Contents

Message from the Managing Director

Growth and Sustenance

Dear Shareholder,

Your company has been growing from strength to strength over the last five decades.

As the global economy recovers growth in both advanced economies and emerging/developing economies has outpaced initial expectations. This raises some hopes for sustained, though moderately paced global recovery during 2011. The downside risk to global growth arises from oil prices and significant sovereign and banking sector default risks. Global inflation risks have risen significantly over the last year, not just in emerging markets but also in advanced economies.

The Indian economy continues to stride ahead with robust and broad based real GDP growth for the current fiscal estimated to be at 8.6% and predictions for a 9% average growth over the next few years. Backed by a rise in the domestic saving and investment rates, a revival of growth in agriculture and resilience in the manufacturing and services sector, India has staged a commendable recovery post the global slowdown and is also poised for a promising medium and longer term future.

Growth momentum in 2011-12 is likely to be moderate compared to the fast pace trend witnessed during 2010-11. This is despite predicted normal monsoon, demand conditions and positive lead indicators for services. Higher interest rates will impact growth momentum during 2011-12.

High global crude oil and other commodity prices coupled with double digit inflation pose a risk to India's growth story.

The Auto Sector

The Indian industry and in particular the Auto sector is headed for a global expansion path. The Indian automobile industry is being touted to be near an inflection point. Currently, it is set to become the sixth largest passenger vehicle producer and has sold 2.9 million Passenger Vehicles, in 2010-11. With 550,000 tractors sold in 2010-11, India is the largest tractor manufacturer in the world and is also a strong player in commercial vehicles segment with 750,000 units produced and sold in 2010-11.

The Indian automobile sector has seen strong demand across segments in 2010-11, resulting in 26.17% volume growth. However, for 2011-12, in the backdrop of rising commodity prices and higher interest rates, growth could be down to 12-15%.

The increasing degree of affordability of popular cars is an early signal of a structural demand shift. According to SIAM, the annual car sales are projected to increase up to 5 million vehicles by 2015 and more than 9 million by 2020. Hence, this is an attraction for global players to come to India. This shift could lead to a sustained market growth but pressures from higher input material costs remain an overhang.

Having adequate Foundry capacity is critical to facilitate this explosive growth. The challenge lies, in not only meeting the demand, but equally, in sustaining the growth, given the depressing cyclicality of this sector.

The Foundry Scene

India has achieved the position of becoming the second largest casting manufacturer in the world producing 7.4 million MT per annum of castings overtaking US and Russia. China, at 35 million MT, continues to dominate the market contributing 43% to the global production. Almost 90% of castings produced in China are consumed in Asia itself. The industry in the USA is still in the downsizing phase brought about by non-availability of skilled labour and high input prices. Europe records a mixed story of growth and weakness with countries like Germany and France showing growth and expect to regain the output levels of 2008 by the year 2012. However, like USA, high input costs and lack of skilled labour continue to be the cause of shutting down several foundries.

In India, there are approx. 4500 units out of which 80% can be classified as small scale units and 10% each as Medium and Large Scale units. Only about 500 of these have International Quality Accreditation. In India, approx. 70% of total production is from Grey Iron and Hinduja Foundries Limited mainly operates in this segment. In the niche segment of cylinder Head and Block, your company continues to be the largest Indian casting manufacturer.

Hinduja Foundries has a robust order book, exceeding 140,000 metric tons of cast iron parts from marquee customers across India and abroad for the year 2011-12. Our challenge lies in meeting this enviable demand and more so, in the process, shaping out to be a reliable supplier of high quality castings.

Another initiative of ours is to move up the value stream by delivering blocks and heads duly pre-machined, which has the propensity to raise our quality levels substantially. We have committed ourselves to the task of building a robust supply chain to meet the stringent demands of the OEMs.

The company will be investing Rs. 700 million this fiscal towards equipment for capacity balancing and machining. We are equally focused in improving capacity utilization by 30%. Above all, we are implementing cost reduction measures and processes that will ensure reduction in rejections both of which will register healthier financial results. There are ambitious plans to expand our capacity and commence supplies in the larger weight segment of upto 500 kg casting weight.

We are building a performance driven and responsive management team to facilitate the future growth of the company.

I would like to thank you for your continued support and belief in the sustained growth and success of your company.

