



53rd Annual Report
2011 - 12

FORCE MOTORS LIMITED

Mumbai - Pune Road, Akurdi, Pune - 411 035. INDIA

BOARD OF DIRECTORS

Mr. Abhay Firodia, Chairman

Mr. Prasan Firodia, Managing Director

Mr. Sudhir Mehta

Mr. Pratap Pawar

Mr. L. Lakshman

Mrs. Anita Ramachandran

Mr. S. Padmanabhan

Mr. Arun Sheth

Mr. Vinay Kothari

Mr. Atul Chordia

Mr. S. A. Gundecha

Mr. R. B. Bhandari

COMPANY SECRETARY

Mrs. Aparna G. Lambore

AUDITORS

M/s. P. G. Bhagwat
Chartered Accountants,
Pune.

COST AUDITORS

M/s. Joshi Apte & Associates
Cost Accountants,
Pune.

REGISTERED OFFICE

Mumbai-Pune Road,
Akurdi, Pune – 411 035.

WORKS

- (i) Mumbai-Pune Road,
Akurdi, Pune – 411 035.
- (ii) Pithampur,
District Dhar – 454 775.
- (iii) Urse, Taluka Maval,
District Pune - 410 506.

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**NOTICE**

Notice is hereby given that the 53rd Annual General Meeting of the Members of Force Motors Limited will be held on **Saturday, the 22nd day of September 2012 at 11.30 a.m.**, at the Registered Office of the Company at Mumbai - Pune Road, Akurdi, Pune - 411 035 to transact the following business:-

ORDINARY BUSINESS

- 1) To consider and adopt Audited Balance Sheet and Profit & Loss Account for the year ended on 31st March 2012 together with the Directors' Report and Auditors' Report thereon.
- 2) To declare a dividend.
- 3) To appoint a Director in place of Mr. Vinay Kothari, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Mr. Sudhir Mehta, who retires by rotation and being eligible, offers himself for reappointment.
- 5) To appoint a Director in place of Mr. S. A. Gundecha, who retires by rotation and being eligible, offers himself for reappointment.
- 6) To appoint a Director in place of Mr. R. B. Bhandari, who retires by rotation and being eligible, offers himself for reappointment.
- 7) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

- 8) To consider and, if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:

"RESOLVED that pursuant to the provisions of Section 293 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for contributing, to charitable and other funds, not directly related to the business of the Company or welfare of its employees, a sum upto ` 5,00,00,000 (Rupees Five Crores only), during the Financial Year 2012-13."

- 9) To consider and, if thought fit, to pass with or without modifications, the following resolution as a special resolution:-

"RESOLVED that the Articles of Association of the Company be and are hereby altered by substituting in line no. 2 of Article 118 the numerals and words " 20,000 (Rupees Twenty Thousand only)" in place of " 10,000 (Rupees Ten Thousand only)."

NOTES

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

- 2) The Explanatory Statement setting out the material facts concerning the Special Business as mentioned at Item no. 8 of the Notice, as required by Section 173 of the Companies Act, 1956, is annexed hereto.

- 3) The requisite information about the Directors, retiring by rotation, is included in the Report on Corporate Governance.

- 4) The Register of Members and Share Transfer Books of the Company will be closed from Thursday, the 20th day of September 2012 to Saturday, the 22nd day of September 2012 (both days inclusive) for the purpose of ascertaining entitlement to the dividend that may be declared at the ensuing Annual General Meeting.

- 5) The payment of dividend, if declared, at the ensuing Annual General Meeting will be made after Saturday, the 22nd day of September 2012 to those members holding shares in physical form and whose names appear in the Register of Members of the Company on Wednesday, the 19th day of September 2012, and who hold shares of the Company in dematerialized form and whose name is entered as a beneficial owner in the records of the Depositories on that date.

- 6) Members holding shares in physical form are requested to intimate immediately any change in their address / details of their bank account / details for transfer of dividend, if declared, through Electronic Clearance Service (ECS) before Wednesday, the 19th day of September 2012. These details may kindly be intimated to the Company at the Registered Office or to the Registrar and Share Transfer Agent of the Company, Link Intime India Private Limited, Block no. 202, 'A' Wing, 2nd floor, Akshay Complex, Near Ganesh Temple, Off. Dhole Patil Road, Pune - 411 001.

Members holding shares in dematerialized form shall address communication to their respective Depository Participants.

- 7) Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed / unpaid for a period of seven years from the date it became due for payment shall be credited to the Investor Education and Protection Fund (Fund) set up by the Central Government. Members who have so far not claimed the dividend that was declared for the financial year 2009-10 and/or 2010-11 are requested to make their claim with the Company immediately, as no claim shall lie against the Fund or the Company in respect of amount once credited to the said Fund.

- 8) Members are requested to note that pursuant to the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends till the financial year 2003-04 to the Investor Education and Protection Fund established by the Central Government.

- 9) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.
- 10) **Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Company Secretary of the Company, so as to reach at least 15 days before the date of the meeting so that the information required may be made available at the meeting.**
- 11) **GREEN INITIATIVE : As a step for paperless communication with the Members of the Company, Company has decided to forward all notices, circulars and other documents to be served on Members through electronic mode.**
- Members of the Company are requested to communicate their e-mail address on which**

they would like to have these communications. The e-mail address can be communicated by a letter addressed to the Secretarial Department, Force Motors Limited, Mumbai - Pune Road, Akurdi, Pune - 411 035 or Link Intime India Private Limited, Block no. 202, 'A' Wing, 2nd floor, Akshay Complex, Near Ganesh Temple, Off. Dhole Patil Road, Pune - 411 001 and should be signed as per the specimen signature recorded with the Company or Registrar and Transfer Agent.

- 12) Equity shares of the Company are listed on the Pune Stock Exchange Limited, Shivleela Chambers, 752, Sadashiv Peth, R.B. Kumthekar Marg, Pune - 411 030 and BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid the annual listing fees to each of the Stock Exchanges.

By Order of the Board of Directors
For **FORCE MOTORS LIMITED**

Pune - 411 035
28th July 2012

APARNA G. LAMBORE
Company Secretary

Explanatory Statement as required by Section 173 (2) of the Companies Act, 1956

Item No. 8

As per the provisions of Section 293(1)(e) of the Companies Act, 1956 (the Act), the Board of Directors of a public company is authorized to contribute to charitable and other funds not directly relating to the business of the company or welfare of its employees amounts, the aggregate of which, in any financial year shall not exceed fifty thousand rupees or five percent of its average profits as determined in accordance with the provisions of sections 349 and 350 of the Companies Act, 1956 made during the three immediately preceding financial years, whichever is greater. Considering the Company's profitability position in recent years and the requirement of donating certain amount to charitable institutions, the Board of Directors consider that the consent of the Members of the Company should be obtained to contribute the sum up to ` 5,00,00,000 (Rupees Five Crores only) to the charitable institutions and funds during Financial Year 2012-13.

None of the Directors of the Company is interested in the resolution, mentioned at Item no.8

Item No. 9

At present, as per the provisions of Article 118 of the Articles of Association of the Company, each Director is entitled for a remuneration in the form of meeting fees, for attending each meeting of the Board of Directors or Committee thereof, of ` 10,000.

Considering the change in business environment and time required to be committed by the Directors, for attending the meetings of the Board or of a Committee thereof, the Company proposes to increase the meeting fees from ` 10,000 to ` 20,000, for each meeting of the Board or of a Committee thereof, attended by Non-working Directors.

As per the provisions of Section 310 of the Companies Act, 1956 read with Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956, the Company can make payment up to ` 20,000, as a meeting fee, as stated above. It is proposed to amend Article 118 of the Articles of Association of the Company, as stated in the resolution, to achieve the increase in the meeting fees payable to the Directors.

All Directors of the Company, other than the Managing Director, may be deemed to be interested in this resolution to the extent of meeting fees payable to each of them.

By Order of the Board of Directors
For **FORCE MOTORS LIMITED**

Pune - 411 035
28th July 2012

APARNA G. LAMBORE
Company Secretary

DIRECTORS' REPORT

To
The Members,

The Directors present the 53rd Annual Report, together with the audited accounts for the financial year ended on 31st March 2012.

1. Financial Results

	2011-12	2010-11
Income from Operations (Gross)	2369,16,19,208	1780,62,45,873
Other Income	24,59,73,016	5,49,76,051
Exceptional Items	960,70,94,000	--
Gross Profit	1071,65,55,435	126,78,04,453
Depreciation	60,35,64,562	44,81,72,112
Provision for Taxes (Net)	186,96,72,785	23,34,53,386
Profit After Tax	824,33,18,088	58,61,78,955
Proposed Dividend	13,17,62,620	6,58,81,310
Provision for Tax on Distributed Profit	2,13,75,191	1,06,87,596
Transfer to General Reserve	82,44,00,000	182,46,33,784
Balance in Profit & Loss Account Carried Forward	733,57,80,277	7,00,00,000

The income from operations (gross) for the year under report increased to ` 2369 crores against the previous year's sale of ` 1780 crores representing a significant growth of 33%.

2. Dividend

The Board of Directors has recommended a dividend of ` 10 per share on 1,31,76,262 equity shares of ` 10 each fully paid up.

3. Name Change

As reported earlier, petition challenging the decision of the Hon'ble High Court of Judicature at Bombay, in respect of change in the name of the Company has been admitted by the Hon'ble Supreme Court of India. The operation of the order of the Hon'ble High Court has been stayed. The matter is still under consideration of the Hon'ble Supreme Court of India.

4. Heavy Commercial Vehicle Business - the Joint Venture

The Company entered into an agreement with MAN Truck & Bus AG (MAN), the joint venture partner in the Heavy Commercial Vehicles segment. As per

this agreement, on 28th March 2012 the Company sold 5,57,97,100 equity shares of ` 10 each of MAN FORCE Trucks Private Limited, (the then joint venture company), to MAN for the agreed consideration of € 150,000,000. As per the other terms and conditions agreed with MAN, the Company will continue to hold one equity share of MAN FORCE Trucks Private Limited, (now named as MAN Trucks India Private Limited).

The Company had established a heavy commercial vehicles (HCV) division, for which it has sourced technology for engines, gear boxes, cabs, etc. under full payment - from MAN Nutzfahrzeuge AG (MAN), ZF Friedrichshafen AG, etc.

Later accepting the offer made by MAN, Company converted the technical collaboration arrangement into a Joint Venture for manufacture of Heavy Commercial Vehicles with MAN, retaining 70 % of the equity capital of the joint venture company. This was done in response to MAN's offer to enable substantial exports.

Subsequently in the year 2006 in response to the proposal made by MAN for higher participation of MAN, Company diluted its shareholding to 50 % of the equity capital of the said joint venture.

With the above referred disinvestment of 5,57,97,100 number of shares, Company ceased to be a Joint Venture Partner in MAN Trucks India Private Limited.

The Company has agreed to continue to support MAN to achieve smooth transition, by making available certain services and component supply, under a specific agreement. Company has not accepted any restriction in respect of its entry, if decided, in the Heavy Commercial Vehicles Segment.

This sale of shares of MAN Trucks India Private Limited resulted in exceptional income of ` 960,70,94,000. The tax on this exceptional income, calculated on pro-rata basis is ` 201,61,58,346.

5. Market Situation

In view of the provisions of the Listing Agreement, the Market Situation and Status of Operations are dealt with in the "Management Discussion and Analysis" attached hereto.

6. Exports

The export turnover for the year under report was ` 23.96 crores against the previous year's export of ` 27.17 crores.

7. Research & Development

The expenditure on Research & Development for new products, including the expenditure on Projects and Tool Engineering, was 1.94 % of the operational turnover of the Company for the year under report. The Company has maintained its emphasis on research, development and tool engineering activities.

8. Foreign Collaborations

The Company entered into a Licence Agreement with Daimler AG in respect of Multi Purpose Vehicle (MPV). As per the terms and conditions of this agreement, the drawings and designs of the vehicle, (excluding the engine and the transmission systems), have been made available by Daimler AG to the Company.

The Company has entered into a Technical Collaboration Agreement, with Getriebe-und Zahnradfabrik Hermann Hagenmeyer GmbH & Cie KG (GETRAG), in respect of Transaxles required in the manufacture of the MPV.

A Technical Support Agreement has been signed with MB Tech Group GmbH KGAA in respect of availing consultancy assistance in the field of product development and process development.

The Company continues to have the benefit of technical assistance from Dr. Rolf Bacher, Germany.

