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General Information

Board of Directors

R J Shahaney
Chairman
D G Hinduja (Alternate : Y M Kale)
Co- Chairman
D J Balaji Rao
Jean Brunol (from 30.04.2010)
Narender Nagpal
Prabal Banerji
S Ragothaman
F Sahami
R Seshasayee
A Spare (Alternate : B Swaminathan)
V Mahadevan
Managing Director

Chief Financial Officer

V Sankar

Company Secretary

V V Naresh

Bankers

Bank of America
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Standard Chartered Bank
State Bank of India
State Bank of Travancore
Union bank of India
Canara Bank

Auditors

Fraser & Ross
Chartered Accountants
8th Floor, ASV Ramana Towers
52, Venkatanarayana Road, T Nagar,
Chennai 600 017

S R Batliboi & Associates
Chartered Accountants
T P L House, II Floor
3, Cenotaph Road, Teynampet
Chennai 600 018

Registered Office

Kathivakkam High Road
Ennore, Chennai 600 057

Plant Locations

Ennore, Chennai 600 057

Ductron Casting unit
IDA, Uppal, Hyderabad 500 039

Plot K – 2, SIPCOT Industrial Park
Arneri Village, Sriperumbudur 602 105
Kanchipuram District

Project Office

Plot 27-A, (SP), Developed plots
Industrial Estate, Guindy
Chennai 600 032.

Five Year Review

(Rs.in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Income and Dividend					
Sales/Operating Income	39154	36313	45142	39524	32952
Other Income	992	546	147	288	602
Total Income	40146	36859	45289	39812	33554
Operating Profit	5853	3012	5209	4089	3621
Profit/Loss(-) Before Tax	65	(1859)	2590	2502	2241
Profit/Loss(-) After Tax	35	(1198)	1692	1616	1396
Dividend including Tax	-	-	612	1053	348
Assets Employed					
Net fixed Assets @ \$	59723	55003	29338	19297	10930
Net Current Assets	20850	17458	14100	9428	6968
Other Assets/Expenditure not written off	-	149	22	24	226
Total	80573	72610	43460	28749	18124
Financed by					
Net Worth	35132	35142	12501	11449	10847
Borrowed Funds	44534	36591	29502	16695	6662
Deferred Tax Liability	907	877	1457	605	615
Total	80573	72610	43460	28749	18124
General					
Sales Units - Tonnes	57701	49130	74184	73056	62442
Earning per share	(0.63)	(7.30)	9.31	8.87	8.67
Book value per share	176.52	175.78	61.24	54.78	49.84
@ includes addition on Revaluation of Fixed Assets	18900	18926	379	407	437

\$ includes investments of Rs.2.50 lakhs

Report of the Directors

To

The Members

Your Directors present the Fiftieth Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2010.

Financial Results

	(Rs. In lakhs)	
	2009-10	2008-09
Profit before tax/ (Loss)	64.61	(1859.06)
Less: Provision for Taxation	30.00	(661.00)
Profit/(Loss) after Tax	34.61	(1198.06)
Less : Transfer to General Reserve	-	-
	34.61	(1198.06)
Balance brought forward from last year	10.82	1542.21
Less : Transfer to Capital Redemption Reserve	-	(333.33)
Balance available for appropriation	45.43	10.82
Appropriation:		
Dividend on preference shares	-	-
Tax thereon	-	-
Proposed dividend on equity shares	-	-
Tax thereon	-	-
Balance carried to balance sheet	45.43	10.82
Earnings per share	(0.63)	(7.30)

Dividend

In view of the carried forward losses and marginal profit, your Directors regret their inability to recommend any dividend for the year.

Business Operations:

Your Company earned a sales revenue for the year at Rs.39154.46 lakhs compared to Rs.36312.53 lakhs in the previous year and earned a profit of Rs.64.61 lakhs before tax against the loss before tax of Rs.1859.06 lakhs in the previous year.

Total sales volume of ferrous and non-ferrous castings was higher at 57,701 tonnes compared to 49,130 tonnes in the previous year. Gross Production of ferrous and non-ferrous castings during the year increased to 66,985 tonnes from 58,166 tonnes in 2008-09.

From the second half of 2009-10, demand from the commercial vehicles segment has been growing and there is a general expectation that this trend would continue in the year 2010-11.

Development of new products for new and existing customers is progressing as per schedule. Your Company has received orders from leading international customers for which deliveries would commence in the second half of 2010-11.

In line with the latest developments, project implementations have been suitably planned and commencement of commercial production has been suitably re-scheduled based on customer requirements.

Technology Upgradation/Modernization

Your Company's drive for technology updation to gain advantageous position, continues. New Foundry has started producing thin water jacket cores from cold box process for the first time. Modernisation of all units is being taken up for ensuring consistency in quality and for cost optimization.

The Design Centre and Pattern Shop have been added with new machines to improve quality of tools made.

The particulars required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 to the extent applicable are furnished in Annexure - A to this report.

Corporate Governance

Your Company has complied with the requirements of the Code of Corporate Governance as stipulated under Clause 49 of the listing agreements with the stock exchanges. A detailed Report on Corporate Governance together with Certification of the Managing Director and Chief Financial Officer is furnished in Annexure – B. The certification of the Managing Director on the adherence to the Code of Conduct specified in said clause is provided separately.

The certificate of the Statutory Auditors on the Company's Compliance with the Corporate Governance requirements is attached in Annexure – C.

The Management Discussion and Analysis Report is attached in Annexure D.

Report of the Directors

As required under Section 217(2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is furnished in Annexure-E to this report.

Fixed Deposits

The amount of matured and unclaimed deposits as on March 31, 2010 was Rs.0.25 lakhs.

Directors

Mr. Jean Brunol has been appointed as Additional Director of the Company and will hold office till the ensuing Annual General Meeting (AGM).

Mr. R J Shahaney, Mr. S Ragothaman and Mr F Sahami retire at the ensuing AGM.

Auditors

M/s Fraser and Ross, Chartered Accountants and M/s S R Batliboi & Associates, Chartered Accountants, retire at the close of the ensuing AGM and are eligible for reappointment.

Personnel

The Company continued to enjoy cordial relationship with its employees. The details of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 are furnished in Annexure – F.

Forward Looking Statements

This Report together with the annexures contains forward looking statements that involve risks and uncertainties. When used in this report, the words "anticipate", "believe", "estimate",

"expect", "intend", "will", and other similar expressions as they relate to the Company and/or its business are intended to identify such forward looking statements. Neither the Company nor the Directors undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of any new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements due to risks, uncertainties or even inaccurate assumptions. No undue reliance should be placed on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

Acknowledgement

The Directors wish to acknowledge and place on record their appreciation of the valuable advice and support received from Hinduja Automotive Ltd., UK (formerly LRLIH Limited) and Ashok Leyland Limited.

The Directors wish to express their gratitude to the Government of India, the Government of Tamil Nadu, the Government of Andhra Pradesh and other government agencies. They also thank the Company's Bankers, Shareholders, Customers, Suppliers and all the employees for their continued support.

On behalf of the Board of Directors

Chennai
April 30, 2010

R J Shahaney
Chairman

Annexure A to the Directors' Report

A) CONSERVATION OF ENERGY

The Company continued its efforts to optimize energy utilization through energy audit, better energy management and introduction of new energy efficient burners in oil and gas fired furnaces, also re-engineering the manufacturing flow to avoid idle movements and time, effective operation of high frequency/high power density induction Furnaces along with production processes optimization and total cold box for all cores including water jackets. Thermal curing process like shell core making is minimal.

Through the above measures, there has been considerable saving in energy consumption in the last three years and efforts continue to further increase the savings. After installation of medium frequency, high power density induction furnaces, further efforts have been made to improve power factor and reduce harmonic values and thus reduce energy consumption.

After installation of screw compressors use of compressed air and loss due to transmission is being reduced to bring down the energy consumption. Best loading factors are achieved in compressors. After installation of cold box process from hot box, process standardization is being carried out to reduce core wastes and thus reduce specific power usage per unit of production.

At the new Sriperumbudur Unit, a number of measures have been implemented for energy conservation such as:

- energy management system installed in the Induction Furnaces to ensure optimum power consumption.
- Auto pour facility with holding power is installed to avoid wastages/spillages of liquid metal and to optimize the pouring temperatures avoiding unnecessary superheating and wastage of energy.
- molding and sand plant have best energy consumption norms per specific unit of product.
- a high speed auto core line with Robotics

has been installed which has minimal rejections and high speed output.

- the design of the gas fired oven for core baking with natural aspirated burners is Spanish and helps to reduce gas consumption substantially compared to Indian design. Exercise of modifying the Indian design ovens will be taken up shortly.
- Study is being done to improve the in- mold cooling of castings to avoid conventional heat treatments of castings and save energy.

The Company also continues to focus on non-conventional energy resources like wind power, gas power, etc.

B) TECHNOLOGY ABSORPTION

Research & Development (R & D)

1. Specific areas in which R & D is carried out by the Company:

- System software has been developed to validate design, manufacturing and product.
- The Company has successfully developed indigenous technology compacted graphite iron for cylinder blocks and heads.
- The Company has successfully developed 4 Valve cylinder heads.
- Solidification simulation has been introduced in the R & D Centre for new product development to improve yield and casting quality and to reduce the number of trials in developing new products. Existing products will also be revisited to optimize casting yield and defect reduction. As a system, it has been introduced in the validation of Running System of casting along with retained Stress in the casting.
- Alternate materials, core washes including the substitute for imported

Annexure B to the Directors' Report

core wash and alternate method for core assemblies have been standardized to improve productivity. Internal cleanliness and finish of the castings has improved also with hypoblast cleaning.

- Efforts are on to work with customers for new casting designs including weight optimization.

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

- Reduction in development time for new products
- Meeting the new engine design requirements
- Use of improved material for the tools and dies

3. Future Plan of Action:

- Installation of automatic robot core line for high-end block castings. This facility for car blocks is already commissioned.
- Development of automated commercial vehicle cylinder block line to meet future engine requirements
- Re-engineering of existing process flow to optimize output

4. Expenditure on R & D:

- a) Capital : Rs. 23.81 lakhs
- b) Recurring : Rs.503.09 lakhs
- c) Total : Rs.526.90 lakhs
- d) Total R & D expenditure as a percentage of total turnover : 1.35 %

Technology Absorption, Adaptation and Innovation:

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

The following have been achieved in Sriperumbudur Unit:

Successful implementation of pre-machining facilities for car blocks

- Successful implementation of auto pour facility
- Installation of a new on-line sand control unit
- Successful machining of cylinder blocks and heads made using compacted graphite

In addition to the above, aluminum cylinder heads have been developed for diesel engines from LPDC to GDC.

2. Benefits derived as a result of above efforts:

The Company is keeping itself ahead in technology and is geared to play a pioneering role in the foundry industry in relation to future engine requirements.

