ENDURANCE TECHNOLOGIES PRIVATE LIMITED

ENDURANCE

9th

Annual Report
2007-08

CORPORATE INFORMATION

BOARD OF DIRECTORS

NARESH CHANDRA	CHAIRMAN
ANURANG JAIN	MANAGING DIRECTOR
NAINESH JAISINGH	DIRECTOR
S. RAJGOPAL	DIRECTOR
ROBERTO TESTORE	DIRECTOR

COMPANY SECRETARY

V. M. ACHWAL

BANKERS

BANK OF INDIA
BANK OF MAHARASHTRA
CITIBANK N. A.
CORPORATION BANK
HDFC BANK LTD.
ICICI BANK LTD.
INDIAN OVERSEAS BANK
STANDARD CHARTERED BANK

AUDITORS

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

REGISTERED OFFICE

K-228, MIDC INDUSTRIAL AREA,
WALUJ,
AURANGABAD - 431 136

To,
The Members,
Endurance Technologies Private Limited

The Directors present their 9th Annual Report with the audited statement of accounts of the Company for the year ending on 31st March, 2008.

FINANCIAL RESULTS

	2007-2008 (Rupees in Million)	2006-2007 (Rupees in Million)
Turnover (net sales & job work receipts)	**12546.88**	9853.66
Other Income	**620.03**	439.08
Gross Profit before Interest, Depreciation and Extraordinary Expenses	**1208.78**	1410.31
Interest	**480.80**	264.95
Profit before Depreciation, Amortization and Extraordinary Expenses	**727.98**	1145.36
Depreciation & Amortization	**730.57**	508.71
Profit/(Loss) before Taxation & Extraordinary Expenses	**(2.59)**	636.65
Extraordinary Expenses	**306.23**	—
Profit/(Loss) before Taxation	**(308.82)**	636.65
Provision for Taxation	**0.21**	85.21
Provision for Deferred Tax	**(36.40)**	77.14
Provision for Fringe Benefit Tax	**7.50**	5.00
Income Tax Provision for earlier years	**0.72**	0.01
Profit/(Loss) for the Year	**(280.85)**	469.29
Add : Profit brought forward from last year	**481.42**	17.94
Profit Available for Appropriation	**200.57**	487.23
Dividend	--	5.10
Tax on Dividend	—	0.72
Balance Carried Forward to Balance Sheet	**200.57**	481.42

INDUSTRY

The industrial growth in India witnessed a sharp fall in the year 2007-08 to 8.3% as compared to a much promising growth rate of 11.6% achieved in the year 2006-07. The auto sector in particular was subjected to a volatile market. The overall sales of two wheelers in the year 2007-08 were 8.07 Million vehicles as against 8.49 Million vehicles in the year 2006-07, showing decline of 4.9%. The Motorcycle sales, which accounted for 81 % of total two-wheeler sales, declined steeply by 7.7 % in the year 2007-08 as compared to the year 2006-07. Scooters and Mopeds sales, which together accounted for 19% of total two wheeler sales, were increased by 10% in the year 2007-08. Sales of Passenger cars increased by 11% in the year 2007-08 as compared to the year 2006-07.

The volatility in the prices of basic raw materials namely aluminum and steel in the international market resulted in steep rise in cost of inputs for auto-component industry.

FINANCIAL PERFORMANCE

Although your company posted an increase of 27% in the net sales plus job work receipts, it has mainly come from the Alloy Wheel business which was started in the second half of 2006-07. The increase in existing business showed a growth of 11% only. The net sales and job work receipts stood at Rs 12,546.88 million for the year 2007-08 as against Rs 9853.66 millions during the year ended 31st March, 2007 (previous year). The Gross Margins for the year 2007-08 were adversely affected for two reasons. The Alloy wheel business, although posted a sale turnover of Rs 2054 million, the Gross Margin was only 7%. Further the company established two new plants at Pantnagar and Chennai which became fully operational during the year 2007-08. Due to lesser capacity utilisation during the initial period, the Gross Margins in these plants were at 17%.

As you are aware, in last 2/3 years your Company has made substantial investments in setting up of new plants at Chennai, Manesar and Pantnagar and Singur in anticipation of good business opportunities. While, the capacity utilization of Company's Pantnagar plant is lower, operations of Singur plant could not be commenced due to local disturbances. During the year under review, your Company also undertook expansion of capacities of existing plants at Chakan, Aurangabad and at new plant at Chennai. This has resulted in higher depreciation costs for the year.

As reported in the last year Directors' Report, your Company made strategic investments to acquire controlling stake of 3 companies in Europe already engaged in similar line of business, namely casting, foundry and machining for European market. A major proportion of the cost of acquisition of these strategic investments, expansion of existing plants and setting up of new plants as mentioned above was financed by borrowings from Banks. This led to substantial increase the Interest cost as compared to last year as can be seen from the above financial results.

As a result, the Company suffered Loss before Taxation and Extraordinary items of Rs. 2.59 Million as compared to Profit before Tax of Rs. 636.65 Million in the previous year. The loss was further increased on account of Extraordinary Expenses of Rs. 306.23 Million, out of which MTM Losses on derivative contracts taken by the company, which are of a notional nature, amount to Rs. 260.19 Million The Company suffered a net loss of Rs. 280.85 Million for the year under review , as against a net profit before tax of Rs. 469.29 Millions in the previous year. Your Directors feel that benefits of the strategic investments in foreign subsidiaries and setting up and expansion of new plants in India will accrue in the long run.

MANAGEMENT'S ANALYSIS OF THE FINANCIAL PERFORMANCE

(i) New investments, new plants and expansion of capacities in India and abroad

Initially, the Company's scope of business and area of operations were limited to making supplies of die casting and suspension products to few manufacturers of Two/Three Wheelers from its plants located at Aurangabad and Chakan, in Maharashtra, Western part of India.

On account of strategic steps taken by Company's management to achieve faster growth of business, there was exponential growth in operations and turnover of the Company in last 3 years. During said period the Company diversified range of its auto-components, set up factories in North India (Pantnagar and Manesar) and South India (Chennai). Anurang Engineering Company Private Limited, a leading Die Casting product company within Endurance group, having plants at Waluj (Aurangabad) and Takve (Near Pune) amalgamated and merged with the Company. The Company also expanded capacities of many Plants based on the business projections given by the OEMs. Due to these efforts, the Company's total income which Rs. 2046 Million in the year 2004-05 has jumped to Rs13166.91 Million in the year 2007-08, a quantum jump of more than 6.4 times in a short span of just 3 years.

Company acquired strategic/ controlling equity stakes in foreign companies engaged in similar line of business with a desire for presence in European market and access to OEMs which required substantial investment aggregating to Euro 56.52 Million. These foreign subsidiaries/ joint ventures had reputed customer base. Keeping in mind various long term benefits associated with these investments and in order to restructure and stabilize business operation of these foreign subsidiary companies in the process of change of control, the Company is required to extend further financial support to them .Your Directors are of the opinion that barring unforeseen circumstances, your Company should start reaping benefits of these strategic investments made in the subsidiary/ joint venture companies in next 2/3 years. During the year, however, the company had to bear the interest burden on the borrowings made for these acquisitions.

(ii) Cash loss in Alloy Wheel division

The company has made investment of Rs. 850 millions in Aluminum Alloy Wheel Division. At the time of setting up of the Alloy Wheel Division, the landed cost of imported Aluminum Alloy Wheel was considered in the project viability. However, in view of lowering of prices by Chinese suppliers, Indian manufacturers of

Alloy Wheel have suffered. Your Company has initiated corrective steps such as back to back pricing for aluminum procurement, as the cost of aluminum constitutes substantial proportion of the manufacturing cost of Alloy Wheel. The Company has approached its technical collaborator for training and supply of know-how for reduction in rejections, improvement in operations. The Company is hopeful to receive positive response from the Customer for price revision. The Company has received firm order for supply of Alloy Wheels from new customer.

(iii) Under-utilization of capacities of newly set up plant.

The Company had set up capacities for manufacture of components required for 60,000 vehicles per annum for Bajaj Auto Ltd. which has set us substantial capacities for manufacture of Motorcycles at Pantnagar. Due to the adverse market conditions, the utilisation of capacity fell short of expectations. The Management of the Company is, however, hopeful that the capacity utilization should improve due to various steps taken including identification of new customer, change in product mix etc.

(iv) Delay in setting up of factory and start of production of Singur plant due to local disturbances.

The management is hopeful that this matter should be resolved shortly.

(v) Losses on account of foreign exchange derivative transactions

Company has engaged a specialist to create a structured framework for risks management to enable the Company to ensure that (a) business margins of the company are protected against forex market volatility (b) transition risk from overseas assets are monitored and controlled and (c) the entire risk management operations of the company are systematized so that it is largely person-independent. Management is hopeful that this will ensure close monitoring and reduce risks associated with forex market volatility.

(vi) Rising prices of aluminum and other raw materials.

Back to back pricing for procurement of raw materials will help the Company to control costs of aluminum and other raw materials.

DIVIDEND

In view of loss, the Directors do not recommend Dividend for the year 2007-08.

JOINT VENTURE/SUBSIDIARY COMPANIES

The details of funds utilized/remitted by the Company for making investment in shares/acquisition of further shares / re-capitalization share capital of Indian / foreign Joint Venture Companies and subsidiary companies during the year under review are furnished hereunder :

(i) Joint Venture with Magneti Marelli Holding S.p.A., Italy.

On 11th June, 2008, your Company signed a Joint Venture Agreement with Magneti Marelli Holding SpA, Italy (MM). Accordingly, a Joint Venture Company ('JVC') by name "Endurance Magneti Marelli Shock Absorbers (India) Private Limited" was incorporated on 14th July, 2008 which will be engaged in the business of manufacture and selling of struts, shock absorbers including semi corner modules and gas springs of 4 Wheelers and above Vehicles (hereinafter referred to as 'the Products') at Plot B-23, MIDC Industrial Area, Chakan, Dist. Pune. Your Company has made investment of Rs.60,000,010 representing shareholding of 50%+1 share in the share capital of the JVC. MM has made investment of Rs.59,999,990 representing shareholding 50%-1 share in the share capital of the JVC.

MM is a reputed Company having Registered Office at Corbetta, Milan, Italy. MM is subsidiary of FIAT, Italy. MM is an international group leader in developing and manufacturing high-tech automotive systems and components and has presence in 16 countries. It has 45 Production sites across the world. MM is a world class global automotive supplier.

The JVC has benefits in terms of easy access to new technology of Products giving technological edge over competitors. MM is already OEM suppliers to reputed Companies like FIAT worldwide and Volkswagen. MM's worldwide present and goodwill is expected to help JVC to get access to OEM customers. Barring unforeseen circumstances, JVC has planned to commence the commercial production on 1/4/2009.

(ii) Acquisition of shares of HTTS from Aldler

Endurance Technologies Private Limited (ETPL) and Adler SpA, of Italy ('Adler') had entered into a Joint Venture Agreement on 21st December, 2001 to form a Joint Venture Company viz. High Technology Transmission Systems (India) Private Limited ('HTTS'). Adler has agreed to transfer to ETPL 3,539,347 Equity shares of HTTS, representing 23% Share Capital of HTTS, for a total consideration of Rs. 98,535,420 i.e @ Rs. 27.84 per share approximately. As per the negotiations with Adler, ETPL will acquire from Adler HTTS shares in 3 stages by 30/4/2009.

(iii) Acquisition of shares of ESIPL from Bajaj Auto Limited

On 8th November, 2007 your Company acquired entire shareholding of 3,00,000 shares of RS. 10/- each held by Bajaj Auto Limited in Endurance Systems (India) Private Limited (ESIPL) for a consideration of Rs.60 Million to acquire entire shareholding and 100% control of ESIPL. With this acquisition of shares , ESIPL has become Wholly owned subsidiary of your Company.

(iv) Further investments, recapitalization of Foreign Subsidiary/Joint Venture Companies.

(a) Endurance Overseas Srl, Italy

Company made investment of Euro 5,187,000 in the share capital of Endurance Overseas Srl, Italy which is a Wholly Owned Subsidiary of the Company in Italy. Endurance Overseas Srl, Italy utilized Euro 2,300,000 to acquire 51% equity stake in Nuova Renopress S.p.A.. Endurance Overseas Srl utilized Euro 880,000 also for re-capitalization of Nuova Renopress S.p.A. as per requirement of Italian law.

(b) Nuova Renopress SpA, Italy

In the capacity of holder of 49% shares of Nuova Renopress SpA , the Company was required to make contribution of Euro 920,000 towards re-instatement of share capital of Nuova Renopress SpA by way of re-capitalization as per requirement of Italian law .

(c) Paioli Meccanica S.p.A., Italy

In the capacity of holder of 40% shares of Paioli Meccanica S. p. A. the Company was required to make contribution of Euro 281,221.64 towards re-capitalization of Paioli Meccanica S. p. A. as per requirement of Italian law.

(v) Conversion of shareholders Loan into Capital Reserve

As per requirements of Germany law of limited Liability Companies, the Company was required to convert a part of shareholders Loan to the extent of Euro 3 Millions granted to its Wholly Owned Subsidiary Company viz. Amann Druckguss GmbH, Germany into capital reserve.

(vi) Statement of subsidiary companies

A statement relating to Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956 along with its Annual Accounts are attached.

BONUS SHARES

As per resolution passed by the Shareholders in the Extra Ordinary General Meeting held on 23rd November, 2007, the Company issued 15,297,084 Equity Shares of Rs 10/- each as fully paid up Bonus shares to the members of the Company in the Proportion of 9 fully paid up equity shares of Rs. 10/- each for every 1 Equity share of Rs. 10/- each held by the members of the Company on the date of Extra Ordinary General Meeting

AMALGAMATION

The proposal for amalgamation of Endurance Systems (India) Private Limited (ESIPL) with Endurance Technologies Private Limited (ETPL) was approved by the Board of Directors of both Companies. Both the Companies are in process of completing statutory formalities for submission of the draft Scheme of Amalgamation with Hon'ble Bombay High Court. ESIPL is a Wholly Owned Subsidiary of ETPL which is a beneficial owner of and controls the entire share capital of ESIPL.