9. Industrial Relations

The litigation connected with recognition of labour union at the Company's Akurdi, Pune Plant, is still pending before the Hon'ble Supreme Court of India. The industrial relations at the Pithampur Plant continued to be cordial.

10. Foreign Exchange

The foreign exchange outgo arising out of the import of raw materials components and capital goods is as per the details mentioned in the Notes to Financial Statements.

11. Environment and Conservation of Energy

Several steps to save energy and natural resources like water are being taken so as to achieve energy saving and cost reductions. The new CED - paint shop (fifth generation technology) at Pithampur is a step in this direction.

12. Fixed Deposits

28 deposits amounting to ₹ 8,86,000 matured for repayment on or before 31st March 2012 but remained unclaimed on that date. Out of these, 4 deposits amounting to ₹ 51,000 have since been repaid / renewed.

13. Orders for Machinery

Since the close of the Accounting Year the Company has placed orders for new machinery, equipment and other capital assets of value ₹ 20.05 crores.

14. Directors

Mr. Vinay Kothari, Mr. Sudhir Mehta, Mr. S. A. Gundecha and Mr. R. B. Bhandari, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment.

Mr. S. N. Inamdar ceased to be the Director of the Company w.e.f. 16th April 2012. Mr. Inamdar has been closely associated with the Company for over

three decades. His advice and guidance has greatly benefitted the Company. Board places on records its appreciation for the services rendered by Mr. Inamdar in his capacity as Director.

15. Audit Committee

Mr. Vinay Kothari, Mr. Pratap Pawar, Mr. S. Padmanabhan, Mr. Arun Sheth, Independent Directors, and Mr. S. A. Gundecha, Non-Executive Director, are the Members of the Audit Committee.

16. Corporate Governance

The Company has taken all necessary steps to implement the provisions of the Listing Agreement, and a detailed report on the various issues, including the Auditor's Report on Corporate Governance are attached to this Report.

17. Directors' Responsibility Statement

As required by sub-section 2AA of Section 217 of the Companies Act, 1956, the Directors state that –

- in the preparation of Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent 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 profit / loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Annual Accounts are prepared on a going concern basis.

18. Other

Under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the Members of the Company excluding the aforesaid annexure. The Members interested in obtaining a copy of the said annexure may write to the Company at the Registered Office of the Company. The Company had two employees who were in receipt of remuneration exceeding ₹ 5,00,000 per month and employed throughout the financial year and six employees who were in receipt of remuneration exceeding ₹ 5,00,000 per month and employed for part of the financial year.

19. You are requested to appoint Auditors for the current year and fix their remuneration. M/s. P. G. Bhagwat, Chartered Accountants, Pune, Auditors to the Company, who retire at the ensuing Annual General Meeting, are eligible for reappointment.
20. The Central Government has directed to conduct audit of the cost records of the Financial Year 2011-12 and accordingly M/s. Joshi Apte & Associates, Cost Accountants, Pune, were appointed as the Cost Auditors, for that year. The Cost Audit Report is under preparation.

21. The Directors express their grateful thanks to the Dealers, Suppliers and Banks for their support, and express their warm appreciation of the sincere co-operation and dedicated work by a majority of the employees of the Company.

For and on behalf of the Board of Directors

Pune - 411 035
28th July 2012



ABHAY FIRODIA
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The growth of the automobile industry in India moved in sympathy with the growth of the economy. The pace of economic growth in India during the year under review was less than in the previous years. The macro-economic environment shows strains – arising from delays in implementation of infrastructure projects, global economic uncertainties and above all lack of direction in governance. While the fundamentals remain strong the sentiment for growth has weakened.

II. PERFORMANCE OF THE COMPANY

During the year under report, the company achieved a top line growth of 33 per cent. The sales turnover stood at ` 2282.26 crores compared to the previous year's turnover of ` 1715.68 crores, having sold 30,515 vehicles during the year under report compared to 26,037 vehicles in the year 2010-11.

The light commercial vehicles (LCV) and utility vehicles (UV) business of the Company showed strong growth, an increase in sales by 40 per cent. The tractor business of the Company has also shown good signs of growth. From small beginnings, the numbers sold having increased by 70 per cent.

The Traveller range of vehicles with the common rail engine has been well received. The growth in this product category has been gratifying. The Company has taken various steps to enhance production in order to cater to this growing market. A Euro IV version of the Traveller with further advancement in styling has also been introduced in the market.

The Company unveiled the 'Traveller 26' at the Auto Expo in January 2012. This product is the largest known monocoque panel van in the world. Having been evolved from the iconic Traveller vehicle, it represents a big step forward in consolidating the Company's van business. With the 26-seater monocoque Traveller vehicle, the Company is poised to offer to the market a technically most advanced product. It is highly reliable, very sophisticated in terms of technology (common rail engine, high safety features), excellent operating economy, wide variety of usages, in terms of air conditioned tourist bus, modern special school bus, and for application in the segment for transporting mid-sized groups – over medium, small and even long distances. The regular mass production of the Traveller 26 is now taken up.

Sale of Trax vehicles improved during the relevant period. The anomaly in the taxation structure relating to Tariff Item 8702.10 remains not fully resolved, and this does adversely affect the cost of the vehicle to the customer, and thus the vehicles' sales volumes.

The Trump 40, the small commercial vehicle (SCV), has continued to gain volumes during the relevant period. It is appreciated in the market for its ruggedness, performance and operating economy.

The tractor business of the Company is being re-energized. The OX-25 a full service small tractor, has been especially appreciated both for Orchard usage, and for regular tillage / haulage operations. Steps are initiated to achieve significant growth in this product line.

New Product-lines, new collaborations, Technologies and Plans.

During the year under review, the Company's SUV "Force One" was launched through the new sales vertical, focused on personal vehicles. The initial response from the market has been very gratifying. The customer expectations in the personal vehicles market are substantially different from the customer expectations in the commercial vehicles market. The Company has moved with elaborate planning to ensure compliance with market expectations, to achieve success in this venture. The Company is confidently moving forward to consolidate its position and aspires to grow, in this rapidly growing segment.

The Company has enhanced its focus on each of its sales channels. It is investing to improve the management of retail sales through dealers. Both the channel, as also the Company's sales organisation, are being ramped up, and energised, with this investment under way. The Company expects, during the year, to establish a number of Company owned show rooms, regional offices and regional training centres etc. at important locations in the country.

The Government of Madhya Pradesh has granted an attractive incentive package to the Company for diversification and growth, under the "Mega Project" category. Based on this, the Company has commenced construction activity for the new plant for the production of new generation vehicles. In addition to construction on existing land available with the company, it has taken effective steps to acquire additional land. It is expected that the project for the MPV category of vehicles will be on stream by middle of next year.

Under the licensing arrangement with Daimler AG, the technology transfer has already been effected, so also the Company has signed a licensing agreement with M/s. GETRAG for a transaxle, to complement the licence for the MPV. Effective steps for productionising, including the procurement of plant, machinery, equipment, tools, etc. is well under way.

The Company has awarded a contract to Dürr Systems GmbH, and its Indian associate company, for a robotised top coat painting line to be commissioned during the course of the current financial year.

Additional press shop capacity has been installed at Pithampur to support higher production volumes.



The engine facility at Pithampur, as also the engine plants both at Pithampur and Akurdi, Pune, are being modernised and expanded, to cover new generation engines to meet Euro IV and Euro V emission requirements and future technological standards. Appropriate investments at both plants have been made in this regard during the previous year.

The Company has drawn up a road map for future engine, transmissions and vehicles in alignment with the expected evolution of the market, in the segments in which the Company operates. All steps to develop products, to acquire the necessary technology, and to implement production facilities are being taken.

III. OPPORTUNITIES, THREATS AND RISK FACTORS

The year under review was a year of impressive growth for the automobile industry in India generally. On this background your Company too registered a revenue increase of 33 per cent.

The growth prospects for the product segments in which the Company operates, particularly vans, utility vehicles and light commercial vehicles, are expected to show strong demand in the near future, and your Company is committed to expand its production, sales and market share.

The project for the introduction of the SUV has been a great learning experience for the Company, and will have a significant beneficial influence - on the sales, service, production and engineering activities of the Company - also on our other product lines.

Your Company is poised to enter a new phase in its history. The opportunities opened up by virtue of its expanded and market aligned product lines outweigh the risks at present.

The Company intends to focus on light commercial vehicles, utility vehicles and Traveller businesses to achieve growth in the current somewhat dampened overall market conditions. The Company also expects to introduce new versions, variants and models of cross-country vehicles and sports utility vehicles.

IV. FINANCIAL PERFORMANCE

As stated above, the Company sold 30,515 numbers of vehicles during the financial year 2011-12 compared to 26,037 vehicles in the previous year 2010-11. The proportion of LCVs and UVs have increased in relation to the Small Commercial Vehicles (SCV).

The Profit, before Finance Costs and Taxes, from operations for the year under report was ₹ 85.74 crores compared to operating profit for the previous year 2010-11 amounting to ₹ 105.08 crores.

The net profit of the Company after Finance Costs, Depreciation and Taxes items was ₹ 824.33 crores for the year 2011-12, which includes exceptional item / gain as compared to the net profit of ₹ 58.62 crores for the year 2010-11.

Considering the above, the Board of Directors of the Company has recommended a dividend of ₹ 10 per share on 1,31,76,262 equity shares of ₹ 10 each for the consideration of the Members.

A sum of ₹ 82,44,00,000 is transferred to the General Reserve Account. The Reserves and Surplus of the Company as on 31st March 2012 stood at ₹ 1130,11,63,775.

V. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper and adequate systems of internal control, processes and procedures, backed by company policies. These systems also ensure that all transactions are authorized, recorded and reported correctly. Regular internal audits and checks are carried out to provide assurance that adequate systems are in place and that the responsibilities at various levels are discharged effectively. The emphasis on internal control prevails across functions and processes. A strong system of internal controls supported by Internal and External Auditors and comprehensive reviews by the Audit Committee have strengthened the internal control within the organization. These systems are adequate, considering the size and nature of the Company's business.

VI. HUMAN RESOURCE DEVELOPMENT

Human Resource Development activity is greatly strengthened by a comprehensive initiative. Training initiative at the Head Office, at both plants and also for the field force comprising of Company's employees as also the employees of Company's dealers - has been greatly emphasized. Increase in Management bandwidth at senior and middle management levels in view of growth aspirations is being carried out.

VII. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, amongst others, economic conditions affecting demand / supply and price conditions in the markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

REPORT ON CORPORATE GOVERNANCE

STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

- The Company's decision making process and operational methods are guided by the philosophy of "creating low cost, hi-tech products, which are suitable for Indian markets". Simplicity, self-reliance, social responsibility, trust and transparency in dealings with all stakeholders, the ethos on which this business was started by Late Mr. N. K. Firodia, the founder of the Company, continues to be the guiding principles for the Organization, in arranging the activities. The Company's philosophy on the 'Code of Governance' is based on compliance of applicable provisions and requires exchange of relevant information and appropriate disclosures to each group of stakeholders, connected with the area of common interest /stake between the Company and the stakeholder.

BOARD OF DIRECTORS

- The Board of Directors of the Company (**as of 31st March 2012**) ('the Board' for brevity) consisted of **13** Directors. **12** Directors were Non-Executive Directors and only **1** Director was Executive Director. **8** Directors were Independent Directors.

The Company's Board did not consist of any Nominee Directors appointed by lenders or other investors.

Mr. Abhay Firodia, Chairman and Mr. Prasan Firodia, Managing Director of the Company represent promoters of the Company.

- The details of other directorships of the Directors (**as of 31st March 2012**) of the Company are as under: -

Sr. No.	Name of the Director	Number of other Companies in which Directorships held*	Number of Companies of which Chairman
1	Mr. Abhay Firodia	9	1
2	Mr. Prasan Firodia	2	--
3	Mr. Sudhir Mehta	4	2
4	Mr. S. N. Inamdar **	12	1
5	Mr. Pratap Pawar	17	2
6	Mrs. Anita Ramachandran	5	--
7	Mr. S. Padmanabhan	11	--
8	Mr. L. Lakshman	12	1
9	Mr. Arun Sheth	12	10
10	Mr. Vinay Kothari	9	--
11	Mr. Atul Chordia	32	--
12	Mr. S. A. Gundecha	3	--
13	Mr. R. B. Bhandari	2	--

* includes directorship in private companies.