Yours Sincerely,

B. Swaminathan
Managing Director

General Information

Board of Directors	R Seshasayee Chairman	
	D G Hinduja Co-Chairman	(Alternate : Y M Kale)
	D J Balaji Rao	
	Jean Brunol	
	Jorma Antero Halonen	(from 01.05.2011)
	Narender Nagpal	
	S Ragothaman	
	F Sahami	
	Sridhar Venkiteswaran	(from 31.03.2011)
	B Swaminathan Managing Director	(from 01.05.2011)
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	BSR and Company 10, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034	
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. Lakhs)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
Income and Dividend					
Sales/Operating Income	55116	39154	36313	45142	39524
Other Income	569	992	546	147	288
Total Income	55685	40146	36859	45289	39812
Operating Profit	6688	5853	3012	5209	4089
Profit/Loss(-) Before Tax	845	65	(1859)	2590	2502
Profit/Loss(-) After Tax	748	35	(1198)	1692	1616
Dividend including Tax	-	-	-	612	1053
Assets Employed					
Net fixed Assets @ $	65282	59723	55003	29338	19297
Net Current Assets	33297	20829	17458	14100	9428
Other Assets/Expenditure not written off	334	21	149	22	24
Total	98913	80573	72610	43460	28749
Financed by					
Net Worth	40852	35132	35142	12501	11449
Borrowed Funds	57057	44534	36591	29502	16695
Deferred Tax Liability	1004	907	877	1457	605
Total	98913	80573	72610	43460	28749
General					
Sales Units - Tonnes	73170	57701	49130	74184	73056
Earning per share	2.09	(0.48)	(7.30)	9.31	8.87
Book value per share	133.49	176.41	175.78	61.24	54.78
@ includes addition on Revaluation of Fixed Assets	18885	18900	18926	379	407
$ includes investments of Rs.2.50 lakhs	1204.38	2.50	-	-	-

Report of the Directors

To

The Members:

Your Directors present the Fifty First Annual Report together with the audited Accounts of your Company for the year ended March 31, 2011.

Financial Results **(Rs. Lakhs)**

	2010-11	2009-10
Profit before tax/ (Loss)	844.84	64.61
Less: Provision for Taxation	97.19	30.00
Profit/(Loss) after Tax	747.65	34.61
Less : Transfer to General Reserve	747.65	34.61
Balance brought forward from last year	45.43	10.82
Less : Transfer to Capital Redemption Reserve	-	-
Balance available for appropriation	793.08	45.43
Appropriation:		
Dividend on preference shares	-	-
Tax thereon	-	-
Proposed dividend on equity shares	-	-
Tax thereon	-	-
Balance carried to balance sheet	793.08	45.43
Earnings per share	2.09	(0.48)

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. 55116.35 lakhs compared to Rs. 39154.46 lakhs in the previous year and earned a profit before tax of Rs. 844.84 lakhs against the profit before tax of Rs. 64.61 lakhs in the previous year. Total sales of ferrous and non-ferrous castings was higher at 73,170 tonnes compared to 57,701 tonnes in the previous year. Gross Production of ferrous and non-ferrous castings during the year increased to 88,545 tonnes from 66,235 tonnes in 2009-10.

Your company has expanded the customer base, which now includes Global OEMs in commercial vehicle, construction and passenger car industries.

Your company has been successful in increasing its domestic market share in the commercial vehicles, tractors and construction equipments and with supplies to international OEMs commencing in second half of 2011-12, it will be strengthening its market share in the passenger car segment as well.

Development of new products for new and existing customers is progressing as per schedule. In line with the latest developments, project implementations have been suitably planned based on customer requirements.

However, the company faced several challenges during the year, including severe power cuts, industrial relations and skill availability.

Technology Upgradation/Modernization

Your Company's drive for technology upgradation to gain an advantageous position in the market is moving ahead. Sriperumbudur unit is now producing contemporary blocks and heads for both commercial vehicles and tractor segments. Modernisation of Ennore (Eastland) plant has commenced in a modest way.

The company has commenced sale of machined castings , leading to better value realization.

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.

Your company is planning to bring an additional capital infusion of Rs. 125 crores to meet the funding requirements. It proposes to issue 1,66,63,812 shares of Rs.10 /- each at a premium of Rs.65/- per share on Rights basis in the ratio of 29 shares for every 50 shares presently held to all members whose names appear in the Register of Members as on Record Date to be fixed by the Board of Directors. This issue is expected to bring in funds of around Rs. 124.98 crores.

The resolutions for the proposed Rights Issue are placed for your approval.

Corporate Governance

With the appointment of Mr. R. Seshasayee as Chairman in place of Mr. R.J. Shahaney on 21st October, 2010, one half of the Board should comprise of Independent Directors.