3. Other information:

a) Technology imported

Appropriate prototype technology for development of commercial vehicle blocks and heads has been imported.

b) Has technology been fully absorbed, if not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action.

The technology so imported has been used in relation to the product for which it is intended. As a further step, utilizing the same in other related areas is contemplated.

c) Foreign Exchange Earnings and Outgo:

Details of earnings and outgo of foreign exchange are given in notes to the Accounts. The Company continues to strive to improve the export earnings.

Annexure B to the Directors' Report

Report on Corporate Governance

1. Philosophy on Code of Corporate Governance

Hinduja Foundries Limited (HFL) believes that Corporate Governance is a systemic process, which enhances the wealth-generating capacity of the Company through efficient conduct of business. The Company is committed to improve its service to all the stakeholders through transparency and professionalism in all decisions and by maintaining high standards of ethics, integrity and accountability in letter and spirit.

2. Board of Directors

i. Composition and membership in other Boards and Board Committees

The Company's Board comprises of ten directors headed by a Non-Executive Chairman. The composition and category of the Board as on March 31, 2010 and the number of other Directorships/ Committee Memberships held by them are as under:

Category	Name	Membership	
		Other Boards	Other Board Committees
Non Executive Directors			
Promoter Group	Mr. D G Hinduja (Co Chairman)	6 (As Chairman - 1)	2
	Mr. A Spare	2	-
	Mr. F Sahami	1	1
	Mr. Prabal Banerji	4	2 (As Chairman)
Connected with Associate Companies	Mr. R Seshasayee	10 (As Chairman - 2)	1
Independent	Mr. R J Shahaney (Chairman)	2 (As Chairman - 1)	1 (As Chairman)
	Mr. D J Balaji Rao	9 (As Chairman - 1)	8 (As Chairman - 3)
	Mr. S Ragothaman	6	3 (As Chairman- 2)
	Mr. Narender Nagpal	-	-
Executive Director	Mr. V Mahadevan (Managing Director)	-	-
Alternate Directors	Mr. Y M Kale (Alternate to Mr. Hinduja)	3	1 (As Chairman)
	Mr B Swaminathan (Alternate to Mr A Spare)	-	-

Notes:

- Other Directorships exclude Foreign Companies, Private Limited Companies and Alternate Directorships.

Annexure B to the Directors' Report

- b. Only Membership in Audit Committees and Shareholders'/Investors' Grievance Committee (other than HFL) are reckoned for other Board Committee Memberships.
- c. Mr P N Ghatalia, Director expired on August 12, 2009 and Dr C B Rao resigned from the Board on December 22, 2009.

ii. Board Meetings and attendance at Board Meetings and Annual General Meeting (AGM)

The Board of Directors met six times during the year 2009-10 and the details are as follows:

Date of meeting	Board Strength	No. of Directors present
May 14, 2009	12	11
June 15, 2009	12	6
June 19, 2009	12	6
July 29, 2009	12	12
October 31, 2009	11	11
January 22, 2010	10	7

The following are the details of attendance of each director at the Board Meetings and last AGM held on July 29, 2009:

Name of Director	No. of Board Meetings attended	Attendance at AGM
Mr. R J Shahaney	6	Yes
Mr. D G Hinduja	3	Yes
Mr. D J Balaji Rao	6	Yes
Mr. P N Ghatalia	2	Yes
Mr. S Ragothaman	6	Yes
Dr. C B Rao	4	Yes
Mr. Narender Nagpal	4	Yes
Mr. F Sahami	3	Yes
Mr. R Seshasayee	5	Yes
Mr. A Spare	3	Yes
Mr. Prabal Banerji	5	Yes
Mr. V Mahadevan	6	Yes
Mr. Y M Kale (Alternate to Mr. D G Hinduja)	-	No
Mr. B Swaminathan (Alternate to Mr. Anders Spare)	1	No

3. Audit Committee

i. Terms of reference

The terms of reference of the Audit Committee is same as specified in Clause 49 of the Listing Agreement with the Stock Exchanges. These also fully comply with the requirements of Section 292A of the Companies Act, 1956.

Annexure B to the Directors' Report

ii. Composition

The Committee comprises of the following members:

Sl. No	Name	Category
01	Mr. D J Balaji Rao – Chairman	Non-Executive, Independent
02	Mr. P N Ghatalia (Upto 11/08/2009)	Non-Executive, Independent
03	Mr. S Ragothaman	Non-Executive, Independent
04	Mr. F Sahami	Non-Executive, Promoter Group

All members of the Committee have financial knowledge. The Chairman of the Committee was the Deputy Managing Director of ICICI Limited and also the Managing Director of Infrastructure Development Finance Company Limited. The other three members are qualified finance professionals.

Managing Director, Chief Financial Officer, Head of Internal Audit, Operating Heads of the manufacturing units and representatives of the Statutory Auditors are invitees to the Audit Committee and the Company Secretary is Secretary to the Committee.

The Limited Review Report on the quarterly results, annual audit plan, compliance with accounting standards, audit observations on the Annual Accounts and other related matters are discussed by the Audit Committee. The significant observations of the Internal Audit Department and the follow-up action on matters raised are also reviewed by the Committee.

iii. Meetings and attendance

Date of meeting	Committee Strength	No. of Directors present
May 14, 2009	4	4
June 15, 2009	4	2
July 28, 2009	4	4
October 31, 2009	3	3
January 22, 2010	3	2

4. Remuneration Committee

i. Terms of reference

The Committee, subject to the overall limits approved by the Members, determines the remuneration payable to the Managing Director including the quantum of variable component and annual increments. The proposals of the Committee are placed before the Board for approval.

ii. Composition, Meetings and attendance

The Remuneration Committee comprises of three non-executive Directors. Mr. S Ragothaman, an independent director is the Chairman of the Committee and Mr. R J Shahaney and Mr. D G Hinduja are the other members. The Company Secretary is Secretary to the Committee.

The Committee met on May 14, 2009 to determine the remuneration of the Managing Director for the year 2009-10 and to consider payment of remuneration over and above the limits prescribed under the Companies Act, 1956 with the approval of the Central Government. All the members were present at the meeting.

Annexure B to the Directors' Report

iii. Remuneration policy

The following is the managerial remuneration policy of the Company:

a. For Managing Director:

The remuneration to Managing Director consists of fixed and variable components. The fixed component includes salary, allowances and other perquisites. The variable component is linked to the performance of the Company and the incumbent. It is paid in the form of commission on the net profits as recommended by the Committee. MD is not eligible to receive sitting fees.

b. For Non-executive Directors:

The Non-executive Directors are paid sitting fees for attending the Board and Committee Meetings as per the stipulations in the Companies Act, 1956 and the Articles of Association of the Company. In addition to this the travel and other expenses incurred for attending the meetings are reimbursed. The Company has no pecuniary relationship or transactions with any non-executive director.

iv. Remuneration paid /payable for 2009-10

a. Non-executive Directors – Sitting fees (excluding reimbursement of travel and other expenses incurred on company's business)

Name of Director	Amount Rs.
Mr. R J Shahaney	300000
Mr. D G Hinduja	160000
Mr. D J Balaji Rao	260000
Mr. P N Ghatalia	120000
Mr. S Ragothaman	400000
Dr. C B Rao	80000
Mr. Narender Nagpal	80000
Mr. F Sahami	120000
Mr. R Seshasayee	300000
Mr. A Spare	60000
Mr. Prabal Banerji	120000

b. Managing Director

Description	Amount Rs.
Salary & allowances	69,84,000
Contribution to Provident and other Funds	3,88,000
Perquisites*	24,00,000
Commission	NIL
Total	97,72,000

* Certain perquisites are valued as per the provisions of the Income Tax Act.

Annexure B to the Directors' Report

Mr. Mahadevan, Managing Director is under contract of employment with the Company which stipulates a notice period of 3 months from either side. No severance fee is payable to the Managing Director and no Employee Stock Option has been offered by the Company.

5. Shareholders'/Investors' Grievance Committee

i. Terms of reference

The Committee oversees redressal of shareholders and investor grievances and approves issue of share certificates arising out of loss/destruction, sub-division, consolidation, rematerialization etc. The details of transfer, transmission and transposition of shares approved by the Managing Director are also placed before the Committee.

ii. Composition, Meetings and attendance

The Committee comprises of Mr. R J Shahaney as Chairman and Mr. S Ragothaman, Mr. R Seshasayee and Mr. V Mahadevan as other Members. The Company Secretary is the Compliance Officer. The following are the details of the meetings and attendance of the Committee:

Date of meeting	Strength	No. of Members present
May 14, 2009	4	4
July 29, 2009	4	4
October 31, 2009	4	4
January 22, 2010	4	4

iii. Details of complaints received and redressed

During the year 22 complaints were received, which were redressed to the satisfaction of the complainants. There were no pending complaints as at the year- end.

6. General Body Meetings

i. Details of Annual General Meetings and Special Resolutions:

AGM	Year	Venue	Date	Time
47	2007	Rani Seethai Hall 603, Anna Salai Chennai 600 006	July 20, 2007	2.00 p.m.
48	2008	Rani Seethai Hall 603, Anna Salai Chennai 600 006	July 31, 2008	3.15 p.m.
49	2009	Rani Seethai Hall 603, Anna Salai Chennai 600 006	July 29, 2009	3.15 p.m.

All special resolutions moved in the last three AGMs were passed with requisite majority on show of hands by the shareholders present at the meeting.

There were no resolutions requiring approval through postal ballot and no such resolution is being proposed.

Annexure B to the Directors' Report

7. Disclosures

- i. There were no materially significant related party transactions that had potential conflict with the interests of the Company at large.
- ii. There have been no instances of non-compliance by the Company on any matters related to the capital markets nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.
- iii. The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreements with the Stock Exchange.

8. Means of communication

As stipulated under Clause 41 of the Listing Agreement, the Quarterly Results are published in one English National Newspaper (Business Standard) and one Tamil Newspaper (Dinamalar) within 48 hours of the conclusion of the Board meeting in which the results are approved. They are also displayed in the website of the Company www.hindujafoundries.com

The Company's website also displays official press/news releases and several other details/information of interest to various stakeholders.

A Management Discussion and Analysis Report is being presented as part of the Directors' Report.