** additional information - Mr. Inamdar ceased to be Director of the Company by resignation, w.e.f. 16th April 2012.

- The details of Committee positions held by the Directors of the Company in other Companies are as under: -

Name of the Director	Number of Audit Committee Memberships	Number of Remuneration Committee Memberships	Number of Shareholders' Grievance Committee Memberships	Number of Chairmanships*
Mr. S. N. Inamdar **	7	4	1	7
Mr. Pratap Pawar	2	1	2	1
Mrs. Anita Ramachandran	4	4	--	2
Mr. S. Padmanabhan	4	2	1	--
Mr. L. Lakshman	7	--	3	4
Mr. Arun Sheth	--	1	--	1

* includes Chairmanship of Remuneration Committee.

** additional information - Mr. Inamdar ceased to be Director of the Company by resignation, w.e.f. 16th April 2012.

- During the Financial Year 2011-12, nine meetings of the Board were held on 23rd April 2011, 28th May 2011, 30th July 2011, 24th September 2011, 22nd October 2011, 21st November 2011, 18th December 2011, 21st January 2012 and 24th March 2012. The attendance of Directors during the Financial Year 2011-12 for Board Meetings and General Meeting are as under :

Name of the Director	Number of Board Meetings attended	Whether present at Annual General Meeting
Mr. Abhay Firodia	9	Yes
Mr. Prasan Firodia	8	Yes
Mr. Sudhir Mehta	8	Yes
Mr. S. N. Inamdar **	4	No
Mr. Pratap Pawar	9	Yes
Mrs. Anita Ramachandran	1	No
Mr. S. Padmanabhan	7	No
Mr. L. Lakshman	4	Yes
Mr. Arun Sheth	6	Yes
Mr. Vinay Kothari	6	Yes
Mr. Atul Chordia	2	No
Mr. S. A. Gundecha	9	Yes
Mr. R. B. Bhandari	9	Yes

** additional information - Mr. Inamdar ceased to be Director of the Company by resignation, w.e.f. 16th April 2012.

- The Board is presented with all the relevant information in various matters affecting the working of the Company and which requires deliberation at the highest level. Besides key operational and financial information, the Board is presented with information relevant to strategy formulation, for



deliberations. This includes information as per annexure to Clause 49 of the Listing Agreement. At each meeting, the Managing Director presents an elaborate report on the operations of the Company, including an assessment of the market, operational issues and operating profitability. Also presented are assessments of the strategic and technological issues enabling a discussion on the strategy, projects and tactics employed in the management of the Company's affairs.

7. The Directors made all disclosures as per the requirement of the Companies Act, 1956 from time to time to the Board of Directors regarding their financial interest in the transactions with the Company. The related party disclosure forms part of the Notes to Financial Statements as per the disclosure requirement of Accounting Standard No.18 issued by the Institute of Chartered Accountants of India and of the Companies (Accounting Standards) Rules, 2006. The Directors have informed the Company about the Committee Positions occupied by them in other Companies and changes therein.
8. The details of remuneration paid to the Executive Director during the financial year 2011-12 is as under :

Name of the Director	Salary ₹	Value of Perquisites ₹
Mr. Prasan Firodia	24,00,000	8,58,059

The appointment and remuneration of Mr. Prasan Firodia as the Managing Director of the Company had been approved by the Members in their Extraordinary General Meeting held on 16th January 2010.

9. The details of sitting fees paid to Non-Executive Directors during the financial year 2011-12 are as under: -

Name of the Director	Sitting fees paid for attending Board Meetings and Committee Meetings ₹
Mr. Abhay Firodia	90,000
Mr. Sudhir Mehta	80,000
Mr. S. N. Inamdar **	40,000
Mr. Pratap Pawar	1,60,000
Mrs. Anita Ramachandran	10,000
Mr. S. Padmanabhan	1,20,000
Mr. L. Lakshman	40,000
Mr. Arun Sheth	1,00,000
Mr. Atul Chordia	20,000
Mr. Vinay Kothari	1,10,000
Mr. S. A. Gundecha	1,60,000
Mr. R. B. Bhandari	90,000

** additional information - Mr. Inamdar ceased to be Director of the Company by resignation, w.e.f. 16th April 2012.

Sitting fees of ₹ 10,000 per meeting is paid to Non-Executive Directors, including Independent Directors for every meeting of the Board of Directors or Committee thereof attended. The Members of the Company have approved this payment.

10. The details of financial transactions with Non-Executive Directors are as under: -

Name of the Director	Nature of Payment	Amount Paid ₹
Mr. S. N. Inamdar **	Interest paid on Fixed Deposits	70,192
	Professional fees	50,000
Mr. S. A. Gundecha	Interest paid on Fixed Deposits	3,15,000
Mr. R. B. Bhandari	Interest paid on Fixed Deposits	9,53,688

** additional information - Mr. Inamdar ceased to be Director of the Company by resignation, w.e.f. 16th April 2012.

No Stock Options are granted to any of the Directors.

11. The details of shares of the Company held by Non-Executive Directors are as under: -

Name of the Director	Number of shares held
Mr. Abhay Firodia	1,60,755
Mr. S. N. Inamdar **	800
Mr. Vinay Kothari	101
Mr. Atul Chordia	400
Mr. S. A. Gundecha	2,012
Mr. R. B. Bhandari	8,408

** additional information - Mr. Inamdar ceased to be Director of the Company by resignation, w.e.f. 16th April 2012.

12. The value of purchases and sales from / to Jaya Hind Industries Limited, which is a company deemed to be a Promoter as per the provisions of the Securities & Exchange Board of India (Substantial Acquisition of Shares) Regulations, 1997 were ₹ 74,90,35,256 and ₹ 5,63,75,898 respectively. During the year under report, the Company accepted fresh deposits of ₹ 82,50,00,000 from Jaya Hind Investments Private Limited, a Promoter of the Company as per the above referred Regulations. The Company paid interest of ₹ 12,41,18,493 on these deposits. The entire amount of Inter-corporate deposit placed by the said Promoter was repaid by the Company on or before 29th March 2012.

13. Mr. Vinay Kothari, Mr. Sudhir Mehta, Mr. S. A. Gundecha and Mr. R. B. Bhandari, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment.
14. The requisite information about these Directors is as under :-

Mr. Vinay Kothari

Mr. Vinay Kothari, 48, is a Commerce Graduate and holds MBA Degree from IESE Business School, Spain. He has business interest in Real Estate, Autopart Industry, Manufacturing, Textile and Construction.

He holds directorships in the following companies: -

Lifestyle Property Ventures Private Limited, Dihatex India Private Limited, Savera India Riding System Co. Private Limited, RAK Realty Private Limited, Savera Kothari India Private Limited, Imago Screens India Private Limited, Bridgeview Real Estate Development Private Limited, Barca iTechnologies Private Limited and Caveo Pinnacle India Private Limited.

He holds 101 equity shares of ` 10 each of the Company.

The Company received intimation in the prescribed form as per the provisions of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003 from him.

Mr. Sudhir Mehta

Mr. Sudhir Mehta, 43, holds a Bachelor's Degree from Depauw University of U.S.A., and Master's Degree in Business Management from the University of Chicago. He has extensive experience as an Investment Banker and as an Entrepreneur. He is presently the Managing Director of Pinnacle Industries Limited.

He holds directorships in the following companies:-

Pinnacle Industries Limited, Rizhome Industries Private Limited, Perform Fitness Solutions Private Limited, Intalia Furniture Private Limited and Caveo Pinnacle India Private Limited.

He is a relative of Mr. Abhay Firodia, Chairman of the Company and Mr. Prasan Firodia, Managing Director of the Company.

The Company has received intimation in the prescribed form as per the provisions of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003 from him.

Mr. S. A. Gundecha

Mr. S. A. Gundecha, 58, is a Commerce Graduate with a degree in Law and is an Associate Member of the Institute of Company Secretaries of India. He is a Practising Advocate. He was associated with the Company as the Company Secretary from 1981 to 2002 and has an experience in taxation, legal and financial matters.

He holds directorships in the following companies:-

Dhanna Engineering Private Limited, Tempo Finance (North) Private Limited and Eldon CS Enclosures Private Limited.

He holds 2,012 equity shares of ` 10 each of the Company.

The Company has received intimation in the prescribed form as per the provisions of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003 from him.

Mr. R. B. Bhandari

Mr. R. B. Bhandari, 67, is a Commerce Graduate. He has a long experience in Company accounts and Internal Audit functions. He worked as an Internal Auditor of the Company for over 20 years.

He holds directorships in R. K. Force Motors Limited and Tempo Finance (West) Private Limited.

He holds 8,408 equity shares of ` 10 each of the Company.

The Company has received intimation in the prescribed form as per the provisions of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003 from him.

COMMITTEES

15. The Remuneration Committee of the Board consists of two Non-Executive Independent Directors viz., Mr. S. N. Inamdar, Chairman of the Committee and Mr. Pratap Pawar. During the Financial Year under report there was no change in the managerial remuneration and therefore no meeting of this committee was required to be convened and held. The Company is in the process of reorganizing the Remuneration Committee.
16. The Audit Committee consists of five Directors - Mr. Vinay Kothari, Mr. Pratap Pawar, Mr. S. Padmanabhan, Mr. Arun Sheth and Mr. S. A. Gundecha. Mr. Pratap Pawar, Mr. Vinay Kothari, Mr. S. Padmanabhan and Mr. Arun Sheth are Non-Executive Independent Directors, whereas Mr. S. A. Gundecha is a Non-Executive Director. Mr. Vinay Kothari, Chairman of the Audit Committee, has majored in finance and accounts in his MBA degree.



The terms of reference of the Audit Committee includes oversight of Company's reporting processes and financial information, review of financial statements, both audited and unaudited, review of accounting policies and practices, review of compliance with accounting standards, recommendation of appointment and remuneration of auditors, review of related party transactions and other areas indicated in Clause 49 of the Listing Agreement executed by the Company with Stock Exchanges and as per the provisions of Section 292A of the Companies Act, 1956.

The Audit Committee met on 23rd April 2011, 28th May 2011, 30th July 2011, 24th September 2011, 22nd October 2011, 18th December 2011 and 21st January 2012. Mr. Pratap Pawar and Mr. S. A. Gundecha attended all the seven meetings, Mr. Vinay Kothari and Mr. S. Padmanabhan attended five meetings, and Mr. Arun Sheth attended four meetings.

The Audit Committee reviewed the Unaudited Financial Results (Provisional) for the three quarters and Audited Annual Accounts for the Financial Year 2011-12 in its meetings.

During the year under report, the Audit Committee interacted with the Statutory Auditors and the Cost Auditors of the Company regarding internal control systems, discussed the financial results/cost accounting records, and also held a post statutory audit review of the financial/cost accounts. This Committee also interacted with the executives of the Company on finance related matters including officials of Internal Audit department of the Company. The Committee reviewed the risk management policies; insurance cover sought by the Company and also the foreign exchange exposure management systems. The remuneration of the Auditors was decided in consultation with the Audit Committee. Extensive data/details connected with the financial management of the Company and on other related aspects were submitted to the Committee in each of the meetings. The Certificate from the Managing Director and the Chief Financial Officer was also submitted to the Audit Committee and to the Board. The Audit Committee is empowered to require presence of any of the employee of the Company. No employee has sought access to the Audit Committee during the year under report.

17. The Board has constituted a Committee as Investors' Relation Committee consisting of two Non - Executive Directors viz., Mr. Abhay Firodia and Mr. S. A. Gundecha and one Executive Director Mr. Prasan Firodia. This Committee met from time to time for approval of transfer of shares, issue of duplicate share certificates, approval of transmission cases and to deal with non-routine investors' grievances, if any.

Mrs. Aparna G. Lambore, Company Secretary, is the designated Compliance Officer. During the year under report 40 investors' grievances were received and all these grievances were resolved to the satisfaction of the concerned members. As of 31st March 2012, no grievance was pending.

As of date of report, no request for transmission of shares held in physical form is pending. During the year under report, the Company processed 210 share transfers and requests for dematerialization of shares. As of date, one shareholder's grievance is under process of issue of duplicate demand draft.