ESIPL and ETPL are in the same line of business viz. manufacturing and selling of Suspension and Die Casting products for Two and Four wheelers and are under common control of the Jain Family. Having regard to present shareholding pattern and business operations of both the Companies no strategic or financial benefit is envisaged for operating two separate legal entities. In view of tough competition in Auto-component Industry, pressure of margins, globalization, the need of the hour is to achieve substantial volumes of business , capacity consolidation, better financial ratios, increase in combined Asset Base to leverage potential, consolidation of functional teams, tight control over costs and overheads, reduction in duplication of work in the form of accounting for Inter-Company transactions, statutory filing, administrative matters , optimization of efficiency, productivity, product quality, reduction in wastage, conservation of resources operational synergies in Excise/ VAT/Direct Taxes.

ETPL besides being a leader in Suspension business is also a leading player and has gained a goodwill and reputation in the Die Casting, Braking and Transmission business. It is felt that as the Automotive Industry grows, the marketing efforts for Suspension, Die Casting, Braking and Transmission systems should be made complementary and synergized to achieve best results. To this end, by merging of ESIPL with ETPL, ETPL would be able to complement its marketing capabilities and network.

It is envisaged that merger of ESIPL with ETPL will result into business synergy. An integrated and synergistic approach would also be essential to function in an increasingly competitive environment and benefit from growth opportunities. The amalgamation of ESIPL with ETPL is in the interest of the Shareholders and creditors of both the Companies

SAP

Your company is keeping pace with advancement in the use of latest information technology. The focus is on the best business practices that will be implemented to run the business operations more efficiently and effectively. The company has decided to implement the SAP ERP system to meet the current and future challenges. The scope of SAP implementation will cover entire Indian operations of the Company at Aurangabad, Chakan, Takve, Manesar, Pantnagar, Chennai and Singur.

NEW TECHNICAL ASSISTANCE AGREEMENTS

(i) Technical assistance agreement with Teksid Aluminum Srl, Italy

On 4th July, 2008 your Company entered into a Technical Assistance Agreement with Teksid Aluminum Srl., initially for a period of 7 years, for manufacture and selling of 3 Models of Cylinder Head (for petrol and diesel models) by using the Gravity Die Casting of aluminum alloy. Teksid Aluminum Srl, a member of FIAT Group, is one of the handful players in the world having this technical information and know-how related to the Cylinder Head.

(ii) Agreement with WP Suspension Austria GmbH, Austria

On 6th July, 2008 your Company entered into Agreement with WP Suspension Austria GmbH, for a period of 3 years to provide to the Company know-how and license for manufacture and selling of certain models of Front Forks and shock absorbers of Motorcycle. WP Suspension Austria GmbH is an Austrian Company engaged in development, testing, production and distribution of high performance suspension components for motorcycles, snowmobiles and sport cars.

AWARDS, CERTIFICATES AND RECOGNITIONS

The Directors are pleased to inform that your Company has received many awards during the year under review including following:

1. Auto Monitor Awards 2008 – Auto Component Manufacturer of the year
2. "NDTV Profit", "Car India" & "Bike India" Awards 2008 – Best Component Manufacturer of the Year 2007.
3. Die Casting Division, Chakan received Certificate of Excellence from ALUCAST for Best Foundry award of the year 2007, Best Casting (PDC) of Crank case for the year 2007.
4. Divgi Warner – Best Supplier Award 2007.

   The Company also received approval from Department for Scientific and Industrial Research (DSIR) for recognition of Research & Development Centre at Die Casting Division, Plot B-1/3, Chakan, Dist. Pune, as Recognized R&D Centre.

NEW BUSINESS

Die Casting division received new prestigious order/ enquiries from reputed National / International OEM of 2 Wheeler and 4 Wheeler Vehicles and also from leading manufacturers from Non-Automotive industry.

Suspension division has received order from reputed two-Wheeler manufacturer for supply of 50,000 front forks per annum for 5 years. The supply of front forks started in the year 2007-08.

For the year 2008-09, the Braking Division has projected sales of Hydraulic drum brake assembly of Rs. 300 Million, which is a new business.

Company also has export orders in hand aggregating to USD 8.3 Million.

DIRECTORS

The Board of Directors of the Company in its meeting held on 17th October, 2007 had appointed Mr. Roberto Testore as an Additional Director. Mr. Roberto Testore, graduated in Mechanical Engineering from Turin Polytechnic University, Italy in 1975. He has to his credit more than 30 years of rich experience in the fields of production, strategic planning, marketing and business restructuring. During his career, he has held various responsible senior level positions in reputed Companies in Italy, including as CEO of FIAT Auto S. p. A. He was also CEO of Trenitalia S. p. A, the Company managing Railway operations in Italy and CEO of Finmeccanica S. p. A., the biggest High Technology Group in Italy operating in Aeronautics, Space, Transportation, Energy and Information Technology. In view of acquisition of strategic/ controlling Equity stakes of companies in Italy and Germany, the Company will be benefited from guidance of Mr. Roberto Testore As per provisions of Section 260 of the Companies Act,1956 Mr. Roberto Testore will hold the office as Additional Director up to ensuing Annual General Meeting of the Company. The Board consider that it will be in the interest of the Company that Mr. Roberto Testore continues as Director of the Company . A resolution is proposed in the Notice of ensuing Annual General Meeting to appoint Mr. Roberto Testore as Director liable to retire by rotation.

Mr. S. Rajgopal, who will retire at the ensuing Annual General Meeting, being eligible offers himself for re-appointment.

On 8th May, 2008 Standard Chartered Private Equity (Mauritius) II Limited has withdrawn nomination of Mr. Dhiraj Poddar as Alternate Director to Mr. Nainesh Jaisingh. Board has placed on record its appreciation for valuable guidance received from Mr. Dhiraj Poddar.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, confirm that:-

i. in the preparation of the annual accounts for the year ended 31st March, 2008, the applicable Accounting Standards have been followed and that there are no material departures;

ii. Appropriate accounting policies have been selected and applied them consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

iii. Proper and sufficient care has been taken , to the best of their knowledge and ability, 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;

iv. The annual accounts of the Company for the year ended 31stMarch, 2008 have been prepared on a going concern basis.

AUDITORS' REPORT

The observations of the Auditors made at paragraph No.2 in the Auditors' Report are dealt with at Note No.4 of 'Notes to Accounts - Schedule 18' to the Annual Accounts and the same are self-explanatory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the provisions of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information is given in the annexure forming part of this report.

INDUSTRIAL RELATIONS

During the year under report the Industrial relations with personnel remained cordial at all plants. Your Directors wish to place on record their appreciation for the sincere support provided to the Company by its employees at all levels.

PARTICULARS OF EMPLOYEES

A statement showing the particulars of employee as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed.

ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to all the Company's employees for their efforts. The Directors would also like to thank the shareholders, foreign and domestic business associates, private equity investor, technical / TPM advisors, customers, dealers, suppliers, bankers and all the other business associates for the continuous support given by them to the Company and their confidence in management.

On behalf of the Board of Directors
For **ENDURANCE TECHNOLOGIES PVT. LTD.**

Date : 15/09/2008
Place : Mumbai

NARESH CHANDRA
Chairman

INFORMATION AS PER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2008

(I) CONSERVATION OF ENERGY

Wind Power generation

During the year under review the Wind Mills installed by the Company at Jaisalmer, Satara and Supa generated 7,085,906 Units of electricity (including 2,714,793 units captively consumed). The Company earned income of Rs. 30.21 Million (includes captively consumed Rs. 11.57 Millions) from sale of wind power generation.

Energy conservation at Plants

(a) Company's all Plants took several initiatives for conservation of energy which are summarized below:

- Installation of capacitor banks to improve power factor
- Installation of Timer controls at shop floor and for street lights
- Installation of Wind Ventilators over roofs of factories.
- Adopting Cellular Lay out Concept for saving of Lights & Power Conveyors.
- Foot switches were given on all air gauges to conserve air.
- Installation of transparent sheets over Factory roof using natural light during day time.
- Installation of 10HP Small compressor for localized use of air, on low production days to reduce running of 75HO big air compressor.
- Installation of Pneumatic booster in place of High Pressure Air Compressors setting.
- Installation of Temperature controller on Cooling Towers
- using combined Hydraulic power pack for machines
- Using Common Coolant tanks on fork pipe grinding Machines.
- Intermittent indexing of chip conveyor on BTA machines at Bottom case shop.
- Using CFL Lamps in place of conventional Tubes and HPMV Lamps.
- Installed pneumatic Foot Switches in Air Line of Air Plug Gauge.
- Installed PID controllers for holding furnaces
- Effective monitoring to reduce compressed air working pressure
- Effective monitoring of melting furnace shell insulation for LDO efficiency improvement.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy -

- Installations of VFD for energy conservations.
- Recycling of Waste water across the Plants.
- Preparing action plan on internal energy Audit points etc.
- Modification and reengineering in manufacturing process of dies to reduce running of EDM machine.
- Use of non heating type chemical on washing machines to avoid electrical heating
- Installations of air solenoid valves to reduce air consumption.
- Replacement of high consumption lights with low consumption lights
- Changing layout of compressors to minimize bends in system
- Installing energy saver for compressors.

(c) Impact of measures (a) & (b) above for reduction of energy consumption and consequent impact on cost of production of goods -

The above measures have achieved saving of energy and cost.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the rules in respect of industry specified in the schedule thereto -

The Company is not covered under the specified industry.

(II) TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

(A) Research & Development (R&D)

Braking Division

(i) Specific areas in which R & D is carried out by the Company –

The Company's DSIR recognized R&D centre at Waluj for Braking Division continues to carry on R&D activities for a variety of disc and hydraulic brake systems and parts of 2 & 3 Wheelers. Proto Formulation for brake shoe with lining were made & tested. Efforts were made to develop Asbestos free & eco-friendly brake liners to substitute the Asbestos based liners. These formulations were released for commercial production. Company continued making Proto-samples for Caliper assembly, Master Cylinder Assembly and brake hose for an economy model of Motorcycle disc brake.

R&D Team has indigenously developed the technology for manufacturing of Hydraulic Drum Brakes, including wheel cylinders, panel assembly & Tandem Master cylinders. The brakes are designed with auto wear compensation technology developed by R&D. R&D Team has also developed the design for manufacturing of mechanical, roller cam type & twin roll disc caliper assembly and Non-rotating type roll disc used for parking of vehicle.

(ii) Future plan of action

R & D Department will continue to carry research and development for Disc Brakes, Drum Brakes and components thereof for two, three and four wheeler brake applications in the OEM, Export and After market categories. R & D Department will also work on process improvement for quality enhancement of products, introduction of new products in the market which will have impact on import substitution / edge to the Company over its competitors, to consolidate on the Company and automotive growth of the country.

Casting division:

A new in house R&D Centre has been established at plot no B-1/3, M.I.D.C. Chakan, Dist-Pune for carrying out research & Development in Die casting Component . This R&D Centre has received recognition from Department of Scientific and Industrial Research (DSIR) on 30th May, 2008.

(i) Specific areas in which R & D is carried out by the Company –

1. Development of Die design & development capabilities
2. Development of casting product development capabilities
3. Value Engineering/Value analysis for casting products
4. Development of advance simulation capabilities for product engineering

(ii) Future plan of action –

1. Introduce Product Life cycle Management (PLM) software for better data management, reducing cycle time, improved RFQ management, and integrating design & manufacturing information.
2. To collaborate with universities and research institutes.
3. Develop advance simulation capabilities and creating knowledge base in terms of engineering data base.
4. Dedicated test rigs for endurance testing of 2W and 4W Alloy Wheels as per international standards to support new product design and development process

(iii) Benefits derived as a result of above R & D activities in Braking and Casting Divisions –

1. Reduction in cost of Various products by value engineered designs
2. Improvement in Product Quality
3. Reduction in Warranty and related Costs
4. Customer Satisfaction
5. Enhancement of technology competency of company.
6. Process improvement resulting into improvement of quality of products, costs effectiveness.
7. Import substitution, indigenization.
8. Edge over competitors
9. Product reliability improvement using & implementing the data derived from validation & testing conducted on products.

Expenditure on R&D:

Division wise Break up of R & D Expenditure is as under :

Srl	Particulars	Braking Division	Casting Division	Total	Rs in Million
(i)	<u>**Capital Expenditure**</u>				
	Land	—	—	—	—
	Building		9,343,473.49	9,343,473.49	9.34
	Plant & Machinery	533,664.00	—	533,664.00	0.53
	Factory Equipment	131,085.00	—	131,085.00	0.13
	Computers	94,086.00	2,977,250.00	3,071,336.00	3.07
	Vehicle	493,438.00	—	493,438.00	0.49
	Furniture & Fixture		1,334,463.77	1,334,463.77	1.33
	Office Equipment	8,517.00	992,920.00	1,001,437.00	1.00
	Software		9,697,205.66	9,697,205.66	9.70
	Total (i)	1,260,790.00	24,345,312.92	25,606,102.99	25.61
(ii)	**Recurring Expenditure**	6,106,204.00	10,222,454.21	16,328,658.21	16.33
	Total (i) + (ii)	7,366,994.00	34,567,766.47	41,934,761.13	41.93
	Total R&D Expenditure as a Percentage to Sales				0.338

(B) Technology Absorption, Adaptation and Innovations

(i) The Company's initiative for acquiring latest and modern technology is aimed at ensuring product improvement/ development, customer satisfaction and cost reduction. The details of various Technical Assistance/Collaboration agreements already entered into by the Company with various parties, year of agreement and products covered is given hereunder:

Year of agreement	Technology Form	Product	Status
2002-03	Bassano Grimeca SpA, Italy	Disc and Disc Brake Assemblies	Fully Absorbed (Agreement expired on 14/02/08)
2004-05	Paioli Meccanica SpA, Italy	Telescopic Front Fork Assemblies	Under Absorption
2005-06	Zhejiang Wanfeng Motorcycle Wheel Company Ltd, China	Alloy Wheels for Two and Three Wheeler Vehicles	Under Absorption
2005-06	Nino Verlicchi & Figli S.p.A., Italy	Aluminum Chassis	Under Absorption

For the purpose of absorption of technology in a planned manner the company is required to keep continuous follow-up with its technology provider for training and to upgrade its knowledge and skills based on customer's feedback. The response form the technology provider has been generally satisfactory. In case of gaps, the Company is required to take up the issues with the technology provider for its resolution. A detailed plan of deliverables has been discussed and decided with representatives of Zhejiang Wanfeng Motorcycle Wheel Company Ltd, China for company's requirement of training, reducing rejections and increasing production and process efficiencies.