9. General shareholder information

i. 50th Annual General Meeting

Day	:	Wednesday
Date & time	:	July 28, 2010 – 2.00 p.m.
Venue	:	Rani Seethai Hall, 603 Anna Salai, Chennai 600 006

ii. Financial Calendar

FINANCIAL YEAR 2010-11

First quarter results	Second week of August 2010
Second quarter results	Second week of November 2010
Third quarter results	Second week of February 2011
Audited Results for the year 2010-11	Before end of May 2011

iii. **Book Closure dates** July 16, 2010 to July 28, 2010

iv. **Dividend payment date** N.A.

v. Listing / Stock Code of equity shares

NAME OF EXCHANGE	STOCK CODE
Madras Stock Exchange Limited (MSE)	HFL
Bombay Stock Exchange Limited (BSE)	505982
National Stock Exchange of India Limited (NSE)	HINDUJAFO

Annexure B to the Directors' Report

vi. Market Price Data

Month & Year	BOMBAY STOCK EXCHANGE				NATIONAL STOCK EXCHANGE			
	Share Price (Rs.)		Sensex		Share Price (Rs.)		Nifty Junior	
	High	Low	High	Low	High	Low	High	Low
Apr-09	71.80	52.50	11491.10	9546.29	72.00	54.25	5466.40	4297.45
May-09	95.95	61.60	14930.54	11621.30	91.20	61.00	7544.45	5380.05
Jun-09	104.50	56.25	15600.30	14016.95	105.90	59.00	8169.25	7326.80
Jul-09	95.60	63.50	15732.81	13219.99	95.60	65.90	8537.45	6931.70
Aug-09	109.90	91.00	16002.46	14684.45	111.00	89.00	8697.40	7971.60
Sep-09	141.75	102.00	17142.12	15356.72	142.00	101.00	9373.50	8374.75
Oct-09	147.90	127.05	17493.17	15805.20	148.50	127.00	10094.90	9044.70
Nov-09	168.90	127.00	17290.48	15330.56	170.00	137.75	10096.50	8865.50
Dec-09	172.00	152.50	17530.94	16577.78	176.00	152.00	10456.75	9952.80
Jan-10	172.70	140.00	17790.33	15982.08	179.80	145.60	10896.50	9646.60
Feb-10	163.00	96.50	16669.25	15651.99	163.50	94.00	10287.25	9903.15
Mar-10	113.95	93.10	17793.01	16438.45	116.70	93.50	10822.40	10137.45

vii. Registrar and Transfer Agents

All share registry work in respect of both physical and demat segments are handled by a single common agency M/s Integrated Enterprises (I) Ltd., II floor, "Kences Towers" 1, Ramakrishna Street, off North Usman Road, T Nagar, Chennai 600 017 as the Registrar and Transfer Agent (R&TA) of the Company for all aspects of Investor servicing relating to shares.

viii. Share Transfer System

The authority relating to transfer, transmission and transposition of shares are vested with the Shareholders'/Investors' Grievance Committee. In order to speed up the process of transfer related activities, the said Committee has authorized the Managing Director to approve all routine transfer, transmission and transposition of the shares.

ix. Distribution of shareholding as on March 31, 2010

Range	Shareholders		Shares	
	Number	%	Number	%
UPTO 100	5392	65.10	244960	1.32
101 - 200	1321	15.95	207071	1.11
201 - 500	1054	12.72	352487	1.89
501 - 1000	295	3.56	222988	1.19
1001 - 5000	175	2.11	368994	1.98
5001 - 10000	16	0.19	115399	0.61
10001 AND ABOVE	29	0.37	17163063	91.90
	8282	100.00	18674962	100.00

Annexure B to the Directors' Report

x. Shareholding pattern as on March 31, 2010

Sl. No.	Category	No. of holders	No. of shares	%
A	Promoters			
1	- Hinduja Automotive Limited UK	1	96,29,496	51.56
2	- Ashok Leyland Ltd	1	34,24,449	18.34
	Total Promoter holding	2	1,30,53,945	69.90
B	Others			
1	Residents (individuals/clearing members)	8026	21,04,709	11.27
2	Financial Institutions/ Insurance Co./Banks/ UTI	3	114039	0.61
3	Foreign Institutional Investors	4	2069352	11.08
4	Bodies Corporate	180	503548	2.70
5	Directors & relatives \$	3	1,479	0.01
6	Non Resident Indians	62	34000	0.18
7	Trusts	1	240	0.00
8	Overseas Depository for GDRs	1	7,93,650	4.25
	Total non promoter holding	8,280	5621,017	30.10
	Total	8,282	1,86,74,962	100.00

\$ Includes shares held by Mr. R J Shahaney 384, Mr. D J Balaji Rao 183 and Mrs. Sunitha Shahaney 912.

xi. Dematerialization of shares and liquidity

The shares listed in BSE, NSE and MSE, are to be traded only in dematerialized form. The ISIN of the shares is INE291F01016.

The shares are traded on BSE and NSE, but no trading has taken place in MSE since December 2000.

As at March 31, 2010, 73,34,503 shares were held in dematerialized form representing about 39% of the total shares. The balance were held in physical form.

xii. Plant Locations :

Ennore	Kathivakkam High Road Ennore, Chennai 600 057
Hyderabad	Ductron Castings Unit IDA, Uppal Hyderabad 500 039
Sriperumbudur	Plot K-2, SIPCOT Industrial Park Arneri Village Sriperumbudur 602105 Kanchipuram District

Annexure B to the Directors' Report

xiii. Address for correspondence

Investors may contact the Registrar and Transfer Agent (R&TA) for matters relating to shares, dividends, annual reports and related issues at the following address:

M/s Integrated Enterprises (I) Ltd

II Floor, "Kences Towers",
No.1, Ramakrishna Street,
Off North Usman Road,
T Nagar, Chennai 600 017
Telephone: 044-28140801 - 03
Fax : 044-28142479
E-Mail : corpserv@iepindia.com

For other general matters or in case of any difficulties/grievances investors may contact:

Mr. V V Naresh

Company Secretary & Compliance Officer
Hinduja Foundries Limited
Kathivakkam High Road
Ennore
Chennai 600 057
Phone: 044- 25752103 /044-43563536
Fax : 044-25750390 /044 -43563534
E-mail: naresh@hindujafoundries.com
secretarial@hindujafoundries.com

Annexure B to the Directors' Report

Certification by Managing Director and Chief Financial Officer to the Board:

We, V. Mahadevan, Managing Director and V Sankar, Chief Financial Officer of Hinduja Foundries Limited hereby certify that

- a. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2010 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee that:
 - i) There has not been any significant change in the internal control over financial reporting during the year under review.
 - ii) There has not been any significant change in the accounting policies during the year requiring disclosure in the notes to the financial statements and
 - iii) To the best of our knowledge and belief, there was no instance of any significant fraud during the year with the involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

April 30, 2010
Chennai

V Mahadevan
Managing Director

V Sankar
Chief Financial Officer

Declaration on compliance with Code of Conduct

Pursuant to Clause 1 (D) of Clause 49 of the Listing Agreement, it is hereby affirmed that for the financial year ended March 31, 2010, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

April 30, 2010
Chennai

V Mahadevan
Managing Director

Annexure C to the Directors' Report

Auditors' Certificate on Corporate Governance

To the members of **Hinduja Foundries Limited,**

We have examined the compliance of conditions of Corporate Governance by Hinduja Foundries Limited for the year ended March 31, 2010, as stipulated in Clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of the conditions of the 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 the 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 explanation given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned listing agreement.

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

As per our report of date

For Fraser & Ross
Chartered Accountants
Firm's Regn No:000829S

Bhavani Balasubramanian
Partner
Membership No.022156

Chennai
April 30, 2010

For S.R.Batliboi & Associates
Chartered Accountants
Firm's Regn No:101049W

S Balasubrahmanyam
Partner
Membership No. 053315

Annexure D to the Directors' Report

Management Discussion and Analysis Report

1. The Global Foundry Scenario

In the developed world, production of castings has become expensive due to rising labour costs and difficult due to shortage of skilled labour and increasingly stricter environmental norms. The number of foundries in the USA has declined by about one third over the last 20 years. Many foundries have shut down in Europe due to non-availability of skilled manpower and difficulties in compliance with environmental norms. Both USA and EU have a cost disadvantage against developing countries. As a result many foreign automotive manufacturers and their tier 1 suppliers have started tapping the developing countries. According to American Foundry Society, US imports are forecast to rise 5% per year for the next 7 years to reach 3 million tonnes. A similar situation exists in EU as well. China continues to be the leader in foundries, even ahead of developed countries like US, Russia, Japan and Germany, while India was ranked 4th in the production of castings.

According to 43rd census of world casting production, the total casting production was 93.50 million metric tonnes of which India's contribution was only 6.80 million metric tonnes.

The Indian Foundry Scenario

There are over 5,000 foundries in India of which nearly 90% are small and medium enterprises. There are only 10 foundries in the country with a scale of production comparable to leading world players. Presently the estimated built up capacity in India is around 7.50 metric tonnes annually but the current production level is around 6.80 metric tonnes. (Source: Indian Institute of Foundrymen).

2. Opportunities and Threats

Opportunities

With the projected economic growth after the meltdown in domestic market, the Foundry industry is poised for continued demand growth.

The new facility created will be making full use of the demand growth.

Threats

The continuing power cuts imposed during 2009-10 due to gaps in demand and supply can impact the running of the Foundry.

Nonavailability of quality raw material at the present price can also have an impact on the operations.

3 Outlook

Demand, Market and Performance

In 2009-10 Automotive sector have started recovering from the global meltdown and posted a growth by 8 to 10%. In the current year 2010-11, overall market is expected to grow by 15%. We have already secured orders from existing and new Customers for new castings. HFL will be concentrating to stabilize the existing domestic business and also more attention will be given to overseas business to reach the targeted growth in export business.

Our existing customers from all segments viz. Commercial vehicle industry, cars and tractor segment have indicated significant volume increase as compared to previous years.

The new customers from international and domestic markets, for whom we are developing castings, are also positive about the demands.

The capacities created recently at the new units are expected to be better utilized during the year. Supply of castings to new customers will start during this year.

The machining facilities being set up will also be adding value. Many customers are expecting the Foundry to supply castings after machining which will be met from these facilities. Additional investments are also planned.

The auto core facility now installed will be used for supplying high quality castings to meet quality standards of leading customers.

Annexure D to the Directors' Report

4 Risks and concerns

The following are the major risks and concerns relating to the operations of the Company:

Input costs in general and scrap prices in particular are volatile. The Company has established reliable sources for import of scrap to contain the impact.

The commercial vehicles segment is a cyclical sector in India. Accordingly, there is a risk that if the commercial vehicles sector experiences a period of sustained low growth or negative growth, our business is very likely to be affected.

The management is enlarging the customer base in other segments to reduce the share of commercial vehicle segment.

Our manufacturing facilities are subject to operating risks usually associated with Foundry operations.

5 Internal control systems and their adequacy

The Company has an in-house Internal Audit Department (IAD) headed by a qualified Chartered Accountant. The adequacy and the effectiveness of the internal controls are reviewed by the IAD periodically. The issues are discussed with the unit operations and finance heads then and there and wherever required corrective steps are taken. Significant deviations are also discussed at the Audit Committee meetings and actions taken are reported.

The system of internal controls focus on safety of assets, correct recording of transactions and prompt reporting thereon, review of business plan and capital investment, compliance with various applicable statutes, and internal operating guidelines of the company.