SHAREHOLDERS

18. As members are aware, the Company has appointed Registrar and Transfer Agent - Link Intime India Private Limited, Block No. 202, 'A' Wing, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune - 411 001, to handle demat and physical share transfers as well as other shares related activities of the Company.
19. The Unaudited Financial Results for the first, second and third quarters and audited results for the last quarter were made available to the Stock Exchanges, where the shares of the Company are quoted, on the same day on which they were approved and taken on record by the Board. The Unaudited Financial Results for the quarter ended on 30th June 2011 was published in 'The Economic Times, Maharashtra Times and Times of India', and the Unaudited Financial Results for the quarters ended 30th September 2011, 31st December 2011 and Audited Financial Results for the Financial Year 2011-12 were published in 'The Economic Times and Maharashtra Times', after the information was made available to the Stock Exchanges in the prescribed format. The working results of the Company are available on the Company's website www.forcemotors.com. The Quarterly Unaudited Financial Results were subject to limited review by the Statutory Auditors of the Company. The appropriate certificates for each quarter were filed with the Stock Exchanges on 30th July 2011, 22nd October 2011 and 21st January 2012.
20. **General Body Meetings** : The details of the last three Annual General Meetings are as under: -

Annual General Meeting Held On	Time	Location	Number of Special Resolution	Subject of Special Resolution
26th September 2009	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411 035.	--	--
25th September 2010	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411 035.	--	--
24th September 2011	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411 035.	--	--

21. There was no matter, required to be dealt by the Company, by passing a resolution through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

22. No penalties were imposed by the Stock Exchanges or SEBI on the Company in any manner related to capital markets.

23. No presentation was made to any institutional investors or analyst during the year 2011-12.

24. Annual General Meeting

Time : 11.30 a.m.

Date : 22nd September 2012.

Venue : Registered Office of the Company at Mumbai-Pune Road, Akurdi, Pune - 411 035.

25. Financial Calendar

Unaudited Financial Results will be published on or before

For Quarter 1 : 14th August

For Quarter 2 : 14th November

For Quarter 3 : 14th February

Audited Results : 30th May

26. Period of book closure :

Thursday, 20th September 2012 to

Saturday, 22nd September 2012

(both days inclusive).

27. The Board has recommended a payment of dividend of ₹ 10 per share on 1,31,76,262 equity shares of ₹ 10 each fully paid up. The dividend, if declared, by the members of the Company will be paid after 22nd day of September 2012.

28. Shares of the Company are listed on the Pune Stock Exchange Limited and BSE Limited. Annual Listing fee for the financial year 2012-13 has been paid to both the Exchanges.

29. The Stock Code allotted by BSE Limited is 500033.

30. Market price data during the financial year 2011-12 is as under :

Month	Share Price		BSE Sensex	
	High ₹	Low ₹	High	Low
April 2011	829.00	700.00	19811.14	18976.19
May 2011	745.00	667.10	19253.87	17786.13
June 2011	708.00	600.00	18873.39	17314.38
July 2011	825.00	690.00	19131.70	18131.86
August 2011	750.00	606.00	18440.07	15765.53
September 2011	739.00	592.65	17211.80	15801.01
October 2011	599.00	501.00	17908.13	15745.43
November 2011	605.15	410.10	17702.26	15478.69
December 2011	530.00	387.50	17003.71	15135.86
January 2012	524.90	431.00	17258.97	15358.02
February 2012	579.95	474.00	18523.78	17061.55
March 2012	548.75	443.00	18040.69	16920.61

31. Distribution of shareholding as on 31st March 2012 was as under :-

Category (Shares)	Number of shareholders	Percentage to total shareholders	Number of shares	Percentage to total number of shares held
1 to 500	6322	89.12	593801	4.50
501 to 1000	382	5.38	279052	2.12
1001 to 2000	195	2.75	276129	2.10
2001 to 3000	59	0.83	145717	1.11
3001 to 4000	32	0.45	115104	0.87
4001 to 5000	13	0.18	60495	0.46
5001 to 10000	38	0.54	268717	2.04
10001 & above	53	0.75	11437247	86.80
Total	7094	100.00	13176262	100.00

32. The shares of the Company are available for dematerialization. The International Securities Identification Number code allotted to the shares of the Company is INE451A01017.

As of 31st March 2012, the number of equity shares of the Company held through depositories were 1,23,24,383 (93.53 % of the total paid up capital of the Company).

33. The Company has not issued any GDRs, ADRs or Warrants or Convertible Instruments.

34. The Company's plants are located at Mumbai - Pune Road, Akurdi, Pune - 411 035; Gat no. 345, Village Urse, Tal. Maval, District Pune - 410 506 and Plot No.3, Sector No.1, Pithampur Industrial Estate, Pithampur, District Dhar - 454 775, Madhya Pradesh.

The address for correspondence is –
Mrs. Aparna G. Lambore,
Company Secretary & Compliance Officer,
Secretarial Department,
Force Motors Limited,
Mumbai - Pune Road, Akurdi,
Pune - 411 035.

Phone - (020) 27476381,
e-mail: compliance-officer@forcemotors.com

or

Link Intime India Private Limited,
202, 'A' Wing,
2nd Floor, Akshay Complex,
Off Dhole Patil Road,
Pune - 411 001.

Phone--(020) 26051629 / 26050084,
e-mail: pune@linkintime.co.in

35. **COMPLIANCES**

The certificate obtained from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is attached to the Board Report. The Code of Conduct approved by the Board is available on the website of the Company. The confirmation about compliance of the code is being obtained on annual basis. A declaration signed by the Managing Director to that effect is obtained. The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement executed by the Company with the Stock Exchanges.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Force Motors Limited

We have examined the compliance of conditions of Corporate Governance by Force Motors Limited, for the year ended 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **M/s. P. G. Bhagwat**
[FRN : 101118W]
Chartered Accountants

Place : Pune
Date : 28th July, 2012

S. S. Athavale
Partner
Membership No. 83374

AUDITORS' REPORT

To the Members of Force Motors Limited

We have audited the attached Balance Sheet of Force Motors Limited as at 31st March 2012, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, (as amended by Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to 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 appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) 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 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 2012;
 - (b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **M/s. P. G. Bhagwat**
[FRN : 101118W]
Chartered Accountants

Place : Pune
Date : 19th May, 2012

S. S. Athavale
Partner
Membership No. 83374

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off major part of the fixed assets.
2. (a) The inventory has been physically verified during the year by the management, which is, in our opinion, at reasonable intervals.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
3. (a) The Company has not granted any loans to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- (b) The Company has not taken any loans from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, except unsecured loans from one party, balance outstanding of which is NIL.
- (c) The rate of interest and other terms and conditions of loans taken by the Company, secured or unsecured, are prima facie not prejudicial to the interest of the Company.
- (d) The payment of the principal amount and interest are also regular.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, have been entered in the Register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the Rules framed there under, with regard to the deposits accepted from the public. As informed to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost 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 we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise-duty, Cess, Service tax and other statutory dues applicable to it.
According to the information and explanations given to us, no undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Wealth tax, Sales tax, Customs duty, Excise duty, Cess and Service tax and other statutory dues applicable to it were outstanding, as at the balance sheet date for a period of more than six months from the date they became payable.



- (b) According to the records of the Company, there are no dues of Sales tax, Income-tax, Customs duty, Wealth-tax, Excise duty, Cess and Service tax which have not been deposited on account of any dispute except :

Type of the dues	Amount outstanding (₹ In Lakhs)	Forum
Customs Duty	0.80	Asst. Commissioner of Customs, Mumbai, CESTAT, Mumbai
Sales Tax	239.88	Sr. Dy. Commissioner of Sales Tax, Pune, Joint Commissioner of Sales Tax (Appeal) 1, Pune, Dy. Commissioner (Appeals) III Commercial Taxes, Jaipur, Dy. Commissioner of Commercial Tax (Coimbatore, Indore & Sitarampur), Additional Commissioner, Commercial Tax, Indore and M.P. Commercial Tax Appellate Board, Bhopal.
Excise Duty	122.87	CESTAT, New Delhi, CESTAT, West Regional Bench, Mumbai, Commissioner (Appeals), Indore and Commissioner of Central Excise (Appeals), Pune I Commissionerate, Pune.
Income Tax	26.44	CIT (Appeals) III, Pune.
TOTAL	389.99	

10. There are no accumulated losses as at the balance sheet date. The Company has not incurred cash losses during the financial year covered by our audit, nor in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.

12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit funds are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The term loans have been applied for the purpose for which they were raised.
17. The funds raised on short-term basis have not been used for long term investment.
18. The company has not made preferential allotment of shares during the year.
19. No money has been raised by debenture issues during the year
20. No money has been raised by public issues during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **M/s. P. G. Bhagwat**
[FRN : 101118W]
Chartered Accountants

Place : Pune
Date : 19th May, 2012

S. S. Athavale
Partner
Membership No. 83374

Balance Sheet as at 31st March, 2012

	Notes		As at 31st March, 2012	As at 31st March, 2011
I EQUITY AND LIABILITIES :				
1. Shareholders' Funds				
(a) Share Capital	2	13,17,90,383		13,17,90,383
(b) Reserves and Surplus	3	1130,11,63,775		321,09,83,498
			1143,29,54,158	334,27,73,881
2. Non-current Liabilities				
(a) Long-term Borrowings	4	59,69,05,000		119,23,80,000
(b) Deferred Tax Liabilities (Net)	5	19,14,80,176		15,72,96,300
(c) Other Long-term Liabilities	6	3,96,00,000		3,96,00,000
(d) Long-term Provisions	7	33,55,54,057		31,34,35,342
			116,35,39,233	170,27,11,642
3. Current Liabilities				
(a) Short-term Borrowings	8	–		105,08,99,350
(b) Trade Payables		243,68,84,548		328,00,96,447
(c) Other Current Liabilities	9	130,74,54,045		88,77,31,038
(d) Short-term Provisions	10	30,28,36,348		21,24,63,491
			404,71,74,941	543,11,90,326
		Total	1664,36,68,332	1047,66,75,849
II ASSETS :				
1. Non-current Assets				
(a) Fixed Assets				
(i) Tangible Assets	11	445,61,45,198		384,49,66,783
(ii) Intangible Assets	12	5,10,06,517		8,03,45,352
(iii) Capital Work-in-progress		93,37,43,743		14,31,15,502
			544,08,95,458	406,84,27,637
(b) Non-current Investments	13	94,75,559		56,74,46,559
(c) Long-term Loans and Advances	14	69,01,69,186		56,21,15,631
			69,96,44,745	112,95,62,190
2. Current Assets				
(a) Inventories	15	362,39,56,282		311,30,75,417
(b) Trade Receivables	16	156,43,27,210		161,36,55,615
(c) Cash and Bank Balances	17	462,08,97,856		14,75,73,894
(d) Short-term Loans and Advances	18	68,98,57,263		40,43,24,355
(e) Other Current Assets	19	40,89,518		56,741
			1050,31,28,129	527,86,86,022
		Total	1664,36,68,332	1047,66,75,849
Summary of Significant Accounting Policies	1			

The accompanying notes are an integral part of the financial statements.

As per our separate report of even date.

For **M/s. P. G. Bhagwat**
[FRN : 101118W]
Chartered Accountants

Prasan Firodia Managing Director
Sudhir Mehta Director

S. S. Athavale
Partner
Membership No. 83374

Aparna G. Lambore
Company Secretary

Place : Pune
Date : 19th May, 2012

Pune
Date : 19th May, 2012

Statement of Profit and Loss for the year ended 31st March, 2012

	Notes		For the year ended 31st March, 2012	For the year ended 31st March, 2011
III INCOME :				
(i) Revenue from Operations (Gross)	20	2369,16,19,208		1780,62,45,873
Less : Excise Duty / Service Tax		284,15,61,089		215,82,67,294
Revenue from Operations (Net)			2085,00,58,119	1564,79,78,579
(ii) Other Income	21		24,59,73,016	5,49,76,051
(iii) Total Revenue (i) + (ii)			2109,60,31,135	1570,29,54,630
IV EXPENSES :				
(a) Cost of Raw Material and Components consumed	22	1492,98,40,912		1060,09,68,767
(b) Change in Inventories of Finished Goods and Work-in-progress	23	(36,92,73,797)		(28,37,55,270)
(c) Employee Benefits expense	24	258,87,84,020		197,03,01,835
(d) Finance Costs	25	35,15,29,925		23,12,17,456
(e) Depreciation and Amortization expense	26	60,35,64,562		44,81,72,112
(f) Other expenses	27	276,65,76,608		212,53,70,572
			2087,10,22,230	1509,22,75,472
Less : Expenditure included in the above items capitalized		28,08,87,968		20,89,53,183
Total Expenses			2059,01,34,262	1488,33,22,289
V Profit before exceptional and extra-ordinary items and tax (III) - (IV)			50,58,96,873	81,96,32,341
VI Exceptional Items	28		960,70,94,000	—
VII Profit before extra-ordinary items and tax (V + VI)			1011,29,90,873	81,96,32,341
VIII Extra-ordinary items			—	—
IX Profit Before Tax (VII - VIII)			1011,29,90,873	81,96,32,341
X Tax Expenses :				
(1) Current Tax		183,82,51,261		16,45,00,000
(2) Deferred Tax		3,41,83,876		6,92,67,136
(3) Taxation Provision in respect of earlier years		(27,62,352)		(3,13,750)
Total Tax Expenses			186,96,72,785	23,34,53,386
XI Profit for the year (IX - X)			824,33,18,088	58,61,78,955
XII Basic and Diluted Earnings per equity share	29		625.62	44.49
[Nominal value per share ` 10/-]				
Summary of Significant Accounting Policies.	1			

The accompanying notes are an integral part of the financial statements.