(ii) Benefits Derived as a result of the above Effort

(1) Customer satisfaction

(2) Edge over Competitors

(3) Improving productivity and quality

(4) Improved process engineering capabilities for reducing cost

(III) Foreign Exchange Earnings and Outgo:.
Total foreign exchange used and earned:

Used For	(Rs. in Million)
Import of Capital Goods	446.67
Import of raw materials & Components	1178.66
Stores and spares	22.33
Foreign Travel	5.38
Technical Know How	11.30
Interest on Foreign Currency Loan	204.74
Royalty	54.70
Professional fee	16.15
Others	36.42
Total	1976.35
Earned	
FOB Value of Exports	98.53

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT,1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2008.

Name of Employee and Age	Designation	Gross Remuneration (Rupees)	Qualifications	Experience (Yrs)	Date of Joining	Last Employment
Mr. Anurang Jain, 46	Managing Director	15,500,000	MBA (Pittsburgh)	24	1/04/04	Anurang Engineering Pvt. Ltd
Mr. Sunil B. Bedekar, 51	Group CFO	2,904,000	B. Sc, ACA	28	5/10/05	Bharat Forge Ltd
Mr. Milind B. Date, 46	CFO	614,182	M.Com, CWA	24	14/01/08	Praj Industries Ltd.
Mr. Ramesh Gehaney, 48	Vice President	2,859,986	B.E.	24	23/07/04	ASK Automotive Pvt. Ltd.
Dr. Mohan Godse, 46	Vice President	2,500,000	DCE, ME, PHD (MECH)	17	02/05/07	Caparo Engineering (I) Pvt. Ltd. (CEIPL)

On behalf of the Board of Directors
For **ENDURANCE TECHNOLOGIES PVT. LTD.**

Date : 15/09/2008
Place : Mumbai

NARESH CHANDRA
Chairman

To
The Members Of
Endurance Technologies Private Limited

We have audited the attached Balance Sheet of **ENDURANCE TECHNOLOGIES PRIVATE LIMITED** as at 31st March, 2008, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These 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 the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. *As mentioned in Note 4 to the financial statements, the Company has restated the outstanding foreign currency denominated long term loans which are covered by foreign exchange range forward contracts (JPY-USD) using the exchange rates mentioned as strike rates in the unexpired foreign currency range forwards contracts instead of the cross currency spot exchange rates as on 31st March 2008 as required by the Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates". Had these foreign currency term loan amounts been restated at the spot rates, the loss for the year and the term loan liabilities would have increased by Rs.351.6 millions and Reserves as at 31st March 2008 would have decreased by Rs. 351.6 millions.*

3. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
   (i) 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;
   (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 except *for our observation in para 2 above;*
   (v) in our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956 *in the manner so required and subject to* our observation in para 2 above, give a true and fair view in conformity with the accounting principles generally accepted in India:
      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
      (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
      (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

4. On the basis of written representations received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Date : 15th September, 2008
Place : Pune

The nature of the Company's business / activities during the year has been such that clauses (xiii), (xiv), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.

i) In respect of its fixed assets:

a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. According to the information and explanations given to us the said records are in the process of being updated.

b) As explained to us, physical verification of certain fixed assets as at March 31, 2008 was conducted by the Management during the year and that having regard to the increase in the size of the operations of the Company, the Management is in the process of formulating a policy for physical verification of fixed assets which would ensure that all the fixed assets are physically verified at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

ii) In respect of its inventories:

a) As explained to us, the inventories except for goods in transit and stock lying with third parties have been physically verified by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable. In respect of materials lying with third parties, certificates confirming stocks have been received in respect of substantial portion of stocks held at the year end.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company.

iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

Accordingly, clauses (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.

(b) Anurang Engineering Company Pvt. Ltd. now amalgamated with the Company w.e.f 1st January 2006 had taken loans from three parties covered in the register maintained under Section 301 of the Companies Act, 1956. On amalgamation, loans from these three parties amounting to Rs. 29 million were taken over by the Company in the year 2005-06 as unsecured loans. The maximum amount involved during the year was Rs. 16.80 millions and the year end balance of the loan taken from such parties was Rs.16.80 millions.

(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

(d) According to the information and explanations given to us, there are no stipulations for the repayment of the principal amount of the said loan. The Company is regular in the payment of interest.

iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that the items of inventory and fixed assets purchased and sold and services provided are of special nature and that suitable alternative sources do not exist for obtaining comparable quotations in respect of purchase / sale of items, fixed assets and services, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. The internal controls over purchase of inventory are being further improved by the Company. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

a) The particulars of contracts or arrangements referred to in Section 301 that need to be entered into the register, maintained under the said section have been so entered.

b) Having regard to the explanation in para (iv) above, that alternative comparable quotations are not available in the absence of purchase / sale of items, fixed assets and services provided of similar nature, we are unable to comment whether the transactions have been made at prices which prima facie reasonable having regard to the prevailing market prices at the relevant time.

vi) According to information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of Companies Act, 1956 and the rules framed there under.

vii) In our opinion, the internal audit functions carried out during the year by a firm appointed by the management have been commensurate with the size of the Company and the nature of its business.

viii) We have broadly reviewed the books of account relating to manufacture of automotive products & wind energy generation maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 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 determining whether they are accurate or complete.

ix) In respect of Statutory Dues:

a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities during the year. We are informed by the Company that the Employees State Insurance Act, 1948 is applicable only to certain locations of the Company. The Company was not required to deposit any amounts with the Investor Education and Protection Fund.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable except for Work Contract Tax of Rs. 0.049 million and Sales Tax of Rs. 0.08 million.

c) According to the information and explanations given to us, details of dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute are given below:

(Rs. in million)

Nature of dues	Year	Forum where dispute is pending	Amount Rupees
Interest Payable on Differential duty of Excise	Feb. 05 to Jan 06 & Feb. 06 to Sep. 06	CESTAT	*0.12
Interest Payable on Differential duty of Excise	1.04.01 to 31.3.05	Supreme Court	0.03
Excise Duty	2002-03	Mumbai High Court	0.13
Excise Duty, Interest and Penalty there on	Sept. 02 to Dec. 04, Mar. 05 to 15th May 05	Demand notice received from Commissioner. However Appeal not filed	3.54
Interest Payable on Differential duty of Excise	2003-04 to 2006-07	Commissioner Central Excise and Customs	0.14

* Subsequently the Company has received an order dated 4th June 2008, issued by CESTAT stating that the order passed by the Jurisdictional Assistant Commissioner is set aside.

x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.

xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares debentures or other securities.

xiii) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from banks are not prima-facie prejudicial to the interest of the Company.

xiv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company have, prima facie, been applied by the Company for the purposes for which the loans were obtained, other than temporary deployment pending application.

xv) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used during the year for long-term investment.

xvi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xvii) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Date : 15th September, 2008
Place : Pune

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	Rs. in Million 31-03-2008	Rs. in Million 31-03-2007
I. SOURCES OF FUNDS :			
1. Shareholders Fund :			
a) Share Capital	1	**169.97**	17.00
b) Reserves & Surplus	2	**2,631.82**	3,065.64
		2,801.79	3,082.64
2. Loan Funds :			
a) Secured Loans	3	**5,957.30**	3,844.90
b) Unsecured Loans	4	**1,627.47**	1,706.99
		7,584.77	5,551.89
3. Deferred Tax Liability (net) (Refer Note 29)		**271.25**	307.66
4. Deferred Payment : (Refer Note 5)	5	**229.88**	259.96
Total		**10,887.69**	9,202.15
II. APPLICATION OF FUNDS :			
1. Fixed Assets :	6		
a) Gross Block		**7,686.81**	5,573.52
b) Less : Depreciation & Amortisation		**2,039.30**	1,328.80
c) Net Block		**5,647.51**	4,244.72
d) Capital Work-in-Progress (Including Capital Advances)		**368.64**	739.79
		6,016.15	4,984.51
2. Investments	7	**2,804.17**	2,576.46
3. Current Assets, Loans & Advances :			
a) Inventories	8	**863.10**	653.79
b) Sundry Debtors	9	**1,564.71**	1,545.39
c) Cash & Bank Balances	10	**516.03**	591.38
d) Loans & Advances	11	**797.17**	502.72
e) Other Current Assets (Interest Accrued on Deposit)		**6.93**	32.16
		3,747.94	3,325.43
Less : Current Liabilities & Provisions :			
a) Current Liabilities	12	**1,402.44**	1,677.27
b) Provisions	13	**278.13**	6.98
		1,680.57	1,684.26
Net Current Assets		**2,067.37**	1,641.18
Total		**10,887.69**	9,202.15
Notes forming part of the Accounts	18		
Schedules 1 to 13 and 18 form part of this Balance Sheet			

As per our report of even date attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board

HEMANT JOSHI
Partner
Date : 15/09/2008
Place : Pune

NARESH CHANDRA
Chairman
Date : 15/09/2008
Place : Mumbai

ANURANG JAIN
Managing Director

V. M. ACHWAL
DGM (CS & Legal)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	Rs. in Million 31-03-2008	Rs. in Million 31-03-2007
INCOME :			
Gross Sales including Excise Duty		**14,214.41**	11,226.76
Less : Excise Duty		**1,802.18**	1,543.71
Net Sales		**12,412.23**	9,683.05
Job Work Receipts		**134.65**	170.61
Wind Power Generated - Captively Consumed		**11.57**	11.26
Wind Power Generated - Sales		**18.64**	17.23
Other Income	14	**589.82**	410.59
		13,166.91	10,292.74
EXPENDITURE :			
Materials	15	**8,928.04**	6,575.52
Expenses	16	**3,030.09**	2,306.91
Interest	17	**480.80**	264.95
Depreciation & Amortisation (Net of Transferred to Capital A/c Rs 7.71 Million Previous Year Rs 8.75 Million)	6	**730.57**	508.71
		13,169.50	9,656.09
Profit / (Loss) before Extraordinary Items		**(2.59)**	636.65
Extraordinary Expenses (Refer Note 3)		**306.23**	—
Profit / (Loss) before Tax after extraordinary expenses		**(308.82)**	636.65
Provision for Taxation			
Income Tax		—	85.00
Wealth Tax		**0.21**	0.21
Deferred Tax		**(36.40)**	77.14
Fringe Benefit Tax (Including short provision of earlier year Rs Nil Previous Year Rs.0.89 Million)		**7.50**	5.00
Income Tax Provision for earlier years		**0.72**	0.01
Profit / (Loss) for the year		**(280.85)**	469.29
Expenses related to Amalgamation (Refer Note 32)		—	16.77
Transfer from General Reserve		—	(16.77)
		(280.85)	469.29
Add : Balance brought forward from last year		**481.42**	17.94
Balance Profit available for Appropriation		**200.57**	487.23
APPROPRIATIONS :			
Interim Dividend		—	5.10
Tax on Interim Dividend		—	0.72
Balance carried to Balance Sheet		**200.57**	481.42
		200.57	487.23
Earnings per Share - (Refer Note 24)			
- Basic Rupees		**(16.52)**	27.73
- Diluted Rupees			
Notes forming part of the Accounts	18		
Schedules 6 and 14 to 18 form part of this Profit and Loss Account			

As per our report of even date attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

HEMANT JOSHI
Partner
Date : 15/09/2008
Place : Pune

For and on behalf of the Board

NARESH CHANDRA
Chairman
Date : 15/09/2008
Place : Mumbai

ANURANG JAIN
Managing Director

V. M. ACHWAL
DGM (CS & Legal)

	Rs. in Million 31-03-2008	Rs. in Million 31-03-2007
SCHEDULE : 1		
SHARE CAPITAL :		
Authorised :		
20,000,000 (Previous Year 3,000,000) Equity Shares of Rs.10 each	**200.00**	30.00
Issued, Subscribed and Paid Up : (Refer Note 1 below)	—	—
16996760 (Previous Year. 1699676) Equity Shares of Rs.10 each fully paid,	**169.97**	17.00
Of the above 15,297,084 Equity Shares are allotted as fully paid-up by way of bonus shares	—	—
	169.97	17.00
Note 1 - The above includes 15297084 Equity Shares of Rs 10 each allotted as fully paid up bonus shares issued in the ratio of 1:9 by way of capitalisation of Securities premium, pursuent to resolution passed in Extra Ordinary General Meeting held on 23rd Nov, 2007		
SCHEDULE : 2		
RESERVES & SURPLUS		
General Reserve :		
Balance Brought Forward	**957.73**	974.50
Less : Transferred to Profit and Loss appropriation account for amalgamation expenses (Refer Note 32)	—	16.77
	957.73	957.73
Capital Redemption Reserve	**0.64**	0.64
Securities Premium		
Balance Brought Forward	**1,616.36**	1,648.20
Less : Utilised for issue of bonus equity shares	**152.98**	—
Less : Share Issue expenses (Refer Note 33)	—	31.84
	1,463.38	1,616.36
Capital Subsidy		
Balance Brought Forward	**9.50**	6.50
Received During the Year	—	3.00
	9.50	9.50
	—	—
Profit & Loss Account	**200.57**	481.41
	2,631.82	3,065.64