As on 31st March, 2011, the company had 9 Directors on its Board, out of whom 4 were independent Directors. The company thus had time till 19th April, 2011 to comply with Clause 49(I)(C)(iv) of the Listing Agreement.

The company however, was not in compliance with Clause 49 of the Listing Agreement for a period of 12 days from 19th April, 2011. During this period the company did not hold any Board meeting and hence did not take any decisions. The company subsequently appointed an independent Director with effect from 01st May, 2011 thereby increasing the composition of independent Directors and hence complying with the Listing requirements.

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 onthe 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.

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, 2011 was Rs. 0.10 lakhs.

Directors

Mr. Sridhar Venkiteswaran, Mr. B. Swaminathan and Mr. Jorma Antero Halonen have been appointed as Additional Directors of the Company and will hold office till the ensuing Annual General Meeting (AGM). otices have been received from Members proposing their appotment as Directors of the Company at the AGM.

Mr. D.J. Balaji Rao, Mr. D.G. Hinduja and Mr. R. Seshasayee retire at the ensuing AGM and being eligible offer themselves for re-election.

Auditors

M/s. B S R and Company, Chartered Accountants, Chennai retire at the close of the ensuing AGM and are eligible for reappointment.

Personnel

Overall the Company enjoys good 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) Amendment Rules, 2011 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, 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
May 20, 2011

R Seshasayee
Chairman

A) CONSERVATION OF ENERGY

The Company continued its efforts to optimize energy utilization through energy audit, introduction of energy efficient machine tools, inbuilt control circuit to switch off the machines automatically if not in operation continuously for more than 5 minutes etc.

The manufacturing flow has been re-engineered to avoid unnecessary movements resulting in reduced energy consumption. Gas Fired melting furnace has been commissioned to mitigate the continued power cut situation in Tamil Nadu as also to use gas as an alternate source of power to melt virgin metal.

Efforts have been made to improve power factor and reduce harmonic variation in Medium Frequency Induction Furnace and thus reduce energy loss. Cold box core making process has replaced "Heated core process" which contributes to energy saving on a permanent basis. The Company has also maximized the yield per Mould Box thus reducing energy per casting produced.

Installation of screw compressors in place of reciprocating air compressors has resulted in energy saving.

At the new Sriperumbudur Unit, a number of measures has been implemented for energy conservation through improved furnace lining, high speed robotics core line etc.

The Company continues to focus on non-conventional energy resources like wind and gas power as an alternate source of Power to address the power cut situation prevailing in Tamilnadu.

B) TECHNOLOGY ABSORPTION

Research & Development (R & D)

1. Specific areas in which R & D is carried out by the Company:
   - All major softwares have been applicated and commissioned to validate design, manufacturing and product.
   - Alternate materials, like Import Substitute for core wash, Core sand and veining additives have been developed.
   - Efforts are on to work with customers for new casting designs including weight optimization.

2. **Benefits derived as a of the above R&D:**
   - Import Substitute.
   - Meeting the new engine design requirements .
   - To develop Intellectual property.

3. **Future Plan of Action:**
   - Installation of automatic robot core line for high-CV block castings. This facility for car blocks Has already been in operation.
   - Sand Reclamation for core and moulding sand.
   - Re-engineering of existing process flow to optimize output.

4. **Expenditure on R & D:**

a)	Capital	:	Rs. 2930.57 lakhs
b)	Recurring	:	Rs. 588.75 lakhs
c)	Total	:	Rs. 3519.32 lakhs
d)	Total R & D expenditure as a percentage of total turnover	:	6.39 %

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 premachining 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.

   Technology so acquired 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.

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 Nine Directors headed by a Non-Executive Chairman belonging to the promoter group.The composition and category of the Board as on March 31, 2011 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			
Non-Independent	Mr. R Seshasayee (Chairman)	13 (As Chairman - 3)	1
	Mr. D G Hinduja (Co Chairman)	6 (As Chairman-1)	2
	Mr. F Sahami	1	1
	Mr. Narender Nagpal	-	-
Independent	Mr. D J Balaji Rao	9 (As Chairman - 1)	9 (As Chairman - 3)
	Mr. S Ragothaman	7	3 (As Chairman- 2)
	Mr. Jean Brunol	1	-
	Mr. Sridhar Venkiteswaran	-	-
Executive Director	Mr. V Mahadevan (Managing Director)	1	-
Alternate Director	Mr. Y M Kale (Alternate to Mr. Hinduja)	1	1 (As Chairman)

Notes:

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

b. Only Membership in Audit Committees and Shareholders'/Investors' Grievance Committees (other than HFL) are reckoned for Other Board Committee Memberships.

c. Mr R J Shahaney, Mr Prabal Banerji and Mr Anders Spare have resigned from the Board of directors on October 21, 2010, December 2, 2010 and March 29, 2011 respectively.