As per our separate report of even date.

For **M/s. P. G. Bhagwat**
[FRN : 101118W]
Chartered Accountants

Prasan Firodia Managing Director
Sudhir Mehta Director

S. S. Athavale
Partner
Membership No. 83374

Aparna G. Lambore
Company Secretary

Place : Pune
Date : 19th May, 2012

Pune
Date : 19th May, 2012

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH,	2012	2011
(A) Cash flow from Operating Activities :		
Net Profit / (Loss) before tax and extraordinary items	1011,29,90,873	81,96,32,341
Adjustments for :		
Depreciation	60,35,64,562	44,81,72,112
Foreign exchange loss / (gain)	37,61,653	66,82,312
Interest Income on bank deposits & others	(46,72,097)	(4,44,471)
Profit on sale of Investments	(960,70,94,000)	--
Dividend / Income from trade investments	(8,83,750)	(7,57,500)
Loss / (Profit) on sale of assets	(2,92,52,371)	(31,19,809)
Interest expense	35,15,29,925	23,12,17,456
Provision for bad, doubtful debts and debit balances	--	34,63,500
Operating Profit before Working Capital Changes	142,99,44,795	150,48,45,941
(Increase) / Decrease in trade receivables, loans & advances & other current assets	7,18,83,805	(34,19,35,195)
(Increase) / Decrease in Inventories	(51,08,80,865)	(117,58,07,443)
Increase / (Decrease) in trade payables and other payables	(29,22,89,195)	88,64,86,574
Cash generated from operations	69,86,58,540	87,35,89,877
Direct Taxes paid	(209,08,19,958)	(13,79,31,256)
Net Cash flow from Operating Activities	(A) <u>(139,21,61,418)</u>	<u>73,56,58,621</u>
(B) Cash flow from investing activities :		
Purchase of fixed assets	(206,61,63,918)	(158,52,21,691)
Proceeds from sale of assets / equipments	4,06,96,061	70,13,158
Interest received	46,72,097	4,44,471
Proceeds from sale of Investments	1016,50,65,000	--
Dividend / Income from trade investments	8,83,750	7,57,500
Net Cash flow from Investing Activities	(B) <u>814,51,52,990</u>	<u>(157,70,06,562)</u>
(C) Cash flow from financing activities :		
Proceeds of long-term borrowing	(59,54,75,000)	9,06,80,000
Proceeds of short-term borrowing	(126,54,41,350)	92,60,82,250
Interest paid	(34,16,20,052)	(23,61,53,194)
Dividend paid (Including Tax thereon)	(7,65,68,907)	(4,62,48,680)
Net Cash flow from Financing Activities	(C) <u>(227,91,05,309)</u>	<u>73,43,60,376</u>
Net Increase / (Decrease) in Cash and Cash equivalents	(A+B+C) <u>447,38,86,263</u>	<u>(10,69,87,565)</u>
Cash and Cash equivalents as at 01-04-2011	14,51,20,630	25,21,08,195
Cash and Cash equivalents as at 31-03-2012 (excluding unrealised exchange fluctuation gain)	461,90,06,893	14,51,20,630

As per our separate report of even date.

For **M/s. P. G. Bhagwat**
[FRN : 101118W]
Chartered Accountants

Prasan Firodia Managing Director
Sudhir Mehta Director

S. S. Athavale Partner
Membership No. 83374
Aparna G. Lambore Company Secretary

Place : Pune
Date : 19th May, 2012

Pune
Date : 19th May, 2012

**Notes to Financial Statements for the year ended 31st March, 2012.****1. ACCOUNTING POLICIES :****A. Depreciation :****(a) Tangible Assets :**

The Depreciation on Fixed assets is provided on straight line method at the rates as per Schedule-XIV of the Companies Act, 1956.

(b) Intangible Assets :

- (i) Software and their implementation costs are written off over the period of 5 years.
- (ii) Technical Know-how acquired and internally generated are amortised over the useful life of the assets, not exceeding ten years.

(c) Lease hold land is amortised over the period of lease.**B. Investments (Long Term) :**

Investments (Long Term) are valued at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of investments.

C. Valuation of Inventory :

Inventories are valued at lower of their cost or net realisable value. The cost of raw material, stores and consumables is measured on moving weighted average basis.

D. Employees Retirement Benefit :

The accruing liability of Gratuity is covered by Employees Group Gratuity Scheme of Life Insurance Corporation of India and the premium is accounted for in the year of accrual. The additional liability, if any, due to deficit in the Plan assets managed by LIC as compared to the present value of accrued liability on the basis of actuarial valuation, is recognised and provided for.

Benefits in respect of leave encashable at retirement / cessation are provided for based on valuation, as at the Balance Sheet date, made by independent actuaries.

E. Research and Development Expenses :

Revenue expenditure on Research and Development is charged off as an expense in the year in which incurred and capital expenditure is grouped with Fixed Assets under appropriate heads and depreciation is provided as per rates applicable.

F. Foreign Currency Transactions :

- (a) Foreign Currency transactions are recorded at the rate of exchange on the date of the transaction.
- (b) Monetary items of Assets and Liabilities booked in foreign currency are translated into rupee at the exchange rate prevailing at the Balance Sheet date.
- (c) Exchange difference resulting from settlement of such transaction and from translation of monetary items of Assets and Liabilities are recognised in the Profit and Loss account.
- (d) The premium or discounts arising on Forward Contracts is amortized over the life of the Contract.
- (e) Exchange difference arising on translation of foreign currency liabilities for acquisition of fixed assets are adjusted to the Profit and Loss account.

G. Cost of borrowings incurred for acquisition, construction or production of qualifying asset is capitalised as per the Accounting Standard No. AS 16 issued by the Institute of Chartered Accountants of India.**H. Leases :****(a) Where the Company is the Lessee :**

Leases where the Lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account.

(b) Where the Company is the Lessor :

Assets subject to operating leases are included in fixed assets, lease income is recognised in the Profit and Loss Account. Costs, including depreciation, are recognised as an expense in the Profit and Loss Account.

2. SHARE CAPITAL

	As at 31st March, 2012	As at 31st March, 2011
Authorised Share Capital :		
2,00,00,000 (2,00,00,000) Shares of ` 10/- each	20,00,00,000	20,00,00,000
Issued Share Capital :		
1,32,13,802 (1,32,13,802) Equity Shares of ` 10/- each	13,21,38,020	13,21,38,020
Subscribed and paid-up Share Capital :		
1,31,76,262 (1,31,76,262) Equity Shares of ` 10/- each fully paid up	13,17,62,620	13,17,62,620
Add : Amount paid on Forfeited Shares	27,763	27,763
Total	13,17,90,383	13,17,90,383

Note : Offer on Right basis for 17,932 **(17,932)** Equity Shares of ` 10/- each is kept in abeyance as per provisions of Section 206A of the Companies Act, 1956.

- (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period Equity Shares of ` 10/- each.

	31st March, 2012		31st March, 2011	
	No.	`	No.	`
At the beginning of the period	1,31,76,262	13,17,62,620	1,31,76,262	13,17,62,620
Issued / Reduction during the period	-	-	-	-
Outstanding at the end of the period	1,31,76,262	13,17,62,620	1,31,76,262	13,17,62,620

- (b) **Terms/rights attached to equity shares :**

The Company has issued equity shares. All equity shares issued rank pari passu in respect of distribution of dividend and repayment of capital. 13,032,914 equity shares are quoted equity shares with no restriction on transfer of shares. 27,600 equity shares are 'A' equity shares which are transferrable only to permanent employees of the Company. 1,15,748 equity shares are Second 'A' equity shares which are transferrable to permanent employees, who have put in five years of service with the Company.

- (c) The Board of Directors has recommended a dividend of ` 10/- (**5/-**) per share on 1,31,76,262 **(1,31,76,262)** equity shares of ` 10/- each fully paid up.
- (d) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- (e) **Shares held by holding/ultimate holding company and/or their subsidiaries/associates**
The Company is not a subsidiary of any other company.

- (f) **Details of shareholders holding more than 5% of paid up equity share capital.**

	31st March, 2012		31st March, 2011	
	No. of Equity Shares of ` 10/- each fully paid	% of holding of equity capital	No. of Equity Shares of ` 10/- each fully paid	% of holding of equity capital
1. Jaya Hind Investments Private Limited	62,17,358	47.19	62,17,358	47.19
2. Bajaj Holdings & Investment Limited	25,66,661	19.48	25,66,661	19.48

3. RESERVES AND SURPLUS

	As at 31st March, 2012	As at 31st March, 2011
(a) Capital Reserve	25,00,000	25,00,000
(b) Securities Premium	59,19,77,215	59,19,77,215
(c) General Reserve		
Balance as per the last Financial Statements	254,65,06,283	72,18,72,499
Add : Transferred from the Statement of Profit and Loss	82,44,00,000	182,46,33,784
Closing Balance	<u>337,09,06,283</u>	<u>254,65,06,283</u>
(d) Surplus		
Balance as per last Financial Statements	7,00,00,000	138,50,23,735
Profit for the year	<u>824,33,18,088</u>	<u>58,61,78,955</u>
	831,33,18,088	197,12,02,690
Less : Appropriations		
Proposed Equity Dividend	13,17,62,620	6,58,81,310
Tax on proposed Equity Dividend	2,13,75,191	1,06,87,596
Transfer to General Reserve	<u>82,44,00,000</u>	<u>182,46,33,784</u>
Total Appropriations	97,75,37,811	190,12,02,690
Net Surplus	<u>733,57,80,277</u>	<u>7,00,00,000</u>
Reserves and Surplus	Total <u>1130,11,63,775</u>	<u>321,09,83,498</u>

Securities Premium represents premium received on issue of Equity Shares.

4. LONG-TERM BORROWINGS

	As at 31st March, 2012	As at 31st March, 2011
(a) Term Loan from Banks (Secured)	--	11,30,00,000
(b) Deposits (Unsecured)	59,69,05,000	107,93,80,000
	<u>59,69,05,000</u>	<u>119,23,80,000</u>
	Total <u>59,69,05,000</u>	<u>119,23,80,000</u>

- (i) The Term Loan availed from Banks was payable in twenty equal quarterly installments along with accrued interest till the date of payment of installment. These loans were secured by a first charge, by way of equitable mortgage, over the immovable properties of the Company and second charge on the stock of material, book debts (whether present or future) and situated at Companies factories at Akurdi, Dist. Pune, Maharashtra and Pithampur, Dist. Dhar, Madhya Pradesh. The charge created in favour of various banks ranked pari passu inter-se. The Company has prepaid the outstanding term loan amounting to ₹ 11,30,00,000 before 31st March, 2012.
- (ii) Deposits included deposits accepted from the Promoters. These deposits were payable based on understanding with the Promoters, which have been repaid before the balance sheet date.
- (iii) Other deposits accepted by the Company are for a period ranging between 1 to 3 years from the date of acceptance of each deposits.