SCHEDULES FORMING PART OF BALANCE SHEET : 31ST MARCH, 2008

	Rs. in Million 31-03-2008	Rs. in Million 31-03-2007
SCHEDULE : 3		
SECURED LOANS :		
Term Loans : from Banks (Refer Note 2a & 2e)		
(Including Foreign Currency Term Loans)	**5,090.00**	3,531.51
Term Loan: from IREDA (Refer Note 2b)	**32.90**	42.34
From Banks : Cash Credits and Packing Credit (Refer Note 2c)	**790.81**	175.15
From Banks : Against Fixed Deposits	**30.63**	83.79
Interest Accrued and due on Term Loans	**12.96**	12.11
	5,957.30	3,844.90
SCHEDULE : 4		
UNSECURED LOANS :		
Directors / Shareholders	**16.80**	16.80
Bills Discounted with Banks	**979.05**	1,064.83
Interest free Loan under Sales Tax Deferral Scheme	**631.62**	625.36
	1,627.47	1,706.99
SCHEDULE : 5		
DEFERRED PAYMENT		
Technical Know How (Refer Note 5a)	**20.00**	23.61
Payable towards investment (Refer Note 5b)	**209.88**	236.35
	229.88	259.96

SCHEDULE : 6

FIXED ASSETS AS AT 31ST MARCH, 2008

(Rupees in Millions)

PARTICULARS	Gross Block				Depreciation / Amortisation				Net Block	
	As on 01-04-2007	Additions	Deductions	As on 31-03-2008	As at 01-04-2007	For the Year/ Adjustment	Deductions	Upto 31-03-2008	As on 31-03-2008	As on 31-03-2007
A) Tangible Assets										
Leasehold Land*	153.06	12.02	--	**165.08**	3.44	1.84	--	**5.28**	**159.80**	149.62
Freehold Land	49.39	45.84	--	**95.23**	--	--	--	**--**	**95.23**	49.39
Buildings	728.53	399.36	0.91	**1,126.98**	48.18	34.37	--	**82.55**	**1,044.43**	680.36
Plant & Machinery	3,396.71	1,136.21	20.05	**4,512.87**	830.16	390.77	4.75	**1,216.18**	**3,296.69**	2,566.54
Wind Energy Generators	227.46	--	--	**227.46**	117.34	23.51	--	**140.85**	**86.61**	110.13
Factory Equipments	170.30	131.09	0.59	**300.80**	33.53	26.94	0.28	**60.19**	**240.62**	136.77
Electrical Installations	94.71	77.01	1.79	**169.93**	10.31	8.27	0.41	**18.17**	**151.76**	84.42
Computers	49.68	22.01	0.28	**71.41**	16.54	9.63	0.13	**26.04**	**45.37**	33.13
Dies	422.20	240.58	25.38	**637.40**	184.93	191.54	21.94	**354.53**	**282.87**	237.28
Electrical Fittings	43.10	8.60	--	**51.70**	5.85	2.70	--	**8.55**	**43.15**	37.22
Vehicles	29.93	7.51	0.72	**36.72**	4.97	3.39	0.25	**8.11**	**28.61**	24.96
Furniture & Fixtures	49.50	33.87	--	**83.37**	11.15	4.93	--	**16.08**	**67.29**	38.36
Office Equipments	27.40	14.61	0.01	**42.00**	6.48	2.18	--	**8.66**	**33.34**	20.92
Total - A	5,441.97	2,128.71	49.73	**7,520.95**	1,272.88	700.07	27.76	**1,945.19**	**5,575.77**	4,169.10
B) Intangible Assets										
Technical Knowhow (Refer Note No 5a)	100.55	6.05	--	**106.60**	35.51	21.38	--	**56.89**	**49.71**	65.03
ERP System	11.89	16.22	--	**28.11**	9.58	7.55	--	**17.14**	**10.96**	2.31
Softwares	19.11	12.04	--	**31.15**	10.83	9.25	--	**20.08**	**11.07**	8.28
Total - B	131.55	34.31	--	**165.86**	55.92	38.18	--	**94.11**	**71.74**	75.62
Total - A+B	5,573.52	2,163.02	49.73	**7,686.81**	1,328.80	738.25	27.76	**2,039.30**	**5,647.51**	4,244.72
Previous Year as at 31-03-2007*	3,633.67	2,020.18	80.33	**5,573.52**	879.29	520.05	70.54	**1,328.80**	--	--
Capital Work in Progress Including Capital advances Rs 78.96 Million, Previous Year Rs 338.66 Million)									**368.64**	739.79
Total									**6,016.15**	4,984.51

* Addition to Leasehold Land & Depreciation / Amortisation for the previous year includes an adjustment of Rs 1.83 Million to bring the Gross Block to cost and accumulated depreciation in total.

a) Building includes premises on joint ownership basis in a Co-operative Society Rs. 3.25 Million including cost of shares therein Rs.63/-.

b) Deductions Includes Exchange Gain of Rs Nil (Previous Year Rs.1.47 Million)

Number	Face Value Per Unit		Rs. in Million 31-03-2008	Rs. in Million 31-03-2007
		SCHEDULE : 7		
		INVESTMENTS :		
		I. Long Term Investments (at Cost)		
		(A) Trade Investments		
		(1) Fully paid Equity shares (Quoted)		
2,300	10	Indian Overseas Bank	0.06	0.06
		(2) Investment in Subsidiary Companies		
		Fully Paid Equity Shares		
78,48,116	10	High Technology Transmission Systems I Pvt Ltd	78.48	78.48
2,200,000	10	Endurance Systems (I) Pvt. Ltd.	247.62	187.62
		Amann Druckguss GmbH (earlier known as Endurance Holding GmbH)(Refer Note 6 c)	1,149.56	961.79
		Endurance Overseas s.r.l (Ref. note 6f)	341.06	--
58,800	Euro-1	Nuova Renopress S.p.A.(Refer Note 5b & 6a)	264.07	209.93
		Endurance Holding GmbH (earlier known as V Mainsee 493, V V GmbH)	1.54	--
			2,082.33	1,437.82
		(3) Fully Paid Equity Shares (Unquoted) in Others		
10,000	10	Deogiri Nagari Sahakari Bank Ltd	0.10	0.10
1,000	10	Saraswat Co-op Bank Ltd	0.01	0.01
1,248,000	Euro-0.52	Paioli Meccanica S.p.A (Refer Note 5b & 6b)	376.73	360.71
			376.84	360.82
		(B) Other Investment (Unquoted)		
		National Saving Certificate	0.04	0.04
		Bonds - SIDBI Capital Gain	--	--
		Total - Long Term Investments	2,459.27	1,798.74
		II. Current Investments - others (at Cost or Fair value whichever is lower) Investments in Mutual Fund (Unquoted)		
30,866	10	DSP Merrill Lynch Liquid Fund Daily Dividend	30.87	374.16
57,723	10	DSP Merrill Lynch Liquid Plus - Weekly Div Option	57.74	--
9,126	10	Prudential ICICI Liquid Daily Dividend	0.11	0.10
617,466	10	HSBC Cash Fund- Inst. Plus Daily Dividend	6.18	5.81
25,000,000	10	Prudential ICICI FMP-Series 35	250.00	250.00
	10	Prudential ICICI Short Term Dividend	--	59.43
	10	Tempelton India Short Term Inc-Inst Mthly Div	--	88.22
	10	Tempelton India Short Term Investment Monthly Dividend	--	--
		Total - Current Investments	344.90	777.72
			2,804.17	2,576.46
Note :	1	Face Value per unit in Rupees unless stated otherwise		
	2	Book Value of quoted investment	55,200	55,200
	3	Market Value of unquoted investments in Mutual Funds	371.88	778.87
	4	Book value of unquoted investments	2,804	2,576
	5	Market Value of quoted investments	310,960	232,875

Details of Current Investments acquired and sold during the year :

Name	**No of Units**	**Purchase Cost**
DSP Merrill Lynch Liquid Plus Daily Dividend Plan	39,930	1,000.38
Birla Cash Plus Retail Div. Reinv.Option	1,832,688	16.37
DSP ML Liquid Plus Fund - Reg - Dly Div Rein		
Reliance Liquid Plus Fund - Ret Daily Div Rein	29,975	1,000.84

	Rs. in Million 31-03-2008	Rs. in Million 31-03-2007
SCHEDULE : 8		
INVENTORIES :		
Raw Materials and Components	**199.05**	150.70
Stores, Spares and Packing Materials	**99.57**	99.24
Tools and Instruments	**50.37**	33.99
Work in Process	**376.89**	318.18
Finished Goods	**31.56**	42.55
Goods In Transit (Raw Material)	**105.66**	9.13
	863.10	653.79
SCHEDULE : 9		
SUNDRY DEBTORS :		
(Unsecured, Considered Good)		
Over Six Months	**22.38**	15.23
Others (Refer note 8)	**1,542.33**	1,530.16
	1,564.71	1,545.39
SCHEDULE : 10		
CASH & BANK BALANCES :		
Cash on Hand	**1.69**	0.98
Cheques on Hand	**--**	50.00
Balance with Scheduled Banks :		
Current Accounts	**301.69**	202.81
Fixed Deposit Accounts	**212.65**	337.56
Balance with Non-Scheduled Bank		
Deogiri Nagari Sahakari Bank Ltd.	**--**	0.03
(Maximum balance Rs 0.3 Million, Previous Year Rs 0.3 Million)		
	516.03	591.38
SCHEDULE : 11		
LOANS & ADVANCES :		
(Unsecured, Considered Good, unless otherwise stated)		
Advances Recoverable in Cash or Kind or for Value to be Received	**269.39**	256.96
Amount receivable from subsidiary(Refer note 3b & 8)		
Good	**13.65**	45.55
Doubtful	**46.04**	--
Total	**59.69**	45.55
Less Provision for Doubtful Advances	**46.04**	--
	13.65	45.55
Loan to Subsidiary (Refer note 6C)	**312.95**	11.66
Balance with Excise Authorities	**102.69**	134.92
Sundry Deposits	**22.55**	26.81
Tax Deducted at Source, Fringe Benefit Tax & Advance Tax (Net of Provisions)	**67.59**	23.30
Credit Receivable for Wind Power Generated	**8.35**	3.52
	797.17	502.72

	Rs. in Million 31-03-2008	Rs. in Million 31-03-2007
SCHEDULE : 12		
CURRENT LIABILITIES :		
Acceptances	**181.40**	---
Sundry Creditors (Refer Note 10)		
- Micro, Small and Medium Enterprises (Refer Note 10)	**45.00**	---
- Others (Includes Creditors for Capital Goods amounting	**1,015.49**	1,432.82
to Rs 105.53 Million Previous year Rs 205.07 Million)	**1,241.89**	1,432.82
Other Liabilities	**32.72**	178.08
Advances Received	**93.47**	50.23
Interest Accrued but not due on Loans	**34.36**	16.14
	1,402.44	1,677.27
SCHEDULE : 13		
PROVISIONS		
Wealth Tax	**0.21**	0.21
Gratuity (Refer Note 11)	**7.35**	0.11
Leave Encashment (Refer Note 11)	**7.01**	1.79
Warranty Claims (Refer Note 12)	**3.37**	4.87
Fair value of foreign exchange forward and currency option contracts (Refer Note 3a)	**260.19**	---
	278.13	6.98
SCHEDULE : 14		
OTHER INCOME :		
Interest - Gross (TDS Rs.2.36 Million (Previous Year Rs.7.34Million)		
Fixed Deposits (Refer note 19)	**18.14**	25.04
Others	**51.47**	1.69
Profit on Sale of Current Investment	**1.19**	---
Dividend Received from Current Investment	**43.12**	38.43
Dividend Received from Investment in Subsidiary	**5.89**	5.89
Discount Received	**3.20**	4.83
Export Incentives	**2.72**	5.92
Scrap Sales (Net of Excise Duty Rs 55.55 Million, Previous Year 55.78 Million) (Refer note 19)	**380.41**	164.08
Withdrawal of Key man Insurance premium	**47.03**	---
Profit on Sale of Fixed Assets (Net)	**4.61**	---
Foreign Exchange Fluctuation Gain (Net of Loss amounting to Rs Nil)	---	104.82
Surplus Contribution towards Asset	---	0.08
Surplus on Premature repayment of Sales Tax Liability (Refer Note 13)	**21.28**	41.71
Miscellaneous Receipts (Refer note 26)	**10.76**	18.10
	589.82	410.59

		Rs. in Million 31-03-2008	Rs. in Million 31-03-2007
SCHEDULE : 15			
MATERIALS :			
A) Raw Materials & Components Consumed (Refer note 19)			
Opening Stocks		**159.84**	98.84
Add : Purchases		**9,161.01**	6,767.70
		9,320.85	6,866.54
Less : Closing Stocks including Goods in Transit		**304.71**	159.84
	(A)	**9,016.14**	6,706.70
B) Increase/Decrease in Stocks			
Closing Stock:			
Work in Process		**376.89**	318.18
Finished Goods		**31.56**	42.55
		408.45	360.73
Less : Opening Stock:			
Work in Process		**318.18**	162.01
Finished Goods		**42.55**	105.80
		360.73	267.81
	(B)	**47.72**	92.92
C) Excise duty on Finished Goods			
Opening Stock		**5.80**	8.68
Closing Stock		**2.92**	5.80
Net	(C)	**(2.88)**	(2.88)
		---	---
D) Cost of Materials & Components Sold	(D)	**52.99**	35.56
E) Less : Cost of Materials Capitalised	(E)	**90.48**	70.95
	(A-B+C+D-E)	**8,928.04**	6,575.52