The system of internal audit is designed to

bring out material weaknesses in the internal control system of the organization especially those areas which escape the grips of regular control mechanism. These control weaknesses are reviewed periodically and corrective steps taken wherever required.

6 Financial performance vis a vis operational performance

Net sales for the year was Rs.39154.46 lakhs as compared to Rs.36312.53 lakhs during the previous year. The price of all major input items were very volatile during the entire year.

Net Profit for the year was Rs. 64.61 lakhs as against a loss of Rs.(1859.06) lakhs during the year 2008-09.

Gross production in Iron foundries was 66235 tonnes compared to 57,008 tonnes in the previous year. Sales for the year 2009-10 were 57074 tonnes against 48,041 tonnes in the previous year.

In the Aluminum foundry, gross production was 750 tonnes compared to 1,158 tonnes in the previous year. Sales were at 627 tonnes compared to 1,089 tonnes in the previous year.

During the year, the Company incurred capital expenditure of Rs.1106 lakhs compared to Rs.5,551 lakhs in the previous year.

As on March 31, 2010 net current assets were at Rs.20,850 lakhs compared to Rs 17,458 lakhs as at March 31, 2009.

7 Human Resources

HFL focuses on creating, retaining talents and enhancing learning, attracting new talents, improving productivity are the key focus points for the Company. As at March 31, 2010 the Company had 2911 employees.

Annexure E to the Directors' Report

Directors' Responsibility Statement as per section 217 (2AA) of the Companies Act 1956

Responsibility in relation to financial statements

The financial statements have been prepared in conformity, in all material respects, with the generally accepted accounting principles in India and the accounting standards prescribed by Institute of Chartered Accountants of India, (ICAI) in a consistent manner and supported by reasonable and prudent judgements and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on March 31, 2010 and of the results of operations for the year ended March 31, 2010.

The financial statements have been audited by M/s Fraser & Ross and M/s S R Batliboi & Associates, Statutory Auditors in accordance with generally accepted Auditing Standards, which include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

Going Concern

In the opinion of the Directors, the Company will be in a position to carry on its existing business and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.

Maintenance of Accounting Records and Internal control

The Company has taken proper and sufficient

care for the maintenance of adequate accounting records as required by the Statute.

Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities.

The system of internal control is monitored by Internal Audit function, which encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors, and reports significant issues to the Audit Committee of the Board.

Audit Committee supervises financial reporting process through review of accounting and reporting practices, financial and accounting controls and financial statements. Audit Committee also periodically interacts with Internal and Statutory Auditors to ensure quality and veracity of Company's accounts.

Internal Auditors, Audit Committee and Statutory Auditors have full and free access to all the information and records as considered necessary to carry out their responsibilities. All the issues raised by them have been suitably acted upon and followed up.

Annexure F to the Directors' Report

Information as per Section 217(2A) (b) (ii) read with the Companies (Particulars of Employees) Rules, 1975

SL. No	Name	Age	Designation / Nature of Duties	Remuneration	Qualification	Total Experience (Years)	Date of commencement of Employment	Last Employment Held
1	Bapujee M A #	59	Plant Director - DCU	2,469,894	B.E., PGD (SQC & OR)	36	1-Jan-07	GM - Operations, Ashok Leyland Limited
2	Janagan A	59	ED (Product Development) & Quality	4,825,330	B.E. M.Tech. Ph. D	32	4-Aug-76	-
3	Krishnamachari D	54	Special Director-Manufacturing	3,575,046	M.Tech (Mech)	30	11-Apr-08	Head (Projects & Engineering) Tube Investments Of India Limited
4	Mahadevan V	61	Managing Director	9,772,000	B.E	39	5-Sep-03	Special Director - Mfg, Ashok Leyland Limited
5	Prasad K N #	46	Plant Director - SPU	3,852,193	B. Tech (Mech.)	23	18-Jan-08	GM - Quality, Toyota Kirloskar Auto Parts Ltd., Bangalore
6	Raman K #	53	Plant Head - Ennore	413,414	B.E (Production Engineering)	31	5-Feb-10	COO-Forging, Caparo Engineering Pvt Limited
7	Ramesh K #	52	Special Director-HR	2,654,418	M.A (Economics), BGL	28	14-Jun-09	Group HR-Head,Auro Mira Energy Company Private Limited
8	Sankar V	52	Chief Financial Officer	5,136,915	B.Com, FCA	26	1-Jan-06	CFO, Midas Communication Technologies Pvt. Ltd.
9	Sundar L Y	60	Special Director-Projects	3,080,142	B.E (Elec. Engg.)	34	11-Jan-08	Chief Operating Officer, Kores India Limited, Pune
10	Vasudevan V	54	General Manager-Commercial	2,696,491	MBA	30	21-Oct-07	AGM-Auto Components Business Group,Ashok Leyland Limited

Employed for part of the year

- Note:**
1. Remuneration shown above is subject to tax and comprises Salaries, Bonus, Allowances, Medical Benefits, Leave travel Assistance as applicable in accordance with the Company's Rules, Commission, Company's contribution to Provident Fund and Superannuation Fund and perquisites evaluated as per Income Tax Rules. In addition to the above, the employees are entitled to Gratuity.
 2. All appointments are contractual.
 3. None of the above employees is a relative of any Director of the Company.

Report of The Auditor's to the Members

To

The Members of Hinduja Foundries Limited

1. We have audited the attached Balance Sheet of Hinduja Foundries Limited as at March 31, 2010, 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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.
4. 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;

As per our report of date

For Fraser & Ross

Chartered Accountants
Firm's Regn No:000829S

Bhavani Balasubramanian

Partner
Membership No.022156

Chennai
April 30, 2010

- 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 the written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the 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;
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R.Batliboi & Associates

Chartered Accountants
Firm's Regn No:101049W

S Balasubrahmanyam

Partner
Membership No. 053315

Annexure to the Auditor's' Report

Annexure referred to in paragraph 3 of our report of even date to the Members of Hinduja Foundries Limited for the year ended March 31, 2010

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (b) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under Section 301 during the year.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-Section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, value added tax, wealth-tax, service tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, income-tax, customs duty, wealth-tax, excise duty and cess on account of any dispute, are as follows:

Annexure to the Auditor's' Report

Name of the statute	Nature of dues	Amount (Rs.inLakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty including penalty*	22.64	1998-99	Hon'ble High Court of Madras
Cenvat Credit Rules, 2004	Service tax credit	14.74	2007-08	**Refer note below
Cenvat Credit Rules, 2004	Service tax credit	153.48	October 2008 to September 2009	**Refer note below
Cenvat Credit Rules, 2004	Service tax credit ***	384.47	June 2006 to September 2007	Customs, Excise and Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales tax#	15.40	2003-04 and 2004-05	Appellate Deputy Commissioner
Income Tax Act, 1961	Income tax	67.70	2007-08	Commissioner of Income Tax (Appeals)

* Net of Rs 61.13 lakhs being deposit paid under protest.

** Appeal yet to be filed as the time limit for filing the appeal has not elapsed.

*** The Company has obtained a stay from Customs Excise and Service Tax Tribunal.

Net of Rs 31.55 lakhs being deposit paid under protest.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures.
- (xx) The Company has not raised any money by public issues during the year as defined under SEBI (Disclosure and Investor Protection) Guidelines, 2000. However, as described in detail in Note No 3.2 to the financial statements, the Company is in the process of completing a Rights Issue.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

As per our report of date

For Fraser & Ross

Chartered Accountants
Firm's Regn No:000829S

Bhavani Balasubramanian

Partner
Membership No.022156

Chennai
April 30, 2010

For S.R.Batliloi & Associates

Chartered Accountants
Firm's Regn No:101049W

S Balasubrahmanyam

Partner
Membership No. 053315

Balance Sheet as at March 31, 2010

	Schedules	March 31, 2010 Rs. Lakhs	March 31, 2009 Rs. Lakhs
Shareholders' Funds			
Share Capital	1.1	4,034.16	4,034.16
Reserves and Surplus	1.2	<u>31,098.04</u>	<u>31,108.17</u>
		35,132.20	35,142.33
Loan Funds			
Secured Loans	1.3	<u>23,675.59</u>	21,551.25
Unsecured Loans	1.4	<u>20,858.70</u>	<u>15,040.00</u>
		44,534.29	36,591.25
Deferred Tax Liability (net)	1.5	<u>907.00</u>	877.00
Total		80,573.49	<u>72,610.58</u>
Application of Funds			
Fixed Assets			
Gross Block	1.6	<u>63,187.48</u>	62,112.45
Less: Accumulated Depreciation		<u>14,089.45</u>	11,983.84
Net Block		<u>49,098.03</u>	<u>50,128.61</u>
Capital Work-in-progress (CWIP)		<u>10,622.51</u>	4,872.10
		59,720.54	55,000.71
Investments	1.7	2.50	2.50
Current Assets, Loans and Advances			
Inventories	1.8	<u>12,611.83</u>	9,757.41
Sundry Debtors	1.9	<u>13,029.06</u>	8,085.78
Cash and Bank Balances	1.10	<u>83.90</u>	46.56
Other Current Assets	1.11	<u>407.18</u>	-
Loans and Advances	1.12	<u>7,123.31</u>	<u>7,154.93</u>
		33,255.28	25,044.68
Less: Current Liabilities and Provisions			
Current Liabilities	1.13	<u>11,947.02</u>	7,114.31
Provisions	1.14	<u>457.81</u>	<u>472.20</u>
		12,404.83	7,586.51
Net Current Assets		20,850.45	17,458.17
Miscellaneous Expenditure (to the extent not written off or adjusted)	1.15	<u>-</u>	<u>149.20</u>
Total		80,573.49	<u>72,610.58</u>
Notes to Financial Statements	3		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For **Fraser & Ross**
Chartered Accountants
Firm's Regn No:000829S