5. DEFERRED TAX LIABILITIES (NET)
(Refer Note No. 42)

	As at 31st March, 2012	As at 31st March, 2011
Deferred Tax Liabilities	36,07,49,407	33,64,30,375
Less : Deferred Tax Assets	16,92,69,231	17,91,34,075
Net Deferred Tax Liabilities	Total <u>19,14,80,176</u>	<u>15,72,96,300</u>

6. OTHER LONG-TERM LIABILITIES

	As at 31st March, 2012	As at 31st March, 2011
Deposits received from lessee	3,96,00,000	3,96,00,000
	Total <u>3,96,00,000</u>	<u>3,96,00,000</u>

7. LONG-TERM PROVISIONS

	As at 31st March, 2012	As at 31st March, 2011
(a) Provision for Employee Benefits (Refer Note No. 39)	30,81,41,708	30,38,89,544
(b) Provision for Product Warranties and Service Charges	2,74,12,349	95,45,798
	Total <u>33,55,54,057</u>	<u>31,34,35,342</u>

8. SHORT-TERM BORROWINGS

	As at 31st March, 2012	As at 31st March, 2011
(a) Cash Credit from Banks (Secured)	-	85,17,77,698
(b) Loan from Bank (Unsecured)	-	19,91,21,652
	Total <u>-</u>	<u>105,08,99,350</u>

The Consortium of Banks, have sanctioned working capital limits - both fund based and non-fund based - to the Company. These limits are secured by hypothecation of Company's stock of raw materials, work-in-progress, finished goods, consumable stores, spares, bills receivable and book debts, both present and future, situated at Company's factories or at any other place.

As of 31st March, 2012, the Company has not utilized any fund based limit. Non-fund based limits were utilized to the extent of ₹ 43,69,55,973. The fund based limits, if utilized, are payable on demand to the Banks.

9. OTHER CURRENT LIABILITIES

	As at 31st March, 2012	As at 31st March, 2011
(a) Current maturities of term loan from banks (Secured)	–	22,60,00,000
(b) Deposits (Unsecured)	3,63,65,000	2,40,30,000
(c) Deposits matured but not claimed (Unsecured)	8,86,000	17,63,000
(d) Interest accrued but not due	1,68,09,182	68,03,994
(e) Interest accrued and due on unclaimed deposits	84,007	1,79,322
(f) Creditors for Capital goods	43,12,26,919	29,10,29,744
(g) Advances and deposits against orders	47,86,52,928	23,12,57,891
(h) Unclaimed dividend	3,84,998	6,36,988
(i) Statutory Dues	25,98,46,334	4,37,24,719
(j) Other Payables	8,31,98,677	6,23,05,380
Total	130,74,54,045	88,77,31,038

- (i) The Term Loan availed from Banks was payable in twenty equal quarterly installments along with accrued interest till the date of payment of installment. These loans were secured by a first charge, by way of equitable mortgage, over the immovable properties of the Company and second charge on the stock of material, book debts (whether present or future) and situated at Companies factories at Akurdi, Dist. Pune, Maharashtra and Pithampur, Dist. Dhar, Madhya Pradesh. The charge created in favour of various banks ranked pari passu inter-se. The Company has prepaid the outstanding term loan amounting to ₹ 11,30,00,000.
- (ii) Deposits accepted by the Company are for a period ranging between 1 to 3 years from the date of acceptance of each deposits.

10. SHORT-TERM PROVISIONS

	As at 31st March, 2012	As at 31st March, 2011
(a) Provision for employee benefits (Refer Note No. 39)	7,79,60,830	7,24,16,318
(b) Provision for Product Warranties & Service Charges	7,17,37,707	6,34,78,267
(c) Provision for Taxation :		
Taxation provision for the earlier years	41,35,27,305	32,01,73,305
Taxation provision for the year	202,61,00,000	16,61,89,000
	<u>243,96,27,305</u>	<u>48,63,62,305</u>
Less : (i) Advance payment of tax	255,96,37,283	53,69,89,973
(ii) MAT Credit Entitlement	18,59,48,739	--
[Contra Refer Note 18-D]	<u>(30,59,58,717)</u>	<u>(5,06,27,668)</u>
(d) Provision for Proposed Equity Dividend	13,17,62,620	6,58,81,310
(e) Provision for Tax on Distributed Profit	2,13,75,191	1,06,87,596
	15,31,37,811	7,65,68,906
Total	30,28,36,348	21,24,63,491

11. TANGIBLE ASSETS

Fixed Assets	Land		Buildings	Plant Machinery	Furniture & Fixtures	Vehicles	Office Equipment	Others (Aircraft)	Total	Previous Year Total
	Freehold ₹	Leasehold ₹								
Gross Block										
As at 31st Mar., 2011	\$ 4,45,85,613	1,60,53,256	* @\$ 95,92,36,838	853,00,77,541	6,73,88,498	21,76,55,688	26,84,18,678	31,77,96,223	1041,92,12,335	890,85,50,904
Additions			13,84,66,146	96,64,43,896	1,23,61,254	4,64,30,932	2,77,66,142		119,14,68,370	152,91,10,273
Disposals			1,43,343	3,84,15,188	84,700	64,56,292	16,05,784		4,67,05,307	1,84,48,842
As at 31st Mar., 2012	4,45,85,613	1,60,53,256	109,75,59,641	945,81,06,249	7,96,65,052	25,76,30,328	29,25,79,036	31,77,96,223	1156,39,75,398	1041,92,12,335
Depreciation										
As at 31st Mar., 2011	--	19,41,310	32,59,02,420	570,19,81,352	4,58,02,779	13,76,09,803	22,27,78,079	13,82,29,809	657,42,45,552	617,42,99,102
For the Year		** 4,29,835	3,25,25,905	48,51,78,302	35,84,374	1,63,94,303	1,29,36,956	1,77,96,589	56,88,46,263	41,45,01,943
Disposals			37,985	3,03,06,344	14,756	37,46,041	11,56,489		3,52,61,615	1,45,55,493
As at 31st Mar., 2012	--	23,71,145	35,83,90,340	615,68,53,310	4,93,72,397	15,02,58,065	23,45,58,546	15,60,26,398	710,78,30,200	657,42,45,552
Net Block										
As at 31st Mar., 2012	4,45,85,613	1,36,82,111	73,91,69,301	330,12,52,939	3,02,92,655	10,73,72,263	5,80,20,490	16,17,69,825	445,61,45,198	384,49,66,783
Net Block										
As at 31st Mar., 2011	4,45,85,613	1,41,11,946	63,33,34,418	282,80,96,189	2,15,85,719	8,00,45,885	4,36,40,599	17,95,66,414	384,49,66,783	273,42,51,802

Notes :

- * Includes office premises on ownership basis ₹ 5,00,000/-
- @ Certain Buildings completed are capitalised - pending finalisation of Contractors' bills, adjustment in cost, if any required, will be carried out during the financial year in which the same is finalized.
- ** Amortisation charges for one year in respect of leasehold land.
- \$ Assets given on lease are included herein and are detailed in separate Note No. 38.

As per our separate report of even date.

For **M/s. P. G. Bhagwat**
(FRN : 101118WJ)
Chartered Accountants

S. S. Athavale
Partner
Membership No. 83374

Place : Pune
Date : 19th May, 2012

Prasan Firodia Managing Director
Sudhir Mehta Director

Aparna G. Lambore
Company Secretary

Pune
Date : 19th May, 2012

12. INTANGIBLE ASSETS

Fixed Assets	Software ₹	Technical Know-how acquired on or after 1-4-2003 ₹	Technical Know-how acquired upto 1-4-2003 ₹	Technical Know-how internally generated ₹	Total ₹	Previous Year Total ₹
Gross Block						
As at 31st Mar., 2011	9,48,99,193	20,45,05,354	8,22,00,834	9,23,39,718	47,39,45,099	46,87,75,958
Additions	53,79,464				53,79,464	51,69,142
Disposals					--	--
As at 31st Mar., 2012	10,02,78,657	20,45,05,354	8,22,00,834	9,23,39,718	47,93,24,563	47,39,45,100
Amortization						
As at 31st Mar., 2011	8,78,68,044	14,19,98,349	8,22,00,834	8,15,32,520	39,35,99,747	35,99,29,579
For the Year *	34,25,439	2,04,85,922		1,08,06,938	3,47,18,299	3,36,70,169
Deductions						
As at 31st Mar., 2012	9,12,93,483	16,24,84,271	8,22,00,834	9,23,39,458	42,83,18,046	39,35,99,748
Net Block						
As at 31st Mar., 2012	89,85,174	4,20,21,083	--	260	5,10,06,517	8,03,45,352
Net Block						
As at 31st Mar., 2011	70,31,149	6,25,07,005	--	1,08,07,198	8,03,45,352	10,88,46,379
Useful Life	5 Years	10 Years	6 Years	6 Years		

Note :

* Amortisation Charges for one year

As per our separate report of even date.

For **M/s. P. G. Bhagwat**
 [FRN : 101118W]
 Chartered Accountants

Prasan Firodia Managing Director**Sudhir Mehta** Director

S. S. Athavale
 Partner
 Membership No. 83374

Aparna G. Lambore
 Company Secretary

Place : Pune
 Date : 19th May, 2012

Pune
 Date : 19th May, 2012

13. NON-CURRENT INVESTMENTS

	As at 31st March, 2012	As at 31st March, 2011
(a) Trade Investments (Valued at cost)		
Unquoted		
25,000 (25,000) Equity Shares of ` 10/- each, fully paid in Tempo Finance (North) Private Limited	2,50,000	2,50,000
Investment (In Joint Venture) (Refer Note No. 43)		
1 (5,57,97,101) Equity Shares of ` 10/- each, fully paid in MAN Trucks India Private Limited (formerly known as MAN FORCE TRUCKS Pvt. Ltd.)	10	55,79,71,010
Investment in Associates		
6,48,000 (6,48,000) Equity Shares of ` 10/- each, fully paid in Tempo Finance (West) Private Limited	65,29,049	65,29,049
(b) Other Investments (Valued at cost)		
Quoted		
63,125 (63,125) Equity Shares of ` 10/- each fully paid in ICICI Bank Limited	26,96,250	26,96,250
Unquoted		
5 (5) Equity Shares of ` 50/- each fully paid in Mittal Tower Premises Co-Operative Society Limited.	250	250
Total	<u>94,75,559</u>	<u>56,74,46,559</u>

Aggregate amount of quoted investments :

	As on 31st March, 2012		As on 31st March, 2011	
	Cost	Market Value	Cost	Market Value
Quoted	26,96,250	5,60,07,656	26,96,250	7,03,21,250
Unquoted	67,79,309	--	56,47,50,309	--

14. LONG-TERM LOANS AND ADVANCES

	As at 31st March, 2012	As at 31st March, 2011
(a) Capital Advances (Unsecured)		
Considered good	63,10,35,156	45,17,50,136
(b) Security Deposits (Unsecured)		
Considered good	5,78,58,875	10,74,00,240
(c) Other Loans & Advances (Unsecured)		
Considered good	12,75,155	29,65,255
Considered doubtful	14,82,945	14,82,945
	<u>27,58,100</u>	<u>44,48,200</u>
Less : Provision for doubtful advances	<u>14,82,945</u>	<u>14,82,945</u>
	12,75,155	29,65,255
Total	<u>69,01,69,186</u>	<u>56,21,15,631</u>

15. INVENTORIES

	As at 31st March, 2012	As at 31st March, 2011
(a) Raw Materials and Components [Includes in transit ₹ 30,19,74,647 (₹ 39,29,79,563)]	208,12,41,557	207,46,48,554
(b) Work-in-progress (Refer Note 23)	49,49,89,423	38,29,67,973
(c) Finished goods (Refer Note 23)	72,07,76,833	46,35,24,487
(d) Excise Duty on Inventory of Finished Goods	9,55,66,250	4,03,09,538
(e) Stores and Spares	23,13,82,219	15,16,24,865
Total	<u>362,39,56,282</u>	<u>311,30,75,417</u>

Method of valuation is as stated in Note No. 1 C.