	Rs. in Million 31-03-2008	Rs. in Million 31-03-2007
SCHEDULE : 16		
EXPENSES : (REFER NOTE 19)		
Stores & Spares Consumed	**325.19**	274.84
Tools & Instruments Consumed	**135.62**	65.74
Labour Charges	**511.47**	444.79
Power, Water & Fuel	**663.44**	495.88
Freight	**59.95**	88.34
Packing & Forwarding Expenses	**42.10**	32.74
Salary, Wages & Bonus (refer note 14)	**537.00**	324.46
Gratuity-Provision & Contribution to Fund (Refer Note 11)	**11.56**	1.92
Contribution to Provident Fund & Other Funds	**28.84**	18.18
Staff Welfare	**32.72**	26.51
Repairs :		
a) Plant and Machinery (Refer note 15)	**149.91**	112.67
b) Building	**13.79**	15.05
c) General	**55.07**	43.89
Insurance	**22.12**	19.75
Advertisement	**2.73**	2.16
Donation	**0.60**	1.36
Directors Fees & Traveling Expenses	**4.98**	3.53
Managing Director's Remuneration and Commission (Refer note 16)	**11.00**	5.45
Payment to Auditors (Refer Note 17)	**2.80**	2.92
Royalty	**60.73**	60.87
Rent	**1.03**	1.42
Rates & Taxes	**6.87**	6.58
Traveling and Conveyance	**81.74**	55.56
Bank Charges	**79.27**	78.10
Excise Duty Paid	**7.98**	0.24
Provision for Doubtful Debts	**0.04**	—
Loss on Sale of Fixed Assets (Net)	—	0.88
Loss on Foreign Exchange Fluctuation (Net of Gain amounting to Rs 324.75 Million)	**77.76**	—
Loss on Sale of Investment in Mutual Fund	—	0.40
Rejection / Claims	**4.93**	—
Warranty Claims	**0.55**	2.55
Premium for Sales Tax benefit acquired (Refer Note 13)	**19.45**	37.25
Bad Debts	—	0.30
Miscellaneous Expenses (Refer note 19)	**148.52**	129.91
	3,099.76	2,354.24
Less : Expenses Capitalised on Dies Manufactured	**69.67**	47.33
	3,030.09	2,306.91
SCHEDULE : 17		
INTEREST ON :		
Fixed Period Term Loans (Refer Note 19)	**319.95**	132.50
Working Capital Loans	**150.82**	122.67
Others	**10.03**	9.78
	480.80	264.95

SCHEDULE : 18

NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been 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, to the extent applicable.

The preparation of the financial statements in conformity with the generally accepted accounting principles requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets, liabilities, and disclosure of contingent liabilities at the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are prudent and based on management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results may differ from estimates and assumptions used in preparing the accompanying financial statements.

(b) Sales

- Domestic Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods. Sales include Excise Duty but exclude Sales Tax/VAT.
- Export sales are accounted for when the ownership of goods is passed on to the customer.
- Benefit on account of entitlement of import of goods free of duty under the "Duty Entitlement Pass Book under Duty exemption Scheme" (DEPB Scheme) is accounted in the year of export.

(c) Depreciation and Amortisation

Depreciation is provided on straight line basis (SLM), at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, proportionate from the date when put to use except in the case of:

- Leasehold Land – amortised over the period of the lease
- Dies – Over their estimated economic life determined on the basis of their uses or under SLM in the manner specified in Schedule XIV whichever is higher.
- Technical Know-how (including income-tax and R & D Cess) – amortised over the period of six years
- Software Costs & ERP Systems are amortised in three equal installments
- Individual Assets costing less than Rs 5,000 each are depreciated in full in the year of acquisition.

(d) Fixed Assets

Fixed Assets except free hold land are stated at cost of acquisition or construction less accumulated depreciation / amortisation. Pre-operation expenses including trial run expenses (net of revenue) are capitalised. All costs relating to the acquisition and installation of Fixed Assets are capitalised and include eligible financing costs relating to borrowed funds attributable to construction or acquisition of Fixed Assets, upto the date the asset is ready for intended use.

(e) Transactions in Foreign Currencies

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities covered by derivative instruments are stated at the strike rates while those not covered by derivative instruments are restated at the rate ruling at the end of the year. Till previous year the foreign currency term loans covered by derivative instruments were restated at spot rate as at the year end (refer note no 4 for the impact of this change in policy.) Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise. Premium/ Discount on forward contracts is amortised over the life of such contracts

The Company accounts for foreign exchange loss in respect of derivative instruments which are not covered by AS 11, based on Mark to Market valuation as on Balance Sheet date.

(f) Product Warranty Expenses

The estimated 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.

(g) Inventories

Inventories of raw materials and components, work-in-progress, stock-in-trade, Stores & Spares and Tools & Instruments are valued at the lower of cost and net realisable value. Cost is ascertained on a weighted average basis. The cost of work-in-progress and finished goods is determined on absorption cost basis. Excise duty in respect of Inventory of Finished Goods manufactured is shown separately as an item of expense and included in valuation of Inventory of Finished Goods.

(h) Employee Benefits

Provident fund

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are paid to the Central Government Provident Fund & the Family Pension Fund and charged to the Profit & Loss Account of the year.

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The Company has taken a Group Gratuity cum Life Assurance Scheme with LIC of India for future payment of gratuity to the eligible employees. The premium thereof is paid periodically in terms of the said policy.

Compensated absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability being long term in the nature is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation. The Company has taken a policy with LIC of India for future payment of leave encashment to its employees. The premium thereof is paid periodically in terms of the said policy.

(i) Voluntary Retirement Scheme

Expenditure on voluntary retirement scheme is amortised over expected payback period.

(j) Investments

Long term investments are stated at cost less diminution in value, if any, other than of temporary nature. Current investments are stated at lower of cost and fair value.

(k) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income - Tax Act, 1961. Current tax includes Fringe benefit tax.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

(l) Impairment of Assets

The Company reviews the carrying amounts of its fixed assets annually to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows expected from the continuing use of the asset and from its ultimate disposal are discounted to their present values using a pre-determined discount rate that reflects the current market assessments of the time value of money and risks specific to the asset.

(m) Provisions, Contingent Liabilities and Contingent Assets

As per Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets, the Company recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognised for –

- Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- Any present obligation that arises from past events but is not recognised because-
- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- A reliable estimate of the amount of obligation cannot be made.

  Such obligations are recorded as Contingent Liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

  Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized.

(n) Earnings per share

The company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on 'Earnings per Share'. Basic earning per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti- dilutive.

(c) Cash Flow Statement

The Cash Flow statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

(p) Business Segments

The Company's operations predominantly relate to manufacture of automobile components. Other business activities comprise of the windmill division which produces electricity by wind power.

In the context of Accounting Standard 17 on Segment Reporting, 'automobile components' is considered to constitute one single reportable primary segment.

The Company caters mainly the domestic market. As such there are no reportable geographical segments.

2. a) Term Loans from Banks including foreign currency term loans are secured by equitable mortgage/ additional charge/hypothecation of specified immovable/movable properties, both present and/or future, located at various locations either on pari passu basis or by way of first charge subject to prior charges in favour of banks financing for working capital .

b) TermLoan from IREDA (Indian Renewable Energy Development Agency) is secured by equitable mortgage of all immovable properties both present & future and hypothecation of specified movables including Plant & Machinery of Wind Power Generation Units at Vankushwade site, Village Bhambe, Tq. Patan, Dist. Sataraand at Gut no. 341, Pimpalgaon, Tq. Parner, Dist. Ahmednagar

c) Cash Credits, Overdrafts and bills discounting from banks are secured by hypothecation of both present and future stock of raw materials, goods in process, finished goods, consumable stores & spares and book debts either on pari passu basis or by way of first charge.

	Rupees (In Million) 2007-08	Rupees (In Million) 2006-07
d) Amounts due within one year		
1. Term Loans from Banks:		
Indian Overseas Bank	**120.86**	76.66
Standard Chartered Bank	**63.03**	55.92
Bank of India	**124.99**	66.58
Citibank	**314.56**	88.06
Corporation Bank	**137.87**	74.38
ICICI Bank	**57.67**	59.49
Indian Renewable Energy Development Agency	**9.44**	9.44
2. Short Term Loan from HDFC Bank	**220.12**	211.37

e) During the previous year, Company has availed a secured loan for an amount of Rs. 1669.44 million from Bank of India & HDFC Bank. The loan amount is secured against first charge with HDFC / Indian Overseas bank/ Corporation bank on land and building situated at B 1/3 Chakan and Takwe, Pune and pari passu charge on the fixed assets at B/2 Waluj, MIDC Aurangabad and Fixed Assets at Gut no 416 Takwe, Pune. The formalities for creation / registration of charge in favour of Bank of India & HDFC Bank which was pending as on 31-03-2007 has been completed during the year 2007-08.

The Company has availed secured loan of Rs 1427.92million from various banks as per details given below. The formalities for creation / registration of charge in favour Banks has not been completed as on March 31, 2008.

Name of Bank	**Amount of Loan Sanctioned**	Loan availed up to 31.03.08
Bank of India, Pune	**512.50**	289.34
Indian Overseas Bank, Pune	**340.00**	46.55
Corporation Bank, Pune	**472.70**	392.03
ICICI Bank Limited, Singapore	**200.00**	200.00
ICICI Bank Limited, Pune (SBLC)	**500.00**	500.00
TOTAL	**2,025.20**	1,427.92

3. Extraordinary expenses includes the following

a] The Company has provided for mark to market loss of Rs.260.19 million on account of Derivative instruments which are not covered by AS 11.

b] Provision for amount receivable from subsidiaries Rs.46.04 Million as reflected under schedule 11 - loans and advances.

4. "The Company has obtained long term loans in foreign currency. The tenure of these loans ranges from 4 to 5 years from the end of moratorium period. Considering the longer term of the loans, the company has entered into certain foreign exchange range forward contracts to hedge the risk of foreign currency exchange rate fluctuations. These contracts provide for the cross currency covers at various knock-in-knock-out levels. These contracts have the same due date maturities as the loan repayment schedule.

The Company has restated the outstanding foreign currency denominated long term loans which are covered by foreign exchange range forward contracts (JPY-USD) using the exchange rates mentioned as strike rates in the unexpired foreign currency range forwards contracts instead of the cross currency spot exchange rates as on 31st March 2008 as the company strongly believes that the spot rates are not the correct reflection of the fair value at which the loans would be restated. Had these foreign currency term loan amounts been restated at the spot rates, the loss for the year and the term loan liabilities would have increased by Rs. 351.60 million and the carry forward balance in Profit and Loss account as at 31st March 2008 would have decreased by Rs.351.60 millions."

5. **Deferred Payments:**

a) Technical Know-how fees payable: Rs. 19.99 million (Previous year Rs 23.61 Mn) - The Company had entered into a Technical Collaboration Agreement with Wanfeng, China for grant of license for technical information in respect of proprietary technical information pertaining to manufacture of the specified products for an amount of Rs. 43.73 Million (USD 1 million). The total amount of fees to be paid are payable in 10 equal half yearly installments. The agreement has been entered for the period of 5 years. The company has paid 5 installment amounting to Rs. 21.06 million (USD 0.5 million) prior to March 2008 and the balance 5 installments amounting to Rs. 19.99 million (USD 0.5 million) (net of Tax deducted at Source) has been reflected as deferred liabilities.

b) Liability towards cost of Investments: Rs. 209.88 million (Previous Year 236.35 Million) - This includes the following:

i) Rs. 22.18 million (Previous Year Rs 20.42 Million) payable against investment in Nuova Renopress S.p.A., Italy as it is payable subject to contingencies specified in Shares sale and purchase agreement.

ii) Rs. 187.70 million (Previous Year 215.93 Million) payable against investment in Paioli Meccanica S.p.A. – Italy. This amount is payable in 4 annual equal installments (Previous Year 5).

6. **Investment in Overseas Companies**

a) Nuova Renopress S.p.A., Italy - During the previous year 2006-07, the company had acquired 51% shares in accordance with the Share sale and purchase agreement dated 14th July, 2006 and invested EURO 3.5 Million on 3rd August, 2006. The company had paid EURO 3.15 Million and balance EURO 0.35Million is payable on contingencies as specified in Shares sale and purchase agreement.During the financial year 2007-08, the company acquired balance 49% shares of Nuova Renopress S.p.A on 5th December,2007 through its 100% subsidiary company Endurance Overseas S.r.l. for the value of Euro 2.30 million..

Company has remitted 0.92 Million Euro as a contribution to Equity capital of Nuova Renopress S.p.a. on 29th Nov,2007. the said amount has been appropriated in terms of article 2447 of the Italian Civil codeas under.1) 0.76 Million Euro has been appropriated as Equity/Capital contribution / other reserve to cover up losses of Nuova Renopress S.p.a. 2) 0.10 Million Euro has been appropriated as other reserve/ capital contributions by the shareholders.3) 0.06 Million Euro has been appropriated as share capital.During the process of recapitalization of losses and acquisition of balance stake of 49% of Nuova Renopress S.p.A through its 100% subsidiary Endurance Overseas S.r.l., company's holding in Nuova Renopress s.p.a. has become 49% and Endurance Overseas S.r.l has become stake holder of 51% of Nuova Renopress S.r.l.

b) Paioli Meccanica S.p.A. - Italy - During the previous year, the company acquired 40% shares in accordance with the Share Sale and purchase agreement dated 4th August, 2006 and invested EURO 6.12 Million on 29th Sept, 2006. The company has paid up front EURO 2.42 Million and provided a Bank Guarantee for Balance amount of EURO 3.70 Million payable in 5 annual equal installment commencing from 29th Sept, 2007. During the financial year 2007-08 company has paid 1st installment of 0.74 Million Euro against the said bank guarantee. During the financial year 2007-08 company has also recapitalized loss of Paioli Meccanica S.p.a by remitting 0.28 Million Euro.

c) Amann Druckguss GmbH.-Germany - During the previous year 2006-07, the company had entered into a Shares Sale and Purchase Agreement with the shareholders of Mainsee 445.V.V.GmbH, a company registered under the laws of Germany, subsequently renamed as Endurance Holding GmbH. on 12.12.2006. Endurance Holding GmbH acquired 100% shares of Amann Holding GmbH for a consideration of EURO 35.90 million on 15.12.2006.