Bhavani Balasubramanian
Partner
Membership No.022156

For **S.R.Batliboi & Associates**
Chartered Accountants
Firm's Regn No:101049W

S Balasubrahmanyam
Partner
Membership No. 053315

For and behalf of the Board

R J Shahaney
Chairman

V Mahadevan
Managing Director

N Kothandapani
Company Secretary

V Sankar
Chief Financial Officer

Place: Chennai
Date : April 30, 2010

Profit and Loss Account for the year ended March 31, 2010

	Schedules	March 31, 2010 Rs. Lakhs	March 31, 2009 Rs. Lakhs
Income			
Gross Sales Less Returns		42,408.47	41,410.85
Less: Excise duty		3,261.93	5,221.76
Net Sales Less Returns	2.1	39,146.54	36,189.09
Conversion charges	2.2	7.92	123.44
Other Income	2.3	991.95	650.68
		40,146.41	36,963.21
Expenditure			
Materials consumed	2.4	20,126.63	19,158.37
Decrease / (Increase) in inventories	2.5	(2,706.97)	(2,251.27)
Power and Fuel		5,576.66	5,275.26
Other Expenses	2.6	11,296.70	11,768.55
		34,293.02	33,950.91
		5,853.39	3,012.30
Less:			
Finance charges (Net)	2.7	3,697.73	2,649.01
Depreciation / amortisation		2,116.98	2,248.68
Less: Transfer from revaluation reserve (Refer note 3.3.3)		25.93	26.33
		2,091.05	2,222.35
Profit / (Loss) before tax		64.61	(1,859.06)
Provision for tax			
Current tax [includes reversal of tax relating to earlier years - Rs Nil (Previous year : Rs 142 lakhs)]		15.00	(142.00)
Less: Minimum alternative tax entitlement credit		(15.00)	-
Deferred tax		30.00	(580.00)
Fringe benefit tax		-	61.00
Total tax expense		30.00	(661.00)
Profit / (Loss) after tax		34.61	(1,198.06)
Balance brought forward from previous year		10.82	1,542.21
Profit available for appropriation		45.43	344.15
Appropriations:			
Transfer to Capital Redemption Reserve		-	333.33
Surplus carried to Balance Sheet		45.43	10.82
Basic and diluted earnings per share of face value Rs.10/- each (Previous year Rs.10/- each) (Refer Note 3.21) (In Rs.)		(0.63)	(7.30)

Notes to Financial Statements

3

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For **Fraser & Ross**
Chartered Accountants
Firm's Regn No:000829S

Bhavani Balasubramanian
Partner
Membership No.022156

For **S.R.Batliboi & Associates**
Chartered Accountants
Firm's Regn No:101049W

S Balasubrahmanyam
Partner
Membership No. 053315

For and behalf of the Board

R J Shahaney
Chairman

V Mahadevan
Managing Director

N Kothandapani
Company Secretary

V Sankar
Chief Financial Officer

Chennai
April 30, 2010

Cash Flow Statement as at March 31, 2010

	March 31, 2010 Rs. Lakhs	March 31, 2009 Rs. Lakhs
A. Cash Flow from Operating Activities		
Net profit / (loss) before tax	64.61	(1,859.06)
Adjusted for		
Depreciation / Amortisation	2,091.05	2,222.35
Finance charges (net)	3,697.73	2,649.01
(Profit) on disposal of Fixed assets	(3.26)	(26.58)
Amortisation of VRS Expenses	149.20	151.76
Unrealised exchange variations(Net)	(280.66)	-
Provision for doubtful debts (Net of writeback)	(5.47)	34.00
Operating profit before working capital changes	5,713.20	5,030.54
Changes in		
Trade and other receivables	(5,836.48)	(960.68)
Inventories	(2,854.42)	(3,201.37)
Trade Payables	5,021.11	33.09
Cash generated from operations	2,043.41	(4,128.96)
Direct taxes paid - net of refunds	(11.06)	(957.48)
Compensation paid under Voluntary Retirement Scheme	-	(365.33)
Net cash from generated / (used in) operating activities	2,032.35	(279.44)
B. Cash Flow From Investing Activities		
Purchase of fixed assets (including CWIP)	(7,454.01)	(5,659.94)
Purchase of investments	-	(1.50)
Proceeds from sale of fixed assets	22.30	55.12
Interest received	25.77	120.06
Net Cash used in investing activities	(7,405.94)	(5,486.26)
C. Cash Flow From Financing Activities		
Proceeds from issue of share capital	-	6,007.08
Share issue expense	(18.81)	(138.14)
Redemption of Preference Shares	-	(333.34)
Proceeds from long term borrowings	9,930.80	8,586.15
Repayment of long term borrowings	(611.10)	(3,692.82)
Finance charges	(3,889.96)	(2,718.94)
Equity dividend paid including tax	-	(436.98)
Preference dividend paid including tax	-	(175.49)
Net cash generated from financing activities	5,410.93	7,097.52
Net change in cash and cash equivalents	37.34	9.01
Cash and Cash Equivalents - Opening Balance	46.56	37.55
Cash and Cash Equivalents - Closing Balance	83.90	46.56
Components of cash and cash equivalents Refer Schedule 1.10		

As per our report of even date

For **Fraser & Ross**
Chartered Accountants
Firm's Regn No:000829S

Bhavani Balasubramanian
Partner
Membership No.022156

For **S.R.Batliboi & Associates**
Chartered Accountants
Firm's Regn No:101049W

S Balasubrahmanyam
Partner
Membership No. 053315

For and behalf of the Board

R J Shahaney
Chairman

V Mahadevan
Managing Director

N Kothandapani
Company Secretary

V Sankar
Chief Financial Officer

Chennai
April 30, 2010

Schedules to the Balance Sheet

	March 31, 2010 Rs. Lakhs	March 31, 2009 Rs. Lakhs
1.1 Share Capital		
Authorised		
30,000,000 (Previous Year 30,000,000) equity shares of Rs.10/-each	3,000.00	3,000.00
4,500,000 (Previous Year 4,500,000) Preference shares of Rs.100/- each	4,500.00	4,500.00
	<u>7,500.00</u>	<u>7,500.00</u>
Issued		
18,787,369 (Previous year 18,787,369) equity shares of Rs.10/- each [Refer Note (a) below]	1,878.74	1,878.74
1,500,000 (Previous year 1,500,000) 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each [Refer Note (b) below]	1,500.00	1,500.00
1,000,000 (Previous year 1,000,000) 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each [Refer Note (c) below]	1,000.00	1,000.00
	<u>4,378.74</u>	<u>4,378.74</u>
Subscribed and paid up		
18,674,962 (Previous year 18,674,962) equity shares of Rs.10/- each fully paid-up [Refer Note (a) below]	1,867.50	1,867.50
1,500,000 (Previous year 1,500,000) 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each fully paid [Refer Note (b) below]	1,500.00	1,500.00
1,000,000 (Previous year 1,000,000) 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each fully paid [Refer Note (c) below]	666.66	1,000.00
Less: Redeemed during the year	<u>- 666.66</u>	<u>333.34</u>
	<u>4,034.16</u>	<u>4,034.16</u>
Note:		
a) Of the 18,674,962 equity shares :		
i. 358,857 equity shares were allotted as fully paid-up pursuant to a contract for consideration other than cash in earlier years.		
ii. 9,629,496 (Previous year 9,629,496) equity shares are held by the holding company, Hinduja Automotive Limited, UK.		
iii. 2,142,476 equity shares were allotted as fully paid up Bonus Shares by capitalisation of general reserve, share premium and capital reserve in earlier years.		
b) 1,500,000 6% Redeemable non-convertible cumulative preference shares of Rs. 100/- each issued to Ashok Leyland Limited on 19th March, 1999 are redeemable at par during the period April 2011 to April 2013.		
c) 1,000,000 6% Redeemable non-convertible cumulative preference shares of Rs. 100/- each issued to Ashok Leyland Limited on 12th November, 2003 are redeemable at par during the period April 2008 to April 2010. Out of the above, an amount of Rs.333.33 lakhs has been redeemed in April 2008. Redemption due on April 2009 and April 2010 has been rescheduled to April 2012 and April 2013 respectively.		
1.2 Reserves and Surplus		
Capital Redemption Reserve	333.33	333.33
Securities Premium		
As per last Balance Sheet	10,949.03	5,318.19
Add: Amounts received during the year	-	5,768.98
Less: Adjusted against share issue expenses	<u>18.81</u>	<u>138.14</u>
	10,930.22	10,949.03
Fixed assets revaluation reserve		
As per last Balance Sheet	18,925.74	378.67
Add: Additions	-	18,573.40
Less: Incremental depreciation for the year on revaluation	<u>25.93</u>	<u>26.33</u>
	18,899.81	18,925.74
General Reserve		
As per last Balance Sheet	889.25	1,132.25
Less: Exchange gain on Restatement	<u>-</u>	<u>(243.00)</u>
	889.25	889.25
Profit and Loss Account	45.43	10.82
	<u>31,098.04</u>	<u>31,108.17</u>

Schedules to the Balance Sheet

	March 31, 2010 Rs. Lakhs	March 31, 2009 Rs. Lakhs
1.3 Secured Loans		
Term loans		
From Banks	15,436.02	14,916.23
Other loans from Banks:		
Working capital loan	1,255.00	839.11
Cash credit	6,972.49	5,757.13
Others		
Finance lease obligation (Refer Note No. 3.11)	<u>12.08</u>	<u>38.78</u>
	<u>23,675.59</u>	<u>21,551.25</u>
Repayable within 12 months - Term Loans	2,666.66	5,777.78
<p>The Term Loan of Rs. 4,717.54 lakhs (Previous year Rs. 3,864.42 lakhs) from Karur Vysa Bank is secured by a paripassu first charge on the fixed assets of the Company.</p> <p>The Term Loan of Rs. 6,551.82 lakhs (Previous year Rs. 6,885.15 lakhs) from IDBI Bank is secured by a paripassu first charge on the fixed assets of the Company.</p> <p>The Term Loan of Rs. 1,666.66 lakhs (Previous year Rs. 1,666.66 lakhs) from State Bank of Travancore is secured by hypothecation of Fixed Assets and movable properties by way of paripassu first charge along with other term loan lenders.</p> <p>The Term Loan of Rs. Nil lakhs (Previous year Rs. 2,500.00 lakhs from IFCI is secured by paripassu first charge on the entire fixed assets of the Company)</p> <p>The Term Loan of Rs. 2,500 lakhs (Previous year Rs. Nil lakhs) from Canara Bank is secured by paripassu first charge on the entire fixed assets and also paripassu second charge on the current assets of the Company.</p> <p>The working capital loan and cash credit from bankers are secured by a first charge on current assets and a paripassu second charge on the fixed assets of the Company.</p>		
1.4 Unsecured Loans		
External Commercial Borrowing from a bank	9,028.00	10,190.00
Intercompany Deposit	7,200.00	-
Short term loan from banks	<u>4,630.70</u>	<u>4,850.00</u>
	<u>20,858.70</u>	<u>15,040.00</u>
Repayable within 12 months	11,830.70	4,850.00
1.5 Deferred Tax Liability (net)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	<u>2,819.00</u>	<u>2,937.00</u>
Gross Deferred Tax Liabilities	2,819.00	2,937.00
Deferred Tax Assets		
Unabsorbed Depreciation	(1,851.00)	(1,778.00)
Provision for doubtful debts	(56.00)	(49.00)
Effect of expenditure debited to the profit and loss account in the current year but allowable for tax purposes in following years	<u>(5.00)</u>	<u>(233.00)</u>
Gross Deferred Tax Assets	<u>(1,912.00)</u>	<u>(2,060.00)</u>
Deferred Tax Liability (net)	<u>907.00</u>	<u>877.00</u>