16. TRADE RECEIVABLES

	As at 31st March, 2012	As at 31st March, 2011
Unsecured		
(a) Outstanding for a period exceeding six months from the date they are due for payment		
- Considered Good	5,55,52,629	4,23,30,542
- Considered Doubtful	--	4,17,26,034
	<u>5,55,52,629</u>	<u>8,40,56,576</u>
- Less : Provision for doubtful receivables	--	4,17,26,034
	5,55,52,629	4,23,30,542
(b) Other receivables		
- Considered good	150,87,74,581	157,13,25,073
Total	<u>156,43,27,210</u>	<u>161,36,55,615</u>

17. CASH AND BANK BALANCES

		As at 31st March, 2012	As at 31st March, 2011
(a) Cash and Cash equivalents			
(i) Balance with Banks	444,04,16,791		73,95,475
(ii) Cheques / Drafts on hand	17,81,34,695		13,73,66,785
(iii) Cash on hand	<u>4,61,372</u>		<u>3,45,032</u>
		461,90,12,858	14,51,07,292
(b) Other bank balances			
(i) Unpaid dividend account	3,84,998		8,12,971
(ii) Margin money deposit	<u>15,00,000</u>		<u>16,53,631</u>
		18,84,998	24,66,602
	Total	<u>462,08,97,856</u>	<u>14,75,73,894</u>

18. SHORT-TERM LOANS AND ADVANCES

		As at 31st March, 2012	As at 31st March, 2011
Unsecured			
(a) Security Deposits			
Considered good		25,99,878	3,73,365
(b) Advances recoverable in cash or kind			
Considered good	37,01,67,146		34,54,76,427
Considered doubtful	<u>1,08,13,700</u>		<u>1,08,13,700</u>
		38,09,80,846	35,62,90,127
Less : Provision for doubtful advances	<u>1,08,13,700</u>		<u>1,08,13,700</u>
		37,01,67,146	34,54,76,427
(c) Other Loans & Advances			
Considered good		1,11,31,522	78,46,895
(d) Others			
(i) Advance Income-tax	12,00,09,978		5,06,27,668
(ii) MAT Credit Entitlement (net of provision for taxation) [Contra - Refer Note 10-c]	<u>18,59,48,739</u>		<u>--</u>
		30,59,58,717	5,06,27,668
	Total	<u>68,98,57,263</u>	<u>40,43,24,355</u>

19. OTHER CURRENT ASSETS

		As at 31st March, 2012	As at 31st March, 2011
Unsecured, considered good			
Interest accrued on deposits with Banks		40,89,518	56,741
	Total	<u>40,89,518</u>	<u>56,741</u>

20. REVENUE FROM OPERATIONS

	As at 31st March, 2012	As at 31st March, 2011
(a) Revenue from operations		
Sale of products	2282,25,58,913	1715,68,39,689
(b) Other operating revenue		
(i) Service Charges	60,19,30,946	47,84,14,229
(ii) Others	26,71,29,349	17,09,91,955
Revenue from operations (Gross)	2369,16,19,208	1780,62,45,873
Less : Excise Duty / Service Tax	284,15,61,089	215,82,67,294
Revenue from operations (Net)	Total 2085,00,58,119	1564,79,78,579

DETAILS OF PRODUCTS SOLD

	As at 31st March, 2012	As at 31st March, 2011
- Automobiles	1714,28,73,008	1275,63,68,173
- Auto Components	564,46,58,535	438,69,97,782
- Moulds, Dies, Press Tools, Jigs & Fixtures	3,50,27,370	1,34,73,734
Total	2282,25,58,913	1715,68,39,689

21. OTHER INCOME

	As at 31st March, 2012	As at 31st March, 2011
(a) Interest Income	14,09,87,878	1,36,77,812
(b) Dividend Income	8,83,750	7,57,500
(c) Net gain / loss on foreign currency translation and transaction (other than considered as finance cost)	2,63,46,731	--
(d) Others	7,77,54,657	4,05,40,739
Total	24,59,73,016	5,49,76,051

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	As at 31st March, 2012	As at 31st March, 2011
(a) Steel and other metals	116,53,22,631	89,26,32,237
(b) Castings and Forgings	77,59,79,717	59,57,50,412
(c) Components	1298,85,38,564	911,25,86,118
Total	1492,98,40,912	1060,09,68,767

23. (INCREASE) / DECREASE IN INVENTORIES

	As at 31st March, 2012	As at 31st March, 2011	(Increase) / Decrease
(a) Inventories at the end of the year			
(i) Finished Goods	72,07,76,833	46,35,24,487	(25,72,52,346)
(ii) Work-in-progress	49,49,89,424	38,29,67,973	(11,20,21,451)
Total	<u>121,57,66,257</u>	<u>84,64,92,460</u>	<u>(36,92,73,797)</u>
(b) Inventories at the beginning of the year			
(i) Finished Goods	46,35,24,487	25,00,81,269	(21,34,43,218)
(ii) Work-in-progress	38,29,67,973	31,26,55,921	(7,03,12,052)
Total	<u>84,64,92,460</u>	<u>56,27,37,190</u>	<u>(28,37,55,270)</u>

DETAILS OF INVENTORY

	As at 31st March, 2012	As at 31st March, 2011
Work-in-progress		
(i) On-road automobiles	2,64,39,756	1,42,35,051
(ii) Tractors	--	2,35,788
(iii) Engines	11,44,45,855	6,76,10,634
(iv) Others	35,41,03,813	30,08,86,500
Total	<u>49,49,89,424</u>	<u>38,29,67,973</u>
Finished Goods		
(i) On-road automobiles	48,36,90,069	27,88,32,160
(ii) Tractors	9,61,59,404	5,37,85,198
(iii) Engines	12,31,279	19,70,499
(iv) Others	13,96,96,081	12,89,36,630
Total	<u>72,07,76,833</u>	<u>46,35,24,487</u>

24. EMPLOYEE BENEFIT EXPENSE

	As at 31st March, 2012	As at 31st March, 2011
(a) Salaries, Wages, Bonus etc.	231,06,91,911	172,13,74,837
(b) Contribution to provident, other funds and schemes	17,68,26,733	17,40,05,868
(c) Staff welfare expenses	10,12,65,376	7,49,21,130
Total	<u>258,87,84,020</u>	<u>197,03,01,835</u>

25. FINANCE COSTS

	As at 31st March, 2012	As at 31st March, 2011
(a) Interest	34,93,63,258	22,71,82,224
(b) Other borrowing cost	21,66,667	40,35,232

Total	35,15,29,925	23,12,17,456
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26. DEPRECIATION AND AMORTIZATION EXPENSE

	As at 31st March, 2012	As at 31st March, 2011
(a) Depreciation of tangible assets	56,88,46,263	41,45,01,943
(b) Amortization of intangible assets	3,47,18,299	3,36,70,169

Total	60,35,64,562	44,81,72,112
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27. OTHER EXPENSES

	As at 31st March, 2012	As at 31st March, 2011
(a) Consumption of stores and spares	85,31,46,798	66,73,58,409
(b) Fabrication and Processing Charges	10,54,36,588	7,35,93,334
(c) Power and Fuel	34,31,63,885	28,12,07,286
(d) Forwarding Charges	21,70,44,531	16,92,33,271
(e) Rent	98,40,972	65,47,371
(f) Rates and Taxes	4,39,24,205	2,97,74,593
(g) Insurance	4,53,50,458	3,28,78,082
(h) Repairs and Maintenance :		
(i) Plant and Machinery	11,68,30,851	9,00,46,571
(ii) Buildings	4,77,19,344	3,10,00,150
(iii) Others	2,32,49,513	2,27,31,098
(i) Publicity and sales promotion	39,20,78,419	20,58,98,553
(j) Payment to auditor (Refer details below)	15,06,329	14,68,430
(k) Prior year expenses	1,13,09,049	58,03,297
(l) Loss on Exchange Fluctuation (Net)	--	31,42,215
(m) Miscellaneous Expenses	55,59,75,666	50,46,87,912

Total	276,65,76,608	212,53,70,572
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Payment to Auditor

	As at 31st March, 2012	As at 31st March, 2011
(a) Audit Fee	12,00,000	12,00,000
(b) Tax Audit fee	75,000	75,000
(c) Certification work	1,94,500	1,57,500
(d) Provident Fund Audit fees paid to Associate of Statutory Auditor	15,000	15,000
(e) Reimbursement of expenses	21,829	20,930

Total	15,06,329	14,68,430
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28. EXCEPTIONAL ITEMS

As reported earlier, during the year under report, Company as per the terms and conditions of the contractual arrangement with MAN Truck and Bus AG, Germany (MAN), sold and transferred 5,57,97,100 equity shares of MAN FORCE Trucks Private Limited (the said company), now known as MAN Trucks India Private Limited, to MAN for a consideration of Euro 15,00,00,000 (equivalent amount received in ₹ 1016,50,65,000). With the transfer of these shares of the said company, the said company ceases to be a Joint Venture between the Company and MAN. The Company will continue to support the said company by rendering services for limited period. The gain arising out of sale and transfer of the shares of the said company has been treated as an exceptional item.

29. EARNINGS PER SHARE (EPS)

	As at 31st March, 2012	As at 31st March, 2011
Values used in calculating Earnings Per Share (Basic & Diluted)		
(a) Numerator		
Profit / (Loss) after tax	824,33,18,088	58,61,78,955
(b) Denominator		
Number of Equity Shares	1,31,76,262	1,31,76,262
Weighted average number of Equity Shares	1,31,76,262	1,31,76,262

30. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

	As at 31st March, 2012	As at 31st March, 2011
(a) Contingent Liabilities		
(i) Taxes & Duties	21,54,37,011	19,89,82,542
(ii) Others (Court cases pending)	23,69,33,376	21,75,49,955
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	113,24,30,846	47,98,62,487

Part of the estimated amount of commitments, referred above, being ₹ 18,24,05,604 is secured by a letter of credit issued by a Bank. The Bank holds charge on the assets of the Company, as a security, enforceable in case of default, being made by the Company.

- (c) As reported earlier, a foreign company has initiated legal proceedings in a foreign court, in respect of notional and unfounded claims for damages, without there being any enforceable agreement, relating to export business. The Company has obtained opinion from a Senior Counsel, in respect of these alleged claims against the Company. The Company has been advised that such notional / unfounded claims are not as per the applicable law nor these claims, if any, can be enforced in the Court of Law in India. This information is being disclosed as per the provisions of Schedule VI to the Companies Act, 1956, only to indicate the alleged claims made against the Company and the developments in respect thereof.

31. As of 31st March, 2012, the Company has not received any intimation, as to the status as a Micro, Small or Medium Enterprises from any of the suppliers, with a copy of the Memorandum filed as per the provisions of Section 8 of the Micro, Small and Medium Enterprises Development Act, 2006 (**the Act**). One of the suppliers initiated proceedings, under Section 18 of the Act, which were converted into arbitration proceedings as per the provisions of Section 18(3) of the Act. These proceedings culminated in an arbitration award, awarding a claim of ₹ 1,56,61,877 including interest. Out of the said sum, a sum of ₹ 40,41,660 is part of the trade payables disclosed at Sr. No. 3(b) of the Balance Sheet as at 31st March, 2012. The amount of interest has not been provided by the Company, as the Company has not accepted the liability. Moreover, the Company has a counter-claim on the said supplier amounting to about ₹ 9,06,40,899, which being an unearned income is not accounted. The Company is seeking legal advice for initiating appropriate proceedings, including before the Hon'ble High Court of Judicature at Bombay, for challenging the award and/or the procedure followed by the Micro and Small Enterprises Facilitation Council, (the Arbitrator), as may be advised.

32. IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMPTION :

			Percentage	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
(a) Imported	332,56,61,134	208,26,41,901	22.28	19.65
(b) Indigenous	1160,41,79,778	851,83,26,866	77.72	80.35
Total	<u>1492,98,40,912</u>	<u>1060,09,68,767</u>	<u>100.00</u>	<u>100.00</u>



33. C.I.F. VALUE OF IMPORTS, EXPENDITURE & EARNINGS IN FOREIGN EXCHANGE :

	As at 31st March, 2012	As at 31st March, 2011
(a) C. I. F. Value of Imports		
(i) Raw Materials	11,92,85,813	11,52,92,693
(ii) Components	342,33,52,859	252,59,03,862
(iii) Capital Goods	33,95,86,707	3,43,65,130
(iv) Machinery, Spares, Tools & Others	4,78,04,281	7,19,09,092
(b) Expenditure in Foreign Currency :		
(i) Travelling and Other expenses	40,22,069	47,50,711
(ii) Royalty and Technical know-how fees (net of tax)	7,26,061	2,16,11,259
(iii) Technical services and consultation fees (net of tax)	2,51,99,148	1,67,32,904
(iv) Interest	29,88,529	--
(c) Earnings in Foreign Currency :		
(i) Exports on FOB basis	23,96,29,094	27,17,09,393
(ii) Sale of long-term investments in MAN FORCE TRUCKS Pvt. Ltd.	1016,50,65,000	--

34. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY :

(a) No. of Non-resident shareholders (Other than NRI) (Foreign Nationals)	(Nos)	2	2
(b) No. of shares held	(Nos)	1,00,079	1,00,079
(c) Amount of dividend remitted (net of taxes)	(`)	5,00,395	3,00,237
(d) Accounting year to which dividend relates		2010-11	2009-10

35. The amount of net exchange differences included in the Profit / Loss for the year on Revenue account is ` 2,34,23,178 Credit (` 1,51,64,923/- Debit) and on Capital account is ` 29,23,553/- Credit. (` 1,21,17,225/- Credit).