The company invested EURO 16.20 Million in Endurance Holding GmbH. Bank of India London and Citi Bank Bahrain have extended credit facility of EURO 15.00 Million and EURO 5.00 Million respectively to Endurance Holding GmbH. The company has provided Corporate Guarantee of EURO 15.00 Million to Bank of India London branch for the said credit facility to acquire 100% shares of Amann Holding GmbH which together with Amann Management GmbH a General Partner holds 100% of Amann Druckguss GmbH & Co. KG / Operating company.

During the year 2007-08, the company disbursed a shareholders loan of Euro 7.80 Million (EURO 0.20 Million up to 31st March, 2007) to the operating company in a phased manner to meet their working capital requirement and repayment of Citi Bank Loan.

During the year 2007-08, subsequent restructuring resulted in the formation of single entity Amann Druckguss GmbH which is 100% subsidiary of the company.During the financial year 2008, company has converted Euro 3 million shareholder's loan into equity in Amann Druckguss GmbH

d) The Equity of Amann Druckguss GmbH.- Germany amounting to EURO 5 million is represented by stock. The company holds 100% of the stock.

e) Fondalmec S.p.A.-Italy - During the previous year 2006-07, company entered into a Shares Sale and Purchase Agreement with the shareholders of Fondalmec S.p.A on 1st March, 2007 to acquire 51% shares in Fondalmec S.p.A for the value of EURO 11.00 Million.

During the year 2007-08 company floated Endurance overseas S.r.L on 14th May, 2007 to acquire Fondalmec S.p.A., and invested Euro 2.40 Million in Endurance Overseas S.r.L. by way of equity. The company has also disbursed a shareholders loan of Euro 8.60 Million to Endurance Overseas S.r.L which has acquired51% shares of Fondalmec S.p.A on 23rd May, 2007.

f) Endurance Overseas S.r.l - The Company has floated Endurance Overseas S.r.l. on 14th May, 2007. During the Financial year 2007-08 Endurance Overseas S.r.l has acquired stake in following companies

- 51% stake in Fondalmec S.p.a. Italy for the value of Euro 11 million
- 51% stake and recapitalization in Nuova Renopress S.p.a. Italy for the value Euro 3.18 million. (Including recapitalization amount of Euro 0.88 Million)
- During the year Endurance Overseas S.r.l has taken long term loan of Euro 8.60 million from Banca Popolere, Italy and repaid shareholder's loan to the Company.

7. The Board of Directors of both Endurance Systems (India) Private Limited (ESIPL) and Endurance Technologies Private Limited (ETPL) has approved proposal for amalgamation of both Companies looking to the business operations of both the Companies and to have strategic and financial benefit. ESIPL is a Wholly Owned Subsidiary of ETPL. Both the Companies are in process of completing statutory formalities for submission of the draft Scheme of Amalgamation with Hon'ble Bombay High Court.

8. Sundry debtors, Loans & Advances includes:

	Rupees (In Million) 2007-08	Rupees (In Million) 2006-07
Amounts due from Subsidiary Companies		
1. Endurance Systems (I) Pvt. Ltd. (Maximum Balance outstanding during the year Rs. 377.47 Million)	**223.95**	188.63
2. High Technology Transmission Systems (I) Pvt Ltd (Maximum Balance outstanding during the year Rs. 46.11 Million)	**33.77**	27.68
3. Amann Druckguss GmbH.-Germany. (Maximum Balance outstanding during the year Rs. 546.27 Million)	**312.95**	57.21
4. Endurance Far East Ltd (Maximum Balance outstanding during the year Rs. 14.06 Million)	**14.06**	—
5. Endurance Overseas Srl (Maximum Balance outstanding during the year Rs. 14.14 Million)	**14.14**	—
	598.87	273.52

9. a) Sundry Creditors includes

	Rupees (In Million) 2007-08	Rupees (In Million) 2006-07
Amounts due to Companies under the same Management as under:		
1. Varroc Elastomers Pvt. Ltd. (Maximum Balance outstanding during the year Rs. 4.86 Mln)	**1.74**	4.73
2. Varroc Engineering Pvt. Ltd. (Maximum Balance outstanding during the year Rs. 0.31 Mln)	**0.31**	0.12
	2.05	4.85

10. Micro, Small and Medium Enterprise Development Act, 2006:

The Company has received few responses from its suppliers in the form of letters / memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Accordingly the information as required to be disclosed under the said Act has been determined to the extent such parties have been identified on the basis of the information available with the Company.

Particulars	**2007-08**	2006-07
(i) Amounts unpaid as at year end – Interest	Refer Note	—
(ii) Amounts paid after appointed date during the year – Principal	below	—
(iii) Amount of interest accrued and unpaid as at year end		—

The Company has received the confirmations from the suppliers towards the end of the year i.e March 2008. Accordingly, the amount of payments made during the year to suppliers beyond 45 days and interest thereon as the case may be, has not been ascertained by the Company. However the same is not expected to be material. This has been relied upon by the auditors.

11. The revised Accounting Standard 15 (AS-15) on "Employee Benefits" has become applicable from the current year (accounting periods beginning on or after December 7, 2006). Accordingly the disclosures in respect of the previous year have not been given. However as a matter of prudence, during the previous year the liability in respect of Gratuity and Leave Encashment had been determined with reference to the present value of defined benefits taking the basis given in guidelines of revised AS-15. Obligations for the same are funded with the Life Insurance Corporation of India.

Principal actuarial assumptions:

Particulars	Gratuity	Leave encashment
Discount rate	8%	8%
Rate of Return on Plan Assets	8%	8%

Reconciliation of Benefit Obligation:

(Rs. In Millions)

Particulars	Gratuity	Leave encashment
Liability at the beginning of the year	9.30	5.38
Interest Cost	0.91	0.55
Current Service Cost	2.77	1.72
Benefit Paid	(1.46)	(0.36)
Actuarial (Gain) / Loss on Obligations	8.67	5.35
Liability at the end of the year	20.18	12.64

Reconciliation of Fair value of Plan Assets:

Particulars	Gratuity	Leave encashment
Fair Value of Plan Assets at the beginning of the year	9.71	4.15
Expected Return on Plan Assets	1.01	0.44
Contributions	3.62	1.49
Benefit Paid	(1.46)	(0.36)
Actuarial (Gain) / Loss on Obligations	(0.05)	(0.08)
Fair Value of Plan Assets at the end of the year	12.84	5.63
Total actuarial gain / (loss) to be recognized.	(8.72)	(5.43)

Amount to be recognise in Balance Sheet

Particulars	Gratuity	Leave encashment
Liability at the end of the year	20.18	12.64
Fair Value of Plan Assets at the end of the year	12.84	5.63
Amount to be recognise in Balance Sheet	7.35	7.01

Expenses recognized in the Profit and Loss Account under the head Employee Cost:

Particulars	Gratuity	Leave encashment
Current Service Cost	2.77	1.72
Interest Cost	0.91	0.55
Expected Return on Plan Assets	(1.01)	(0.44)
Net Actuarial (Gain) / Loss recognized	8.72	5.43
Expenses recognized in Profit and Loss Account	11.39	7.27

12. Details of provision and movement in each class of provision as required by Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets

Disclosures under Accounting Standard 29

	Rupees (In Million) 2007-08	Rupees (In Million) 2006-07
Carrying amount as at 1st April	**4.87**	4.51
Additional Provision made during the year	**0.19**	2.55
Less : Amount paid/utilized during the year	**1.69**	2.19
Carrying amount as at 31st March	**3.37**	4.87

Nature of Warranties: The company gives warranties on certain products from the date of sale, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period.

13. Other income includes an amount of Rs 21.28 Million(previous year Rs. 41.71 million) being surplus arising from premature repayment amounting to Rs. 7.85 million (previous year Rs. 14.54 million) against Sales Tax deferred liability in the form of deferment benefit of Rs. 29.13 Million (previous year Rs. 56.25 million) in accordance with the scheme formulated by the Government of Maharashtra. For acquiring the said Sales Tax deferment benefit, a premium of Rs. 19.45 Million (previous year Rs. 37.25 million) was paid to the assigner/transferor of the liability.

14. During the previous year 2006-07 company had introduced a Voluntary Retirement Scheme (VRS) to its Employees. The liability in accordance with the terms of the VRS was Rs.3.44 Million. The company has written off the entire amount during that year.

15. Repairs to machinery includes machinery spares & maintenance material consumed.

16. Schedule 16 to the Profit & Loss Account includes payments to Managing Director (excluding provision for encashable leave and gratuity as separate actuarial valuation is not available) as under :

	Rupees (In Million) 2007-08	Rupees (In Million) 2006-07
Salary	**11.00**	2.35
Commission	**—**	2.50
	11.00	4.85
Other Perquisites*	**0.37**	0.82
Contribution to Provident Fund	**0.79**	0.18
	12.16	5.85

* The perquisites are calculated as per the provisions of Income Tax Act, 1961

17. Payments to Auditors:*

	Rupees (In Million) 2007-08	Rupees (In Million) 2006-07
Audit Fees	**1.60**	1.60
Certification	**0.40**	0.12
Tax Audit	**—**	0.40
Other Matters	**0.80**	0.80
	2.80	2.92

* Amount excluding Service Tax

18. Miscellaneous expenses in Schedule 16 to Profit & Loss Account include payments to a Director as Advisor Rs 0.50 Million (Previous Year Rs 0.54 Million)

19. The company has started commercial production on 2nd April,2007 at Pantnagar & on 24th July,2007 at Chennai, newly set up unit and preoperative expenses aggregating Rs. 24.91 Million have been capitalized to various assets of the concerned unit :.

Preoperative Expenditure:

A Movement during the year:

	2007-08	2006-07
Opening Balance	**24.92**	19.45
Incurred during the year (Net)	**5.19**	51.61
Total	**30.11**	71.06
Capitalize during the year (Net)	**24.91**	46.14
Closing balance	**5.20**	24.92

Note : Expenses reported in the profit & loss account are net of the preoperative expenses incurred during the year.

B Details of Preoperative Expenditure:

	2007-08	2006-07
Raw Material Consumption	—	2.20
Stores & Spares Consumed	—	12.36
Tools & Instruments Consumed	—	1.31
Labour Charges	—	3.08
Power, Water & Fuel	—	2.38
Salary, Wages & Bonus	**0.66**	5.05
Contribution to Provident Fund & Other Funds	—	0.40
Insurance	**0.37**	0.35
Staff Welfare	—	0.94
Rent	**0.02**	—
Rates & Taxes	**0.36**	0.54
Bank Charges	**3.73**	
Traveling and Conveyance	—	2.47
Miscellaneous Expenses	**0.02**	17.71
Depreciation/ amortisation	—	0.78
Interest on Term Loan	**0.04**	4.65
	5.19	54.22
Less :		
Sale of trial run production	—	1.59
Interest Received	—	0.93
Scrap Sales	—	0.09
	—	2.61
	5.19	51.61

Amount of Income / Expenses in profit & loss account is net of the above pre-operative expenses.

20. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advance Rs 78.94 Mn. Previous Year 338.63 Mn)

		2007-08	2006-07
a)	Tangible Assets	**136.27**	385.77
b)	Intangible Assets	**26.21**	18.92
c)	Total	**162.48**	404.69

21. Contingent Liabilities not provided for in respect of :

		2007-08	2006-07
a)	Outstanding Letters of Credit	**548.79**	144.91
b)	Guarantees Given By company's Bankers	**230.28**	291.26
c)	SBLC Given to ICICI Bank for EOSRL	**544.98**	—
d)	Corporate Guarantee given to Bank of India, London for the loan taken by Amann Druckguss GMBH.	**994.91**	874.80
e)	Claims Towards Workmen Compensation	**0.44**	0.44
f)	Disputed Excise Demand	**3.84**	5.83
g)	Foreign Bill discounting	—	47.65
h)	Claims by suppliers under dispute	**0.45**	0.45
i)	Disputed Grampanchayat Tax	—	0.13
j)	Disputed Income Tax matters	**Refer Note - 31**	Refer Note - 31

22. The company has imported Capital Goods under the Export Promotion Capital Goods Scheme (EPCG) of Government of India, at concessional rates of duty on an undertaking to fulfill quantified future Export obligations aggregating to US$ 60.37 Million (Previous Year US$ 51.33 Million) Non fulfillment of such future obligations, entails options/rights to the Government to confiscate the capital goods imported under the said licenses and other penalties under the above referred scheme. As at 31st March 2008 the company is not in default under the scheme.

23. Derivative transactions

The company uses forward exchange contract, currency swaps, currency options to hedge its exposure in foreign currency and interest rates. The information on derivative instruments is as follows.

