No. 1242 /44, Village Vadu Budruk, Tal. Shirur, Dist. Pune - 412 216.

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