36. THE COMPANY'S EXPENDITURE ON ITS RESEARCH & DEVELOPMENT ACTIVITY DURING THE YEAR UNDER REPORT WAS AS FOLLOWS :

	As at 31st March, 2012	As at 31st March, 2011
(i) Capital Expenditure	2,04,89,400	2,18,34,315
(ii) Revenue Expenditure	38,77,87,335	33,38,83,059

The above expenditure is grouped with other non-R&D expenditure under various heads of Capital and Revenue expenditure.

37. THE COMPANY'S LIABILITIES AND OBLIGATIONS IN FOREIGN CURRENCY OUTSTANDING AS AT 31ST MARCH, 2012, NET OF RECEIVABLES ARE AS UNDER :

	Hedged by forward cover contracts with bankers		Not hedged by forward cover contracts or other derivative Instruments	
	Foreign Currency	Amount	Foreign Currency	Amount
in US Dollar	--	--	--	--
	(--)	(--)	(--)	(--)
in Euro	--	--	50,68,325	34,40,37,933
	(--)	(--)	(53,78,127)	(33,98,59,467)
in Japanese Yen	--	--	9,00,000	5,49,000
	(--)	(--)	(4,77,88,900)	(2,54,90,599)

38. LEASES :
Operating Leases :
(a) Assets taken on Lease :

The Company has taken 10 vehicles on operating lease for a period of four years.

Lease rentals are recognised in the Statement of Profit & Loss.

(b) Assets given on Lease :
(i) Industrial Shed at Chakan :

The Company has entered into a Lease Agreement for Industrial Shed for a period of 10 years.

The said agreement provides for progressive increase in rentals during the tenure of the agreement.

The Lease is entitled to terminate the Lease Agreement after the expiry of 60th month from the date of agreement. The Lessor is also entitled to terminate the Lease Agreement, if the Lease defaults the terms and conditions of the Lease Agreement.

The Lease income has been recognised in Statement of Profit & Loss.

Category	Gross carrying amount of the portion of assets leased, disclosed in Note No. 11	Accumulated Depreciation	Depreciation recognised in Profit & Loss Account
(1) Freehold Land	23,02,671 (23,02,671)	-- (--)	-- (--)
(2) Building	7,71,03,623 (7,32,54,114)	40,53,647 (15,29,780)	25,23,867 (15,29,780)
(3) Plant & Machinery	1,83,04,544 (1,83,04,544)	22,36,225 (7,97,334)	14,38,891 (7,97,334)

The future minimum lease rentals :

Less than one year	3,96,00,000
Later than one year but not later than five years	10,59,30,000
Later than five years	Nil

On termination of lease, due to exercise of the option by the Lessee, at the end of 60 months, the Lessee shall be liable to pay a sum of ` 2,00,00,000/-.

(ii) Freehold land at Akurdi :

Out of the freehold land at Akurdi, 2700 sq. mtrs. (cost ` 1,374/-) of land has been given on lease to Maharashtra State Electricity Distribution Company Limited for 99 years, w.e.f. 1st August, 1989. Lease rentals are recognised in the Statement of Profit & Loss.

39. DISCLOSURE AS PER ACCOUNTING STANDARD 15 (REVISED) IS AS UNDER :

	Gratuity		Leave Entitlement	
	31st March		31st March	
	2012	2011	2012	2011
(A) Amount to be recognised in Balance Sheet				
(i) Present Value of Obligation	40,14,90,524	38,98,42,504	20,07,44,406	17,19,52,522
(a) Current Liability	4,61,97,382	4,57,69,849	3,09,08,922	2,52,32,737
(b) Non-current Liability	35,52,93,142	34,40,72,655	16,98,35,484	14,67,19,785
(ii) Funded Status	21,69,86,918	18,69,02,896	--	--
(iii) Net Asset / (Liability) recognised in Balance Sheet	(18,45,03,606)	(20,29,39,608)	(20,07,44,406)	(17,19,52,522)
(B) Expense recognised in the Statement of Profit & Loss Account at the end				
(i) Current Service Cost	2,77,16,841	2,53,33,405	2,88,49,152	2,25,34,127
(ii) Interest Cost	3,05,74,655	2,82,52,625	1,35,77,895	1,06,90,867
(iii) Expected Return on Plan Assets	(1,80,27,452)	(1,57,15,793)	--	--
(iv) Net actuarial (gain) / loss recognised in the year	(1,29,30,197)	75,50,329	(8,98,290)	1,30,55,440
(v) Expenses recognised in the Statement of Profit and Loss account at the end	2,73,33,847	4,54,20,566	4,15,28,757	4,62,80,434
(C) Present value of obligation as at the end				
(i) Present value of obligation as at the beginning	38,98,42,504	36,04,73,462	17,19,52,522	13,50,80,761
(ii) Interest Cost	3,05,74,655	2,82,52,625	1,35,77,895	1,06,90,867
(iii) Current Service Cost	2,77,16,841	2,53,33,405	2,88,49,152	2,25,34,127
(iv) Benefits paid	(3,39,61,704)	(3,18,58,503)	(1,27,36,873)	(94,08,673)
(v) Actuarial (gain) / loss on obligation	(1,26,81,772)	76,41,515	(8,98,290)	1,30,55,440
(vi) Present value of obligation as at the end	40,14,90,524	38,98,42,504	20,07,44,406	17,19,52,522
(D) Actuarial Assumptions :				
(i) Discount Rate	8.50%	8.20%	8.50%	8.20%
(ii) Salary escalation rate	10.00%	10.00%	10.00%	10.00%
(iii) Rate of Return on Plan Assets	9.35%	9.35%	--	--
(iv) Mortality Rate		As per standard table of LIC (1994-95)		

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

The Liability for Earned Leave, for Temporary Employees (short term) has been provided on actual basis, amounting to ₹ 8,54,526/- (₹ 14,13,732/-).

40. RELATED PARTY DISCLOSURES (As identified by the Management) :
(A) Name of the related parties and nature of related party relationship where control exists are as under :

- (a) Joint Venture Company : MAN FORCE TRUCKS Pvt. Ltd.
(now known as MAN Trucks India Private Limited)
(Upto 28th March, 2012)
- (b) Key Management : Mr. Abhay Firodia, Chairman.
Personnel : Mr. Prasan Firodia, Managing Director
- (c) Relatives of Key Management Personnel
- (i) Mr. Abhay Firodia : Mr. Prasan Firodia : Son
- (ii) Mr. Prasan Firodia : Mr. Abhay Firodia : Father
- (iii) Other related parties : Jaya Hind Investments Pvt. Limited
: Jaya Hind Industries Ltd.

(B) Disclosure of Transactions with these parties are mentioned below :

Type of Related party	Nature of Transaction	Volume of Transactions during 2011-12	Amount outstanding as on 31-3-2012	
			Receivables	Payables
(i) Joint Venture Company				
MAN FORCE TRUCKS Pvt. Ltd.	: Sale of Raw Material & Components	133,50,19,815 (100,53,92,040)	21,13,28,728 (41,07,20,582)	-- (--)
	: Sale of Capital Assets	7,38,51,993 (1,44,19,214)	4,47,75,106 (--)	-- (--)
	: Machinery received on Loan	25,93,967 (66,62,27,825)	-- (--)	33,43,08,102 (33,17,14,135)
	: Purchase of Raw Material & Components	6,39,78,418 (8,59,83,181)	-- (--)	-- (--)
	: Processing charges recovered	3,86,08,104 (30,49,129)	-- (--)	-- (--)
	: Reimbursement of Expenses	-- (--)	-- (--)	-- (--)
	: Expenses Recovered	1,97,03,147 (1,79,61,436)	-- (--)	-- (--)
	: Purchase of Capital Goods	-- (71,85,19,335)	-- (--)	-- (--)
	: Service Charges	50,99,58,644 (47,47,14,456)	13,02,07,088 (37,47,14,456)	-- (--)
	: Interest Received	12,00,77,134 (--)	10,80,69,421 (--)	-- (--)
	: Others	1,52,24,089 (2,10,66,740)	-- (--)	-- (--)
(a) Key Management Personnel :	: Managerial Remuneration	32,58,059 (32,57,982)	-- (--)	24,000 (24,000)
(b) Other Related Parties	: The Services of Information Systems / Department are shared with one of the related parties	Not quantified	--	--

Type of Related party	Nature of Transaction	Volume of Transactions during 2011-12	Amount outstanding as on 31-3-2012	
			Receivables	Payables
(ii) Jaya Hind Industries Ltd.	: Purchase of Capital Goods	1,95,22,090 (39,57,804)	34,99,800 (41,17,765)	-- (--)
	: Purchase of Raw Materials, Components & Others	72,79,33,107 (60,93,68,028)	-- (--)	10,08,70,557 (4,01,92,064)
	: Sundry Sales	2,80,44,350 (2,58,61,153)	-- (--)	-- (--)
	: Processing Charges recovered	8,12,265 (12,51,981)	-- (--)	-- (--)
	: Material Given on Loan	-- (22,66,560)	37,44,691 (37,44,691)	-- (--)
	: Machinery given on Loan	46,77,882 (17,12,947)	36,79,67,983 (36,37,09,888)	-- (--)
	: Expenses recovered	2,75,19,283 (2,27,35,431)	21,86,145 (27,30,784)	-- (--)
	: Expenses reimbursed	15,80,059 (32,53,016)	-- (--)	-- (--)
	(iii) Jaya Hind Investments Private Limited	: Inter Corporate Deposit	242,50,00,000 (6,00,00,000)	-- (--)
: Interest on Inter Corporate Deposit (Gross)		12,41,18,493 (6,57,39,383)	-- (--)	-- (--)

41. Provisions made for present obligations, based on reliable estimates, expected to result into outflow of resources, are as under :

Class of Provisions and brief description.	Carrying Amount of provisions as at 01-04-2011	Additional provisions made during the year	Paid during the year against provisions	Amount reversed and written back	Carrying Amount of provisions as at 31-03-2012
Warranty	2,62,49,480 (1,21,47,168)	5,11,12,844 (2,62,49,480)	2,62,49,480 (1,21,47,168)	-- --	5,11,12,844 (2,62,49,480)
Free Service Coupons	4,67,74,585 (5,00,14,043)	4,69,83,000 (3,37,15,549)	4,57,20,373 (3,69,55,007)	-- --	4,80,37,212 (4,67,74,585)

42. DETAILS OF DEFERRED TAX ASSETS / (LIABILITIES) :

	As at 31st March, 2012	As at 31st March, 2011
Nature of Timing difference		
(a) Difference between accounting and tax depreciation (cumulative)	(36,07,49,407)	(33,64,30,375)
(b) Other Timing differences	16,92,69,231	17,91,34,075
Total	<u>(19,14,80,176)</u>	<u>(15,72,96,300)</u>

43. As reported earlier, during the year under report, Company as per the terms and conditions of the contractual arrangement with MAN Truck and Bus AG, Germany (MAN), sold and transferred 55,797,100 equity shares of MAN FORCE Trucks Private Limited (the said company), now known as MAN Trucks India Private Limited, to MAN for a consideration of Euro 15,00,00,000 (equivalent amount received in ` 1016,50,65,000). With the transfer of these shares of the said company, the said company ceases to be a Joint Venture between the Company and MAN. The Company will continue to support the said company by rendering services for limited period. The gain arising out of sale and transfer of the shares of the said company has been treated as an exceptional item.

44. All amounts which became due, for transfer to the Credit of Investor Education and Protection Fund, as of 31st March, 2012, have been transferred to that fund, except a sum of ` 60,000/- being amount of 5 (five) fixed deposits and interest thereon amounting to ` 25,051/-. In view of the directives received from the Government Authorities, these amounts are not transferred to the Fund, being involved in an investigation.

45. The Company is operating in a Single Segment.

46. Previous year/period's figures are re-arranged wherever necessary and shown in brackets.

As per our separate report of even date attached

For **M/s. P. G. Bhagwat**
[FRN : 101118W]
Chartered Accountants

Prasan Firodia Managing Director
Sudhir Mehta Director

S. S. Athavale
Partner
Membership No. 83374

Aparna G. Lambore
Company Secretary

Place : Pune
Date : 19th May, 2012

Pune
Date : 19th May, 2012



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