Particulars	**Currency**	**2007-08**		2006-07	
		Foreign Currency (In Million)	**Rupees (In Million)**	Foreign Currency (In Million)	Rupees (In Million)
a) Details of Forward Exchange Contract, Currency swaps, Currency options :					
Forward Contract - USD-INR	USD	**13.72**	**548.54**	2.24	98.34
Forward Contract - USD-JPY	USD	**0.20**	**7.86**	—	—
Currency SWAP OPTION - JPY-USD	JPY	**5,285.19**	**2,127.29**	3,409.43	1,261.49
Currency SWAP OPTION - EURO-USD	EURO	—	—	5.00	291.60
Option's- USD-CHF	USD	**9.00**	**359.91**	3.00	132.00
Option's- GBP-USD	GBP	**1.00**	**80.00**	—	—
Option's- USD-INR	USD	**20.50**	**819.80**	—	—
OPTIONS -USD-JPY	USD	**10.00**	**399.90**	—	—
On JPY-USD Currency Swap -USD-INR	JPY	**19.10**	**7.69**	—	—
On EURO -USD Currency Swap -USD-INR	USD	**8.33**	**333.12**	—	—
b) Foreign exchange currency exposures not covered by derivative instruments outstanding.					
	EURO	**53.95**	**2,157.59**	39.86	1,755.46
	USD	**23.76**	**1,505.62**	23.06	1,314.23
c) Sundry Debtors :	USD	**0.61**	**24.49**	0.04	1.69
	EURO	**0.02**	**1.52**	—	—
		0.63	**26.02**	0.04	1.69
d) Sundry Creditors :	USD	**2.09**	**85.83**	4.66	203.81
	EURO	**0.02**	**1.35**	0.20	11.76
	JPY	**0.91**	**0.36**	0.05	0.02
	CHF	**0.00**	**0.09**	—	—
	GBP	—	—	0.03	0.88
		3.02	**87.63**	4.94	216.46

Particulars	Currency	2007-08		2006-07	
		Foreign Currency (In Million)	Rupees (In Million)	Foreign Currency (In Million)	Rupees (In Million)
e) **Advances paid**	EURO	**0.16**	**10.12**	0.01	0.26
	JPY	**6.13**	**10.37**	52.25	20.01
	USD	**2.62**	**5.43**	0.03	1.25
		8.91	**25.92**	**52.29**	**21.50**
f) **Advances received**	USD	**0.05**	**3.02**	0.01	0.43

24. Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of shares outstanding during the year. The number used in calculating basic and diluted earnings per equity share are as stated below:

		Shares in Nos	
		31-03-2008	31-03-2007
a)	Net Profit / (Loss) available for Equity Shareholders (Rs. In Million)	**(280.85)**	469.29
b)	Equity Shares outstanding at the beginning of the year	**1,699,676**	1,210,775
c)	Add Shares issued during the previous year on amalgamation considered part of opening balance since pending allotment during the last year .	—	288,027
d)	Add Shares issued on 12-08-06	—	18,284
e)	Add Shares issued on 17-08-06	—	182,590
f)	Add Bonus Shares issued on 23-11-07	**15,297,084**	15,297,084*
g)	Weighted average number of Equity Shares	**16,996,760**	16,921,064
h)	Nominal Value of Equity Shares Rs.	**10**	10
i)	Basic & diluted earnings per share Rs.	**(16.52)**	27.73

* Bonus shares issued during the current year 2007-08 has been considered in the year 2006-07 for calculating weighted average number of shares for the purpose of EPS.

25. Information pursuant to the provisions of paragraph 3,4C, 4D of Part II of schedule VI to Companies Act, 1956 (Figures in bracket are for previous year)

A Quantitative Details :

I) Manufacturing Activity

Class of Goods	Unit of Measurement	2007-08 Installed Capacity	2007-08 Actual Production
1 Shock Absorbers (Including Front Fork Assembly)	Nos	**5,175,153** (5,696,178)	**2,725,225** (3,290,783)
2 Disc Brake Assembly (Including Rotary Disc)	Nos	**900,000** (900,000)	**497,543** (641,248)
3 Alloy Wheels (Including Assembly)	Nos	**3,240,000** (960,000)	**1,778,365** (420,566)
4 Aluminum Pressure Die Casting Parts *	M.T.	**41,623** (34,550)	**32,511.901** (32,460)
5 Dies	Nos	**Note b**	**168** (67)

* Includes 1730.79 MT on Job work basis (Previous year 4216.480 MT)

II) Wind Power Generation

Class of Goods	Unit of Measurement	2007-08 Installed Capacity	2007-08 Actual Production
a) Installed Capacity	MW	**5.05**	**7,085,906**
b) Generation *	Units	(5.05)	(7,539,759)

* Net of Wheeling & Transmission Loss wherever applicable & Includes captively consumed 2714793 units (Previous Year 32,80,689 Units).

Notes:

a) The company's products are exempt from licensing requirement under new Industrial Policy in terms of notification No. S.O.477(E) dated 25th July, 1991, hence licensed capacity not given.

b) It is not possible to ascertain installed capacity of dies as it depends upon the design and type of dies ordered by the customer.

c) Installed capacity as certified by the Management and accepted by Auditors without verification, being a technical matter.

		2007-08	**2006-07**
d) Actual production includes production by outside parties			
i) Aluminium Pressure Die Casting parts	MT	**1,198.197**	1,411.219
ii) Dies	MT	**9**	2
e) Dies capitalized	Nos	**100**	49

B Sales

		Unit of Measurement	**Qty**	**Rupees (In Million) 2007-08**	Qty	Rupees (In Million) 2006-07
	(Including Excise Duty)					
1	Shock Absorbers (Including Front Fork Assembly)	No	**2,730,028**	**3,907.37**	3,307,491	3,952.22
2	Disc Brake Assembly (Including Rotary Disc)	No	**498,788**	**485.84**	644,250	440.99
3	Alloy Wheels (Including Assembly)	No	**1,778,365**	**3,206.61**	420,566	686.96
4	Al. Pressure die casting parts	MT	**30,809.033**	**6,119.62**	28,466.883	6,041.73
5	Dies	No	**68**	**106.14**	18	39.18
6	Raw Materials & Components			**388.83**		65.68
				14,214.41		11,226.76
7	Sale of Wind Power Generated	Unit	**4,371,112**	**18.64**	4,259,070	17.23

C Stock of Finished Goods

		Unit of Measurement	**Qty**	**Rupees (In Million) 2007-08**	Qty	Rupees (In Million) 2006-07
a)	Opening Stock					
1	Shock Absorbers	No	**20,048**	**21.87**	36,756	41.92
2	Disc Brake Assembly (Including Rotary Disc)	No	**3,327**	**3.38**	6,329	4.24
3	Aluminum Die Casting Parts	MT	**59.020**	**13.78**	282.068	59.64
4	Components and Spares			**3.52**		-
				42.55		105.80
b)	Closing Stock					
1	Shock Absorbers	No	**15,245**	**16.64**	20,048	21.87
2	Disc Brake Assembly (Including Rotary Disc)	No	**2,082**	**5.01**	3,327	3.38
3	Aluminum Die Casting Parts	MT	**32.246**	**4.24**	59.020	13.78
4	Components and Spares			**5.67**		3.52
				31.56		42.55

D Raw Material & Components Consumed

		UM	Qty	Rupees (In Million) 2007-08	Qty	Rupees (In Million) 2006-07
1	Outer Tube Casting	No	**2,952,326**	**285.41**	8,590,459	449.30
2	Fork Pipe	No	**3,104,558**	**347.63**	4,029,338	500.25
3	Under Bracket Sub Assly.	No	**2,030,287**	**334.19**	2,167,707	177.36
4	Tyres & Tube Assembly	No	**1,772,340**	**768.00**	260,710	126.25
5	Aluminum Alloy	MT	**38,316.583**	**4,290.53**	32,355.778	3,844.76
6	Other Components			**2,990.38**		1,608.78
				9,016.14		6,706.70

Note : The Consumption figures shown above are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc. The figures of other components is a balancing figure based on the total consumption shown in the profit and loss account.

E CIF Value of Imports (on accrual basis)

	Rupees (In Million) 2007-08	Rupees (In Million) 2006-07
Capital Goods	**446.67**	517.75
Raw Material & Components	**1,178.66**	400.23
Stores & spares	**22.33**	17.29
	1,647.66	935.27

F Expenditure in Foreign Currency (on payment basis)

	Rupees (In Million) 2007-08	Rupees (In Million) 2006-07
Foreign Travel	**5.38**	6.30
Technical know-how	**11.30**	22.80
Professional Fees	**16.15**	48.18
Interest on Foreign Currency Loan	**204.74**	38.43
Royalty	**54.70**	51.54
Other Matters	**36.42**	0.12
	328.69	167.37

G Earnings in Foreign Exchange

	Rupees (In Million) 2007-08	Rupees (In Million) 2006-07
FOB value of Export	**98.53**	314.91

H Raw Material & components consumed

	2007-08 Amount Rs (In Mn)	2007-08 % of Total Consumption	2006-07 Amount Rs (In Mn)	2006-07 % of Total Consumption
Imported	1,135.30	12.59	407.49	6.08
Indigenous	7,880.84	87.41	6,299.21	93.92
	9,016.14	100.00	6,706.70	100.00

I Stores & Spares Consumed

	2007-08 Amount Rs (In Mn)	2007-08 % of Total Consumption	2006-07 Amount Rs (In Mn)	2006-07 % of Total Consumption
Imported	22.68	6.97	16.88	6.14
Indigenous	302.51	93.03	257.96	93.86
	325.19	100.00	274.84	100.00

26. Miscellaneous Receipts in Schedule 14 includes Rs. 0.25 Million (Previous Year Rs. 0.25 Million) being the liabilities no longer payable.

27. In the opinion of Board of Directors the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and provisions for liabilities are adequate and not in excess of the amount considered necessary.

28. Related Party Disclosures as required by Accounting Standard 18 is annexed.

29. As required by Accounting Standard 22 "Accounting for Taxes on Income" which is mandatory in nature, the company has recognized Deferred Taxes which result from timing differences between the Book Profits and Tax Profits.

As a result, net deferred tax assets for the year aggregating Rs.36.41 million has been recognized in the Profit & Loss Account, the details of which are as under

Particulars	Balance as at 31-03-2007 Rupees (Million)	Arising during the year Rupees (Million)	Balance as at 31-03-2008 Rupees (Million)
Deferred Tax Liabilities			
On account of timing differences in Depreciation & Amortisation	314.08	**62.99**	**377.07**
Deferred Tax Assets			
On account of timing differences in brought forward losses & Disallowances u/s Sec. 40 (a) (ia), 43B, 35DD, 35DDA	6.43	**99.39**	**105.82**
Net	307.65	**(36.40)**	**271.25**

30. As required by the Accounting Standard 28 on "Impairment of Assets", the company has reviewed potential generation of economic benefits from Fixed Assets and concluded that the Fixed Assets employed in the business will generate adequate economic returns over their useful lives.Consequently no provision of impairment loss is required.

31. During the Assessment proceedings for Assessment Year 2002-2003 of erstwhile Anurang Engineering Co. Pvt. Ltd; (which amalgamated with the Company w.e.f 1st January, 2006), the Tax Authorities have made disallowances amounting to Rs 32.5 Million. The Company's appeal before Income Tax Appellate Tribunal (ITAT) is decided in favour of company. The Company was advised that the litigation for assessment year 2002-03 may or may not end at the ITAT stage and that possibility of future appeals from either party may not be ruled out.

In view of the above advice the Company reworked its tax liability for assessment year 2006-07 considering this disallowance and made a payment of Rs. 10.4 Million on 29.12.2006.Since the issue is decided by ITAT in favour of the Company, the said payment of Rs. 10.4 Million will call for a refund which may be granted then,alongwith applicable interest.

32. During the previous year Amalgamation Expenses of Rs 16.77 Million consisting of Rs 16.24 Million for stamp duty & Rs. 0.53 Million for other expenses was adjusted against General Reserve.

33. During the previous year Shares Issue expenses of Rs 31.84 Million consisting of Rs 1.50 Million for stamp duty & Rs. 30.34 Million for other expenses were adjusted against Securities premium.

34. During the previous year the Company had applied for the sanction u/s 297 of the Companies Act, 1956, for the revised / new limits in respect of the transactions of sale / purchases / other services & goods with its Holding/Associate Company. The approval for the revised / new limits has been received by the Company during the current year for a period of 5 years with retrospective effect from 1st July 2002.

35. Expenditure incurred on research and development activities

Rs in Million

Particulars	**2007-08**	2006-07
Capital Expenditure (Excluding Advances)	25.61	3.88
Revenue Expenditure	16.33	9.42

36. Previous year figures have been regrouped/reclassified wherever necessary to conform with this year's classification.

(Signatures to Schedule 1 To 18)

For and on behalf of the Board

Date : 15/09/2008
Place : Mumbai

NARESH CHANDRA
Chairman

ANURANG JAIN
Managing Director

V. M. ACHWAL
DGM (CS & Legal)

RELATED PARTY DISCLOSURES
(REFER NOTE 28 OF SCHEDULE 18)

(a) List of Related Parties & Relationship:

S.No	Description of Relationship	Name of Related Party/Persons
1	Holding Company	NONE.
2	Subsidiaries Direct / Indirect	Endurance Systems (India) Private Limited. (Direct Subsidiary) High Technology Transmission Systems (India) Pvt. Ltd (Direct Subsidiary) Amann Druckguss GmbH (earlier Endurance Holding Gmbh) (Direct Subsidiary) Endurance Overseas Srl, Italy (Direct Subsidiary) Endurance Holding GmbH (formarly Mainsee 493 V.V.GmbH (Direct Subsidiary) Nuova Renopress S.P.A., Italy (Indirect Subsidiary) Fondalmec Officine Meccaniche S.p.A, Italy (Indirect Subsidiary) Endurance Far East Ltd., Thailand (Indirect Subsidiary)
3	Fellow Subsidiaries	None
4	Associates	Paioli Meccanica S.p.A
5	Key Management Personnel	Mr. Anurang Jain., Managing Director
6	Relatives of Key Management Personnel with whom transactions have taken place	Mr. Naresh Chandra - Father Mrs. Suman Jain - Mother Mrs. Varsha Jain - Wife Naresh Chandra HUF
7	Enterprises Owned or controlled by Key Management personnel and/or their Relatives	Varroc Engineering Pvt. Ltd. Varroc Trading Pvt. Ltd. Varroc Exhaust Systems Pvt. Ltd. Durovalves India Pvt. Ltd. Varroc Elastomers Pvt. Ltd. Varroc Polymers Pvt. Ltd.