Schedules to the Balance Sheet

1.6 Fixed Assets

Rs. in Lakhs

Description	Cost					Depreciation / Amortisation				Net Block as at March 31, 2010	Net Block as at March 31, 2009	
	As at April 1, 2009	Additions on account of revaluation	Additions	Deductions	As at March 31, 2010	As at April 1, 2009	For the year		Deductions			As at March 31, 2010
							on cost *	on revalued amount				
TANGIBLE ASSETS												
Freehold Land @ # §	22,496.15	-	-	-	22,496.15	-	-	-	-	-	22,496.15	22,496.15
Leasehold Land	1,660.41	-	-	-	1,660.41	104.13	34.42	-	-	138.55	1,521.86	1,556.28
Buildings @ &	8,580.69	-	78.21	-	8,658.90	1,564.73	267.02	23.78	-	1,855.53	6,803.37	7,015.96
Plant and Machinery @	21,967.74	-	344.93	6.01	22,306.66	7,380.95	1,191.24	-	2.18	8,570.01	13,736.65	14,586.79
Service Installations @	2,115.82	-	(55.46)	-	2,060.36	676.51	94.60	-	-	771.11	1,289.25	1,439.31
Electrical Installations @ ^	1,979.65	-	265.34	-	2,244.99	583.34	99.38	2.15	-	684.87	1,560.12	1,396.31
Patterns and Dies	865.25	-	155.89	15.10	1,006.04	491.36	77.87	-	-	569.23	436.81	373.89
Fixtures **	384.80	-	82.41	-	467.21	141.81	20.71	-	-	162.52	304.69	242.99
Office Furniture	289.89	-	(0.81)	0.09	288.99	54.20	19.00	-	0.09	73.11	215.88	235.69
Office Machinery	775.56	-	223.71	0.17	999.10	301.95	112.76	-	0.02	414.69	584.41	473.61
Motor Vehicles **	229.96	-	11.62	9.44	232.14	71.64	21.14	-	9.48	83.30	148.84	158.32
INTANGIBLE ASSETS												
Technical Know How	618.96	-	-	-	618.96	495.17	123.79	-	-	618.96	-	123.79
Goodwill	147.57	-	-	-	147.57	118.05	29.52	-	-	147.57	-	29.52
	62,112.45	-	1,105.84	30.81	63,187.48	11,983.84	2,091.45	25.93	11.77	4,089.45	49,098.03	50,128.61
Capital Work-In-Progress at Cost *											10,622.51	4,872.10
											59,720.54	55,000.71
Previous year figures	38,184.98	18,573.40	5,550.72	196.65	62,112.45	9,902.88	2,222.74	26.33	168.11	11,983.84	55,000.71	-

§ As at March 31, 2009 the Company had revalued its entire freehold land of manufacturing units at Ennore and Uppal. These were revalued to reflect the current value of the same based on Valuation Report of Registered Valuer dated 25th May, 2009. The valuation has been carried based on the present market price and/ or the guideline value. The difference of Rs.18,573.40 Lakhs between the revalued amount and book value thereof has been credited to Fixed Assets Revaluation Reserve.

@ includes upward revaluation made on 31st March 1992.

Acquired land from Andhra Pradesh Industrial Infrastructure Corporation Limited on 09.08.2007 for a consideration of Rs.1,500 Lakhs. As per the terms of "Agreement for Sale", the registration of the land in favour of the Company will be completed only if the company commences commercial production within two years from the date of allotment of land, but the Andhra Pradesh government has extended the period till 31st March 2012.

** Includes Assets on Lease: Cost Rs. 71.72 Lakhs (Previous Year Rs. 71.72 Lakhs); Written Down Value Rs. 55.03 Lakhs (Previous year Rs.61.84 Lakhs). - Refer Note 3.11 of Schedule 3

& Buildings include Cost : Rs.145.37 Lakhs (Previous year Rs. 145.37 Lakhs) and Written Down Value Rs. 115.41 Lakhs (Previous year Rs. 130.83 Lakhs) in respect of expenditure incurred on capital assets, the ownership of which does not vest in the Company.

^ Electrical installations include Cost : Rs. 98.17 Lakhs (Previous year Rs. 76.50 Lakhs) and Written Down Value Rs.50.84 Lakhs (previous year Rs. 61.20 Lakhs) in respect of expenditure incurred on capital assets, the ownership of which does not vest in the Company.

* Depreciation on assets capitalised relating to TCU project, amounting to Rs.0.40 lakhs (previous year 0.39 lakhs) is debited to Capital Work In Progress Account.

*** Consequent to realignment in the rupee value on foreign exchange, there has been a decrease of Rs.1,162 lakhs (Previous year increase of Rs.2,196 lakhs) in the Company's liability for repayment of External Commercial Borrowings. Additions to fixed assets are net of this exchange gain.

1.7 Investments

Non-Trade - Unquoted (Cost less provision for diminution in value, if any) Long Term

25,000 shares (Previous year 25,000) of Rs.10/- each in OPG Energy (P) Ltd	2.50	2.50
	<u>2.50</u>	<u>2.50</u>

1.8 Inventories (at lower of Cost and Net realisable value)

Stores and Spare parts	1,379.17	1,296.53
Raw Materials	1,687.79	1,956.23
Work-in-progress	8,811.02	6,329.89
Finished Goods	282.53	56.69
Bought out materials	92.26	91.41
Materials-in-transit	359.06	26.66
	<u>12,611.83</u>	<u>9,757.41</u>

Schedules to the Balance Sheet

	March 31, 2010 Rs. Lakhs	March 31, 2009 Rs. Lakhs
1.9 Sundry Debtors (Unsecured)		
Over six months:		
Considered good	3,617.73	593.52
Considered doubtful	<u>138.50</u>	<u>143.97</u>
	3,756.23	737.49
Less: Provision for doubtful debts	<u>138.50</u>	<u>143.97</u>
	3,617.73	593.52
Other debts - Considered good	<u>9,411.33</u>	<u>7,492.26</u>
	<u>13,029.06</u>	<u>8,085.78</u>
Included in Sundry Debtors are:		
Dues from companies under the same management		
Ashok Leyland Limited	6,446.82	2,937.03
1.10 Cash and Bank Balances		
Cash in hand	2.66	3.18
Balance with Scheduled banks		
On current accounts	79.78	41.85
On unpaid dividend account	<u>1.46</u>	<u>1.53</u>
	83.90	46.56
1.11 Other Current Assets (Unsecured and considered good)		
Amount Recoverable from TNEB (Refer note no 3.4)	<u>407.18</u>	-
	407.18	-
1.12 Loans and Advances (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received *	3,581.72	3,591.15
Interest accrued on deposits	37.81	18.82
MAT Credit entitlement	308.45	293.45
Advance payments of tax (net of provisions)	504.67	496.43
Balance with customs, central excise	1,295.99	1,115.82
Deposits	<u>1,394.67</u>	<u>1,639.26</u>
	7,123.31	7,154.93
* Includes capital advances	152.50	716.37
Included in Loans and Advances are:		
Dues from a company under the same management		
Ashok Leyland Limited	397.99	318.20
Maximum amount outstanding during the year	397.99	318.20
Due from Managing Director of the Company (Refer note no 3.19)	45.84	40.61
Maximum amount outstanding during the year	45.84	40.61
1.13 Current Liabilities		
Dues to Micro and Small Enterprises (Refer Note 3.6)	-	-
Dues to Creditors other than Micro and Small Enterprises	7,393.31	5,357.50
Advance from Customer	2,500.00	-
Other Liabilities	2,001.66	1,568.34
Unclaimed Fixed Deposits *	0.25	0.94
Unclaimed Interest on Fixed Deposits *	0.12	0.14
Unclaimed Debentures *	-	0.38
Unclaimed Interest on Debentures *	-	0.01
Unclaimed Equity Dividend *	1.46	1.53
Interest accrued but not due on loans	<u>50.22</u>	<u>185.47</u>
	<u>11,947.02</u>	<u>7,114.31</u>
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on March 31, 2010 and March 31, 2009.		
1.14 Provisions		
Provision for Leave encashment	81.81	68.20
Provision for Gratuity (Refer Note 3.20)	<u>376.00</u>	<u>404.00</u>
	457.81	472.20
1.15 Miscellaneous Expenditure (to the extent not written off or adjusted)		
Amortization of voluntary retirement scheme		
As per last Balance Sheet	149.20	21.52
Add: Payment made during the year	-	279.44
Less: Amortized during the year	<u>149.20</u>	<u>151.76</u>
	-	149.20

Schedules to the Profit and Loss Account

	For the year ended March 31, 2010 Rs. Lakhs		For the year ended March 31, 2009 Rs. Lakhs	
2.1 Sales less Returns	Tonnes		Tonnes	
Ferrous Castings	57,074	34,864.62	48,041	31,915.70
Non-ferrous Castings	613	1,227.61	902	2,167.14
Miscellaneous Order Jobs (Quantification not feasible)		3,054.31		2,106.25
		<u>39,146.54</u>		<u>36,189.09</u>
2.2 Conversion charges				
Non-ferrous castings	14	7.92	187	123.44
2.3 Other Income				
Profit on disposal of assets		3.26		26.58
Claim for refund of electricity tax on maximum demand charges (Refer note no 3.4)		407.18		-
Provision no longer required written back			119.28	
-				
Exchange variation (Net)		330.29		103.80
Miscellaneous Income		131.94		520.30
		<u>991.95</u>		<u>650.68</u>
2.4 Materials consumed				
i) Raw materials consumed:				
Opening Stock	1,956.23		1,187.96	
Add: Purchases	13,429.88		14,603.47	
	<u>15,386.11</u>		<u>15,791.43</u>	
Less: Closing stock	<u>1,687.79</u>		<u>1,956.23</u>	
		<u>13,698.32</u>		13,835.20
ii) Stores and spares consumed		5,619.37		4,751.58
iii) Bought out materials		808.94		571.59
		<u>20,126.63</u>		<u>19,158.37</u>
2.5 (Increase) / Decrease in inventories:				
Opening:				
Work-in-progress	6,329.89		3,939.05	
Finished Goods	56.69		196.26	
	<u>6,386.58</u>		<u>4,135.31</u>	
Closing:				
Work-in-progress	8,811.02		6,329.89	
Finished goods	282.53		56.69	
	<u>9,093.55</u>		<u>6,386.58</u>	
		<u>(2,706.97)</u>		<u>(2,251.27)</u>

Schedules to the Profit and Loss Account

	For the year ended March 31, 2010 Rs. Lakhs	For the year ended March 31, 2009 Rs. Lakhs
2.6 Other Expenses		
Salaries, Wages and Bonus *	6,132.09	6,155.86
Contribution to Provident, Gratuity, Superannuation and Other Funds	791.42	860.24
Compensation under Voluntary Retirement Scheme	149.20	151.76
Welfare expenses **	1,176.35	1,093.84
Rent	31.22	17.84
Rates and taxes	63.13	45.28
Repairs and maintenance of plant and machinery ***	693.89	691.90
Repairs and maintenance of buildings ****	61.88	103.29
Insurance	40.89	45.12
Directors' sitting fees	20.00	12.50
Audit fees and expenses \$		
- Audit fees	12.00	12.00
- Tax audit	2.00	2.00
- Certifying statements to Government and others	2.75	4.80
- Out of pocket expenses	1.79	2.41
	<u>18.54</u>	<u>21.21</u>
Increase / (decrease) of Excise duty on Inventory (Refer note no 3.24)	24.48	(17.93)
Provision for doubtful debts (Net of writeback)	(5.47)	34.00
Fettling / Machining Charges	1,427.74	1,057.76
Other expenses	1,237.50	1,878.01
	<u>11,862.86</u>	<u>12,150.68</u>
Less: Expenditure capitalised	(566.16)	(382.13)
	<u>11,296.70</u>	<u>11,768.55</u>
* Includes Research and Development	2.30	2.10
** Includes Stores consumed	240.60	206.13
*** Includes Stores consumed	424.11	513.93
**** Includes Stores consumed	7.26	23.63
\$ Rs.6.30 lakhs paid towards Certification work in connection with Rights Issue has been adjusted against balance in securities premium account.		
2.7 Finance charges (Net)		
(i) Interest on Fixed Loans		
To Banks	2,026.32	1,501.25
ii) Other Interest		
To Banks	1,726.35	1,201.65
To Others @	(54.94)	(53.89)
	<u>3,697.73</u>	<u>2,649.01</u>
@ Net of interest received from Customers/Others(Refer Note 3.5)	56.95	68.20

Notes to the Financial Statements

3.1 Background of the Company

The Company was incorporated in the year 1959 and commenced commercial production in the year 1961. The Company is a part of the Hinduja group of companies and is listed in the Bombay, Madras and National Stock Exchanges. The Company is engaged in the business of manufacture of grey iron and aluminum gravity die-castings for automobiles, compressors, industrial engines, power generators and tractors, as well as for defence and marine applications.

3.2 Rights issue

Consequent to the approval of the members in their meeting held on July 29, 2009, the Company has offered for subscription 10,055,749 equity shares of Rs.10/- each at a premium of Rs 40/- per share aggregating to Rs. 5027.87 lakhs, to the existing shareholders on a rights basis, in the ratio of 7 equity shares for every 13 fully paid up equity shares. The offer was open for subscription from March 27, 2010 to April 10, 2010.

The issue was oversubscribed by 22 % and the basis of allotment has been finalized in consultation with the Bombay Stock Exchange.

3.3 Significant Accounting Policies

3.3.1 Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Notified accounting standard issued by Companies (Accounting Standards) Rules, 2006, as amended, and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis except in case of assets which are revalued. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

3.3.2 Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from these estimates.

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from those estimates.

3.3.3 Fixed Assets and depreciation

Fixed assets are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any. Net increase in fixed assets on account of revaluation is credited to the Revaluation Reserve account.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Notes to the Financial Statements

Depreciation on fixed assets is provided using the straight-line method based on useful economic life as estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956.

For the following assets the depreciation rates are higher than the rates prescribed by Schedule XIV:

	Rates (SLM)
Leasehold Land	5%
Plant and machinery	10.34– 25%

Individual assets costing Rs 5,000 or less are depreciated in full in the year of purchase. After impairment if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

The incremental depreciation on account of enhancement in the value of major fixed assets on revaluation is charged against Fixed Assets Revaluation Reserve.

Assets acquired under Hire Purchase/Finance Lease agreements are capitalized and finance charges thereon are expensed over the period of agreements.

Developmental costs relating to Leasehold land is amortized over the period of 20 years.

Intangibles

Goodwill and technical know-how fees are amortized using the straight-line method over a period of five years.

3.3.4 Inventory

Raw materials, stores and spares are valued at lower of cost and net realizable value. Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes material, labour and appropriate allocated overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

3.3.5 Borrowing costs

Borrowing costs that are directly attributable to the cost of acquisition, construction, or production of a qualifying asset is capitalized as part of that asset, other borrowing costs are recognized as expense in the period in which they are incurred.

3.3.6 Employee benefits

Gratuity liability is a defined benefit obligation and is provided for based on actuarial valuation performed in accordance with the projected unit credit method, as at the balance sheet date and is funded with LIC.

Short term compensated absences / leave encashment are provided for based on the eligible leave at credit on the balance sheet date and the estimated cost is based on the terms of the employment contract. Long term compensated absences are provided for based on actuarial valuation as at the balance sheet date using projected unit credit method.

Notes to the Financial Statements

Contributions to Provident fund, Employee pension fund, Superannuation fund and cost of other benefits are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. The Company has no further obligations under the plan beyond its monthly contributions.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

3.3.7 Revenue recognition

Revenue including income on miscellaneous order jobs is recognised when the significant risks and rewards of ownership of goods have been passed to the buyer, which generally coincide with the dispatch of goods. Revenue comprises amounts invoiced for goods sold including excise duty but net of sales returns. Revenues are reported exclusive of sales tax and Value Added Tax (VAT).

Revision in prices subsequent to sale is recognised when accepted by the customers.

Sales returns are accounted on receipt of rejected materials in Company's premise.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Insurance Claims

Insurance claims are recognised when the amount thereof can be measured reliably and ultimate collection is reasonably certain.

3.3.8 Voluntary Retirement Scheme

The compensation paid towards Voluntary Retirement Scheme (VRS) is amortized such that no amounts are carried forward beyond March 31, 2010.

3.3.9 Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably / virtually certain that future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of

Notes to the Financial Statements

Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

3.3.10 Foreign Currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before 31st March, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

3.3.11 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

As at the reporting date, the Company has not issued any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

3.3.12 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet

Notes to the Financial Statements

date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

3.3.13 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

3.3.14 Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

3.3.15 Leases

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 recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

3.3.16 Investments

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

- 3.4 Claim for refund of electricity tax on maximum demand charges amounting to Rs.407.18 lakhs represents electricity tax paid for the period September 1991 to November 2009 recoverable from Tamil Nadu Electricity Board (TNEB). The amount has been accounted based on a Supreme Court decision delivered in May 2007 and legal opinions obtained by the Company.
- 3.5 Tax deducted at source from conversion charges is Rs 0.34 Lakh (Previous year Rs.7.57 Lakhs) and interest income earned is Rs 12.18 Lakhs (Previous Year Rs. 10.38.Lakhs).
- 3.6 There are no amounts payable to Micro, Small and Medium Enterprises as defined under the

Notes to the Financial Statements

Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.

3.7 Capital Commitments and Export obligations

S.No	Particulars	2009-10 Rs in lakhs	2008-09 Rs in lakhs
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	4,942.39	3,837.06
b)	Export obligations on account of duty free import of capital goods	15,094.18	12,666.51

3.8 Contingent liabilities

a)	Revision in property tax contested by the Company in the High Court of Madras	21.30	21.30
b)	Surcharge on self generation of power	40.73	37.89
c)	Dividend on 6% Redeemable preference shares	130.00	131.66
d)	Sales tax, income tax and excise demands against which the Company has filed appeals and for which no provision is considered necessary as the Company is hopeful of successful outcome in the appeals, based on judicial pronouncements	683.41	58.10

S.No	Name of the Statute	Nature of Dues	Amount Rs. Lakhs	Period	Forum where dispute is pending
1	Central Excise Act, 1944	*Excise duty including penalty (Previous Year Rs.58.10 Lacs)	83.77	1998-99	Hon'ble High Court of Madras
2	Cenvat Credit Rules, 2004	Service Tax credit	14.74	2007-08	** Refer note below
3	Cenvat Credit Rules, 2004	Service Tax credit	153.48	October 2008 to September 2009	** Refer note below
4	Cenvat Credit Rules, 2004	***Service Tax credit	384.47	June 2006 to September 2007	Customs, Excise and Service Tax Appellate Tribunal
5	Central Sales Tax Act, 1956	#Sales tax	46.95	2003-04 and 2004-05	Appellate Deputy Commissioner
			683.41		

Notes to the Financial Statements

- * Out of the above, amounts of Rs.61.13 Lakhs (Previous Year Rs.35.46 Lakhs) have been deposited with the concerned authorities.
- ** Appeal yet to be filed as the time limit for filing the appeal has not elapsed.
- ***The Company has obtained a stay from Customs, Excise and Service Tax Tribunal and Appellate Deputy Commissioner on the above demands.
- # Out of the above, amount of Rs.31.55 Lakhs have been deposited with the concerned authorities.

Note: Show cause notices have not been considered as contingent liabilities.

- e) The Tamil Nadu Government has issued notification levying additional charge on High Tension Industries, having Arc furnaces at 25% of the power consumption effective 1st December 2001 till 15th March 2003. Pursuant to this notification all companies which have an arc furnace will have to pay additional surcharge on their power consumption when these furnaces emit effluents exceeding certain thresholds. Though the Company has not received any demand in this regard, the notification has been challenged by the Company before the High Court of Madras. The High Court has granted interim stay.

Subsequently, TNERC passed an order imposing 15 %Arc furnace additional charge effective March 16, 2003. The Company also filed an affidavit stating that it had installed in 1999, harmonic filters to contain the harmonic levels. The Hon'ble Madras High Court after hearing the case on October 8, 2003, directed TNEB to verify the installation of harmonic filters by the Company and report back the status. Though the verification is done, TNEB has not filed the report in the High Court and the case is yet to come up for further hearing. The Management believes that the final impact is not ascertainable pending the receipt of report from TNEB.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are reasonable chances of successful outcome of appeals.

3.9 Related Party disclosure

List of parties where control exists

Holding Company:	Hinduja Automotive Limited (formerly 'LRLIH Ltd'), UK
Fellow Subsidiary:	Ashok Leyland Limited
Entity under common control	Nissan Ashok Leyland Powertrain Limited
Other related party	
Key Managerial Personnel:	Mr. V Mahadevan, Managing Director.

Transactions/balance with related parties

Particulars	Relationship	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs
Sales of goods	Fellow Subsidiary	20,020.97	17,453.33
Purchases of materials	Fellow Subsidiary	584.26	2,060.72
Amount Receivable	Fellow Subsidiary	6,446.82	2937.03
Loan availed and repaid during the year	Fellow Subsidiary	5,900.00	300.00
Advance received during the year	Fellow Subsidiary	2,500.00	-
Dues	Fellow Subsidiary	397.99	318.20
Amount Payable	Fellow Subsidiary	192.20	9.62
Advance Received	Entity under common control	85.00	-
Advance from customer	Fellow Subsidiary	2,500.00	-

Remuneration paid to managing director is disclosed in Note No 3.19.

Notes to the Financial Statements

3.10 Segment Reporting

The Company's business is confined to only castings. Accordingly, the Company operates in a single business segment. Further, the Company markets its products primarily in the domestic markets. Hence there are no reportable geographical segments.