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

RELATED PARTY DISCLOSURES

(REFER NOTE 28 OF SCHEDULE 18)

(b) Transactions carried out with the related parties in ordinary course of business (Previous Year Figures are in Brackets) :

Nature of Transctions	2007-08					
	Subsidiary	Associates	Key Management Personel	Relatives of Key Management personnel	Enterprises Owned or controlled by Key Management Personnel or their relatives	Total
	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
Purchases						
Goods & Materials	**99.42**	—	—	—	**13.29**	**112.70**
	(337.31)	(0.53)	—	—	(20.62)	(358.46)
Fixed Assets	**67.33**	—	—	—	—	**67.33**
	(69.12)	—	—	—	—	(69.12)
Sales						
Goods & Materials	**2,644.18**	**0.76**	—	—	—	**2,644.94**
	(2,741.94)	—	—	—	—	(2,741.94)
Fixed Assets	**23.31**	—	—	—	—	**23.31**
	(2.60)	—	—	—	—	(2.60)
Job work Received	**0.47**	—	—	—	—	**0.47**
	(0.48)	—	—	—	—	(0.48)
Expenses						
Rent	—	—	—	—	—	—
	—	—	—	(0.60)	—	(0.60)
Remuneration	—	—	**11.00**	—	—	**11.00**
	—	—	(4.85)	—	—	(4.85)
Interest Paid	—	—	—	**1.52**	—	**1.52**
	—	—	—	(1.18)	—	(1.18)
Directors Fees	—	—	—	**0.02**	—	**0.02**
	—	—	—	(0.00)	—	(0.00)
Staff Deputation	—	—	—	—	—	—
	—	—	—	—	—	—
Professional Charges	—	—	—	**1.10**	—	**1.10**
	—	—	—	(0.81)	—	(0.81)
Labour Charges Paid	**38.53**	—	—	—	—	**38.53**
	(53.51)	—	—	—	—	(53.51)
Expenses Reimbursed	**3.39**	**8.26**	—	—	**0.31**	**11.97**
	(1.02)	—	—	—	(0.12)	(1.14)
Excise Duty reimbursed	**8.77**	—	—	—	—	**8.77**
	—	—	—	—	—	—
Royalty	—	**51.73**	—	—	—	**51.73**
	—	(49.47)	—	—	—	(49.47)
DEPB purchase	**10.57**	—	—	—	—	**10.57**
	—	—	—	—	—	—
Income						
Intrest Receipts	**50.59**	—	—	—	—	**50.59**
	—	—	—	—	—	—
Expenses Recovered	**3.14**	—	—	—	**0.01**	**3.15**
	(47.32)	—	—	—	—	(47.32)
Excise Duty Recovered	**0.03**	—	—	—	—	**0.03**
	—	—	—	—	—	—
Dividend Received	**5.89**	—	—	—	—	**5.89**
	(5.89)	—	—	—	—	(5.89)
Finance						
Loans / Advances Given	**953.14**	—	—	—	—	**953.14**
	(11.66)	—	—	—	—	(11.66)
Buy back of Shares	—	—	—	—	—	—
	—	—	—	—	—	—
Share Investments	**644.51**	**16.02**	—	—	—	**660.53**
	(1,171.72)	(360.71)	—	—	—	(1,532.44)
Loan repaid	**652.64**	—	—	—	—	**652.64**
	—	—	—	—	—	—
Balance outstanding on 31-03-2008						
i) Receivables	**598.87**	—	—	—	—	**598.87**
	(216.31)	—	—	—	—	(216.31)
ii) Payables	—	—	—	—	**2.05**	**2.05**
	—	(10.82)	—	—	(4.85)	(15.67)
iii) Loan Taken	—	—	—	**16.80**	—	**16.80**
	—	—	—	(16.80)	—	(16.80)
iv) Loan Given	—	—	—	—	—	—
	—	—	—	—	—	—
v) Share Investment	**2,082.34**	**376.73**	—	—	—	**2,459.07**
	(1,437.82)	(360.71)	—	—	—	(1,798.54)

* Subject to Balance confirmation & reconciliation if any

RELATED PARTY DISCLOSURES

(REFER NOTE 28 OF SCHEDULE 18)

YEAR ENDED ON 31/03/2008

(c) Disclosure in respect of material Transactions with related party

Particulars	Endurance Systems (I) Pvt. Ltd.	High Technology Transmission Systems (India) Pvt. Ltd.	Amann Druckguss GmbH	Nouva Renopress S.p.A	Endurance Overseas S.r.l	Endurance Holding GmbH (V Mainsee GmbH)	Total
	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
Purchases							
Goods & Materials	97.57	1.84	—	—	—	—	99.42
	(336.17)	(1.14)	—	—			(337.31)
Fixed Assets	65.40	1.93	—	—			67.33
	(68.25)	(0.87)	—	—			(69.12)
Sales							
Goods & Materials	2,289.00	353.07	—	—			2,642.07
	(2,349.96)	(391.98)	—	—			(2,741.94)
Fixed Assets	7.56	2.39	—	—			9.95
	(1.42)	(1.18)	—	—			(2.60)
Job work Received	0.47	—	—	—			0.47
	(0.48)	—	—	—			(0.48)
							—
Expenses							
Labour Charges Paid	38.53	—	—	—			38.53
	(53.51)	—	—	—			(53.51)
Expenses Reimbursed	3.37	0.03	—	—			3.39
	(0.93)	(0.09)	—	—			(1.02)
Excise Duty reimbursed	8.77	—					8.77
							—
DEPB purchase	9.75	0.82					10.57
	—	—					—
Income							
Interest Receipt		—	21.03	—	29.56	—	50.59
							—
Expenses Recovered	2.54	0.60	—	—			3.14
	(1.66)	(0.11)	(45.55)	—			(47.32)
Excise Duty Recovered	0.03	—	—				0.03
							—
Divident Received	—	5.89	—	—			5.89
		(5.89)					(5.89)
Finance	—						
Loans / Advances Given	—	—	488.20	—	464.94	—	953.14
	—	—	(11.66)	—			(11.66)
Share Investments	60.00	—	187.77	54.14	341.06	1.54	644.51
	—	—	(961.79)	(209.93)			(1,171.72)

For and on behalf of the Board

Date : 15/09/2008
Place : Mumbai

NARESH CHANDRA
Chairman

ANURANG JAIN
Managing Director

V. M. ACHWAL
DGM (CS & Legal)

CASH FLOW STATEMENT
YEAR ENDED ON 31/03/2008

Sr. No.	Particulars	2007-2008		2006-2007	
		Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
A	**Cash Flow from Operating Activities**				
	i) Net Profit / (Loss) before Tax and after Extra ordinary Expenses		**(308.82)**		636.66
	ii) Adjustments for:				
	Add :				
	Depreciation & Amortisation for the Year	**730.57**		508.71	
	Extra ordinary Expenses	**306.23**		—	
	Loss on Sale of Assets	—		0.88	
	Loss on Sale of Investment	—		0.40	
	Provision for Leave Encashment	**5.22**		1.23	
	Provision for Gratuity	**7.24**		(1.28)	
	Provision (Written Back) for Warranty Claims	**(1.50)**		0.38	
	Interest Expense	**480.79**	**1,528.55**	264.95	775.27
	Less :				
	Profit on Sale of Assets	**4.61**		—	
	Dividend Received	**49.00**		44.32	
	Unrealised Forex Fluctuation Gain (Net of Loss)	**(35.24)**		107.96	
	Interest Income	**69.61**	**87.98**	26.74	179.02
	iii) Operating Profits before Working Capital Changes		**1,131.75**		1,232.91
	iv) Adjustments for:				
	Add :				
	Increase in Trade and other payables	**(196.05)**		467.92	
	Less :				
	Increase in Inventories	**209.31**		208.91	
	Increase in Trade and other receivables	**(44.52)**	**(360.84)**	1,009.99	(750.98)
	v) Cash Generated from operations		**770.91**		481.93
	Less :				
	Wealth Tax	**0.43**		0.33	
	Income Tax and Fring Benefit Tax Paid	**52.29**	**52.72**	102.67	103.00
	Net Cash from Operating Activities		**718.19**		378.93
B	Cash Flow from Investing Activities				
	Add :				
	Dividend Received	**49.00**		44.32	
	Interest Received	**94.84**		44.64	
	Sale of Fixed Assets	**25.21**	**169.05**	10.73	99.69
	Less :				
	Purchase of Fixed Assets	**1,885.98**		2,179.70	
	Increase / (Decrease) in Investment	**569.60**		2,318.64	
	Extraordinary Expenses				
	Increase / (Decrease) in Divisional Balances				
	Loss on sale of Investment	—		0.40	
	Merger expenses	—	**2,455.58**	16.77	4,515.51
	Net Cash used in Investing Activities		**(2,286.53)**		(4,415.82)

CASH FLOW STATEMENT
YEAR ENDED ON 31/03/2008

Sr. No.	Particulars	2007-2008 Rs. in Million	2007-2008 Rs. in Million	2006-2007 Rs. in Million	2006-2007 Rs. in Million
C	**Cash Flow from Financing Activities**				
	Add :				
	Increase in Share capital	**152.97**		2.01	
	Share Premium	**(152.97)**		1,648.20	
	Capital Subsidy recd	—		3.00	
	Increase in Term Loans	**1,498.54**		2,317.30	
	Increase (Decrease) in Cash Credits & others	**468.13**		606.71	
	Increase (Decrease) in unsecured Loans	**6.27**		(180.06)	
			1,972.94		4,397.16
	Less :				
	Interest Paid	**479.95**		257.60	
	Share Issue expenses	—		31.84	
	Dividend Paid	—		9.23	
			479.95		298.67
	Net Cash used in Financing Activities		**1,492.99**		4,098.49
	Net Increase in Cash & Cash Equivalents		**(75.35)**		61.60
	Opening Cash & Bank Balance on 01st April*		**591.38**		529.78
	Closing Cash & Bank Balance on 31st March*		**516.03**		591.38
			(75.35)		61.60

* Includes Fixed Deposits In lien with banks for loans of Rs 212.65 Million (Previous year Rs 337.56 Million)

As per our report of even date attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board

HEMANT JOSHI
Partner
Date : 15/09/2008
Place : Pune

NARESH CHANDRA
Chairman
Date : 15/09/2008
Place : Mumbai

ANURANG JAIN
Managing Director

V. M. ACHWAL
DGM (CS & Legal)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Rs.in Million)

1 Registration Details :

Registration No.	:	11-123296	State Code	:	11
Balance Sheet Date	:	31-03-08			

2 Capital raised during the year

Public Issue	:	Nil	Rights Issue	:	Nil
Bonus Issue	:	15297084	Private Placement	:	Nil

3 Position of Mobilisation and Deployment of funds

Total Liabilities	:	10,887,.69	Total Assets	:	10,887.69
Sources of Funds			**Application of Funds**		
Paid-up Capital	:	169.97	Net Fixed Assets	:	6,016.15
Reserve & Surplus	:	2,631.82	Investments	:	2,804.17
Deferred Tax Liability (Net)	:	271.25	Net Current Assets	:	2,067.37
Secured Loans	:	5,957.30			
Unsecured Loans	:	1,627.47			
Deferred Payment	:	229.88			

4 Performance of Company

Turnover (including Wind power generated & Other income Rs.620.03 Mn)	:	13,166.91	Total Expenditure	:	13,169.50
Profit / (Loss) before Tax	:	(2.59)	Profit after Tax	:	(280.85)
Earning per Share (in Rs.) Annualised	:	(16.52)	Proposed Dividend Per Share	:	—

5 Generic Names of Three Principal Products/Services of the Company (as per Monetary terms)

Item Code No.	:	870897
Product Description	:	Aluminium Die Casting Parts
Item Code No.	:	870880
Product Description	:	Shock Absorbers
Item Code No.	:	871400
Product Description	:	Disc Brake

For and on behalf of the Board

Date : 15/09/2008
Place : Mumbai

NARESH CHANDRA	**ANURANG JAIN**	**V. M. ACHWAL**
Chairman	Managing Director	DGM (CS & Legal)

1	Name of the Subsidiary	High Technology Transmission Systems (I) Pvt. Ltd.	Endurance Systems (I) Pvt. Ltd. (ESIPL)	Endurance Overseas S.r.L (EOS)	Nuova Renopress S.p.A.,Italy	Fondalmec Officine Meccaniche S.p.A (Subsidiary of EOS)	Amann Druckguss GmbH	Endurance Far East Ltd. (Subsidiary of ESIPL)
2	Financial Year Ended on	31.03.08	31.03.08	31.03.08	31.03.08	31.03.08	31.03.08	31.12.07
3	Holding Company's Interest Paid Up equity share Capital Number of shares	7,848,116	2,200,000	STOCK	120,000	1,377,000	STOCK	250000
	Per Share Value	Rs.10/-	Rs.10/-		Euro 1	Euro 1		THB-100
	Extent of Holding	51%	100%	100%	100%	51%	100%	100%
4	The net aggregate of Profits\(Loss) of the Subsidiary Company so far it concerns the Members of the Holding Company. (a) Not dealt with in the accounts of the company (i) For the Subsidiary's Financial Year Ending (Rs. In Million)	30.77	(5.82)	(14.31)	(139.41)	23.41	(13.79)	(17.48)
		31 st March ,2008					31st December, 2007	
	(ii) For the Previous Financial Years of the Subsidiary (Rs. In Million)	114.24 31.03.07	10.82 31.03.07	(80.68) 31.12.07	(8.54) 31.12.06	47.32 31.12.07	(5.42) 31.12.06	NIL -
	(b) Dealt with in the accounts of the company for year ended 31st March, 2008 (i) For the Subsidiary's Financial Year ended 31st March, 2008	Nil						
	(ii) For the Previous Financial Years of the Subsidiary	Nil						
5	Changes in the Interest of the Company between the end of the Subsidiary's Financial Year and 31st March, 2008	No Changes since both Financial years are same.						No Changes
6	Material Changes between end of the Subsidiary's Financial Year and 31st March, 2008	No Changes since both Financial years are same.						No Changes
	(i) Fixed Assets							
	(ii) Investments							
	(iii) Moneys lent by the Subsidiary							
	(iv) Moneys borrowed by the Subsidiary other than for meeting Current Liabilities.							
	Euro = 63.37 as on 31-03-08							
	THB = 1.2729 as on 31-03-08							

For and on behalf of the Board

Date : 15/09/2008
Place : Mumbai

NARESH CHANDRA
Chairman

ANURANG JAIN
Managing Director

V. M. ACHWAL
DGM (CS & Legal)