3.11 Details of Lease Payments due - For acquisition of a vehicle

i) Reconciliation of Total minimum Lease payment and their present value

	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs
Total minimum Lease payments	12.08	38.78
Less : Future liability on account of interest	0.86	3.24
Present value of payments	11.22	35.54

ii) Future Lease Rentals payable

	2009-10 Rs. Lakhs	2008-09. Rs. Lakhs
As at the Balance Sheet date	12.08	38.78
Not later than one year	12.08	26.47
Later than one year and not later than five years	-	12.31

3.12 Raw Materials Consumed

Particulars	2009-10		2008-09	
	Tonnes	Value	Tonnes	Value
Pig Iron	2,664	546.70	2,179	520.91
Steel Scrap	41,563	8,175.08	37,679	8,876.99
Iron Scrap	14,101	2,656.98	8,340	1,566.04
Carboriser	1,706	420.99	1,540	482.70
Ferro Alloys	1,722	1,204.35	1,421	1,189.97
Aluminium Alloy	762	694.22	1,136	1,198.59
Total		13,698.32		13,835.20

3.13 Consumption of Raw Materials, Stores & Spares and Bought out Materials

Particulars	2009-10		2008-09	
	% of total Consumption	Rs. Lakhs	% of total Consumption	Rs. Lakhs
Imported	15.33%	3,190.10	9.36%	1,863.34
Indigenous	84.67%	17,608.50	90.64%	18,038.72
Total	100.00	20798.60	100.00	19,902.06

Notes to the Financial Statements

3.14 Finished Goods

	Particulars	2009-10		2008-09	
		Tonnes	Rs. Lakhs	Tonnes	Rs. Lakhs
a)	Opening Stock				
	Ferrous Castings	20	18.97	205	130.17
	Non-Ferrous Castings	17	37.72	29	66.09
b)	Closing Stock				
	Ferrous Castings	314	209.61	20	18.97
	Non-Ferrous Castings	36	72.92	17	37.72

3.15 Capacity and Production

Particulars	2009-10		2008-09	
	Installed Capacity (Tonnes)	Production (Tonnes)	Installed Capacity (Tonnes)	Production (Tonnes)
Ferrous and Non-Ferrous Castings*	125,000	58,014	125,000	48,934
*Includes Production on conversion basis	-	14	-	187

Licensed capacity is not applicable.

Note:

The production figures shown are balancing figures, ascertained on the basis of opening stock, sales (net of returns) and closing stock.

3.16 Value of Imports (Calculated on CIF basis)

Particulars	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs
Raw Materials	1,584.89	3,661.55
Components and Spare parts	55.67	49.30
Capital Goods	3,376.57	514.77

3.17 Expenditure in Foreign Currencies (on accrual basis)

Particulars	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs
Travelling*	2.84	16.79
Consultants Fees*	-	55.74
Technical Know-how Fees #	-	147.46
Agency Commission	-	0.89
Interest on External Commercial Borrowings	210.55	415.72

*Included in Schedule 2.6 ('expenses')

#Included in Schedule 1.6 ('Fixed Assets')

Notes to the Financial Statements

3.18 Earnings in foreign currency (on accrual basis)

Particulars	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs
Export – FOB Value	6.63	307.28

3.19 Information regarding Managerial remuneration paid during the year

Particulars	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs
Salary	69.84	65.81
Contribution to Provident and other Funds	3.88	6.16
Perquisites	24.00	22.80
Total	97.72	94.77

As the future liabilities of gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Managing Director is not ascertainable separately and therefore not included above. Further, the remuneration payable to the Managing Director is not in accordance with the provisions of Section 198, 269, 309 etc read with Schedule XIII to the Companies Act, 1956. The remuneration paid for the year is higher than the maximum remuneration allowable, by Rs 45.84 lakhs. The Company has filed an application with the Central Government requesting for approval of the excess amount such paid. Pending such approval, the amount of Rs 45.84 lakhs has been shown as recoverable under Schedule 1.12 of the financial statements.

3.20 Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days basic salary (based on last drawn remuneration) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs
Current service cost	314	103
Interest cost on benefit obligation	168	135
Expected return on plan assets	(135)	(122)
Net actuarial(gain) / loss recognized in the year	(134)	206
Net benefit expense	213	320
Actual return on plan assets	9.24 %	9.23 %

Notes to the Financial Statements

Balance sheet

Reconciliation of present value of the obligation and the fair value of plan assets

	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs
Fair value of plan assets at the end of the year	1,912	1,626
Present value of funded obligation at the end of the year	(2,288)	(2,030)
Asset/(Liability) recognized in the balance sheet	(376)	(404)

Changes in the present value of the defined benefit obligation are as follows:

Present value of obligations as at the beginning of year	2,030	1,732
Interest cost	168	135
Current Service cost	314	103
Benefits paid	(105)	(171)
Actuarial (Gain) / Loss on obligation	(119)	231
Present value of obligations as at the end of year	2,288	2,030

Changes in the fair value of plan assets are as follows:

Fair value of plan assets at beginning of year	1,626	1,597
Expected return on plan assets	135	122
Contributions	241	71
Benefits paid	(105)	(171)
Actuarial gain on plan assets	15	7
Fair value of plan assets as at end of year	1,912	1,626

Experience adjustments in :

Plan Liabilities - loss / (gain)	(119)	231
Plan Assets - loss / (gain)	15	(7)

The principal assumptions used in determining gratuity and other post-employment benefit obligations for the Company's plans are shown below:

Particulars	2009-10	2008-09
	%	%
Discount rate	8	8
Expected rate of return on assets	8	8
Salary escalation	3	3

The fund is administered by Life Insurance Corporation of India. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

The details with respect to the composition of investments in the fair value of plan assets have not been disclosed in the absence of the aforesaid information.

Notes to the Financial Statements

3.21 Earnings Per Share

Particulars	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs
Net profit/ (loss) as per the profit and loss account	34.61	(1,198.06)
Less: Dividend attributable to preference shareholders (including tax)	152.09	154.04
Net loss as per the profit and loss account after preference dividend	(117.48)	(1,352.10)
Weighted average number of equity shares outstanding as at the end of the year	18,674,962	18,524,929
Basic and diluted earnings per share (In Rs)	(0.63)	(7.30)

3.22 Net dividend remitted in foreign exchange

Particulars	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs
Number of non-resident shareholders	-	1
Number of equity shares held on which dividend was due	-	9,629,496
Amount remitted (Rs in lakhs)	-	192.59
Currency of remittance	-	Euro
Year to which the dividend relates	-	2007-08

3.23 Expenditure incurred on Projects during Construction period (including amounts grouped under Capital work in progress)

a) Project: Greenfield Foundry, Sriperumbudur

Particulars	As at April 1, 2009	During 2009-10	As at March 31, 2010
Travelling and conveyance	46.07	2.74	48.81
Interest	258.30	323.52	581.82
Professional and consultancy charges	307.28	-	307.28
Others	93.69	76.74	170.43
Total	705.34	403.00	1108.34

b) Project: Toopran Castings Unit, Hyderabad

Particulars	As at April 1, 2009	During 2009-10	As at March 31, 2010
Salaries and wages	165.93	147.89	313.82
Travelling and conveyance	13.39	-	13.39
Interest	246.91	189.37	436.28
Rent	3.39	-	3.39
Rates and taxes	14.77	0.27	15.04
Compound wall	105.61	25.74	131.35
Depreciation on assets capitalized	0.48	0.39	0.87
Others	26.24	15.29	41.53
Total	576.72	378.95	955.67

Notes to the Financial Statements

3.24 Disclosure of Revenue from Sales Transactions as per Para 10 of Accounting Standard 9.

The total excise duty for the year excluding the excise duty related to difference between the closing stock and opening stock has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening stock has been disclosed in Schedule 2.6 "expenses".

3.25 Unhedged foreign currency exposure

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

Particulars	Amount (Foreign currency)		Amount (Rs. In Lakhs)	
	2010	2009	2010	2009
Loan payable	20,846,872 USD	20,000,000 USD	9,410.28	10,190.00
	2,887,097 EURO	-	1,748.42	-
Creditors payable	-	818,018 EURO	-	555.14
	-	54,120 USD	-	27.57

3.26 Previous year comparatives

Figures for the previous year have been regrouped wherever necessary to conform to the classification for the year.

As per our report of even date

For **Fraser & Ross**
Chartered Accountants
Firm's Regn No:000829S

For **S.R.Batliboi & Associates**
Chartered Accountants
Firm's Regn No:101049W

For and behalf of the Board

Bhavani Balasubramanian
Partner
Membership No.022156

S Balasubrahmanyam
Partner
Membership No. 053315

R J Shahaney
Chairman

V Mahadevan
Managing Director

N Kothandapani
Company Secretary

V Sankar
Chief Financial Officer

Chennai
April 30, 2010

Balance Sheet Abstract and Company's General Business Profile

Information as required under Part IV of Schedule VI to the Companies Act, 1956

I REGISTRATION DETAILS

Registration No. L 2 7 1 0 4 T N 1 9 5 9 P L C 0 0 3 8 4 9
 Balance Sheet Date 3 1 0 3 2 0 1 0 State code 1 8
 Date Month Year

II CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)

Public Issues NIL Rights Issue NIL
 Bonus Issue NIL Private Placement NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)

Total Liabilities 9 2 9 7 8 3 2 Total Assets 9 2 9 7 8 3 2

Sources of Funds

Paid-up Capital 4 0 3 4 1 6 Reserves and Surplus 3 1 0 9 8 0 4
 Secured Loans 2 3 6 7 5 5 9 Unsecured Loans 2 0 8 5 8 7 0
 Deferred Tax Liability 9 0 7 0 0

Application of Funds

Net Fixed Assets 5 9 7 2 0 5 4 Investments 2 5 0
 Net Current Assets 2 0 8 5 0 4 5 Misc. Expenditure NIL
 Accumulated Losses NIL

IV PERFORMANCE OF THE COMPANY (Amount Rs. in thousands)

Turnover 4 0 1 4 6 4 1 Total Expenditure 4 0 0 8 1 8 0
 Profit/ Loss Before Tax + - 6 4 6 1 Profit/ Loss After Tax + - 3 4 6 1
 Earnings per share in Rs. - 0 . 6 3 Dividend Rate % NIL

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

Item Code No.(ITC Code) 7 3 2 5 9 9 0 9 9 0
 Product Description F E R R O U S C A S T I N G S
 Item Code No.(ITC Code) 7 6 0 4 2 9 0 9
 Product Description N O N F E R R O U S C A S T I N G S

For and behalf of the Board

N Kothandapani
 Company Secretary

V Sankar
 Chief Financial Officer

R J Shahaney
 Chairman

V Mahadevan
 Managing Director

Chennai
 April 30, 2010