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

The Board of Directors met seven times during the year 2010-11 and the details are as follows:

Date of meeting	Board Strength	No. of Directors present
April 30, 2010	11	9
July 28, 2010	11	10
August 12, 2010	11	6
October 21, 2010	11	8
January 23, 2011	9	8
March 11, 2011	9	8
March 31, 2011	9	4

The following are the details of attendance of each director at the Board Meetings and last AGM held on July 28, 2010:

Name of Director	No. of Board Meetings attended	Attendance at AGM
Mr. R J Shahaney	4	Yes
Mr. D G Hinduja	5	Yes
Mr. D J Balaji Rao	7	Yes
Mr. Jean Brunol	2	No
Mr. S Ragothaman	6	Yes
Mr. Sridhar Venkiteswaran	-	No
Mr. Narender Nagpal	3	Yes
Mr. F Sahami	4	Yes
Mr. R Seshasayee	6	Yes
Mr. A Spare	5	Yes
Mr. Prabal Banerji	4	Yes
Mr. V Mahadevan	7	Yes
Mr. Y M Kale (Alternate to Mr. Hinduja)	-	No
Mr. B Swaminathan (Alternate to Mr.A.Spare)	1	Yes

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.

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. S Ragothaman	Non-Executive, Independent
03	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 two members are qualified finance professionals.

Managing Director, Chief Financial Officer, Head of Internal Audit, operating heads of the manufacturing units, Head of Marketing 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
April 30, 2010	3	3
August 12, 2010	3	2
October 20, 2010	3	2
January 23, 2011	3	3
February 03, 2011	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.

Mr. R J Shahaney resigned as Director of the Company on October 21,2010 and Mr. R Seshasayee was inducted as a member of the Remuneration Committee in the Board Meeting held on March 31,2011.

The Committee met on April 30, 2010 and March 31,2011 to determine the remuneration of the Managing Director for the year 2010-11 and to consider payment of remuneration over and above the limits prescribed under the Companies Act, 1956 with the approval of the Central Government and to recommend the candidature of Mr. B Swaminathan as Managing Director (Designate) respectively. All the members were present at the meeting held on April 30,2010 and Mr. D.G Hinduja participated through video conference at the meeting held on March 31,2011 .

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 2010-11

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	220000
Mr. D G Hinduja	200000
Mr. D J Balaji Rao	260000
Mr. S Ragothaman	360000
Mr. Narender Nagpal	60000
Mr. F Sahami	120000
Mr. R Seshasayee	320000
Mr. A Spare	100000
Mr. Prabal Banerji	80000
Mr. B Swaminathan	20000
Mr. Jean Brunol	40000

b. Managing Director

Description	Amount Rs.
Salary & allowances	82,80,000
Contribution to Provident and Other Funds	4,09,600
Perquisites*	25,80,000
Commission	NIL
Total	**1,12,69,600**

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

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. Mr. Mahadevan has resigned as Managing Director and Director of the company with effect from the closing hours of 30th April, 2011.

5. Shareholders'/Investors' Grievance Committee

i. Terms of reference

The Committee oversees redressal of shareholder 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. Mr. R J Shahaney resigned as Director of the Company on October 21,2010 and the committee was re-constituted on 20th May, 2011 with Mr. R Seshasayee as Chairman and

Mr. B Swaminathan as member in place of Mr. V Mahadevan who resigned as Managing Director and Director with effect from the closing hours of 30th April, 2011. The following are the details of the meetings and attendance of the Committee:

Date of meeting	Strength	No. of Members present
April 30,2010	4	3
July 28, 2010	4	4
October 21,2010	4	3
January 23,2011	3	3

iii. Details of complaints received and redressed

During the year 18 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

Details of Annual General Meetings, Extraordinary General Meetings and Special Resolutions:

AGM	YEAR	VENUE	DATE	TIME
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.
50	2010	Rani Seethai Hall 603, Anna Salai Chennai 600 006	July 28,2010	2.00 p.m.

All special resolutions were passed in the last three AGM's 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.

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 was not in compliance with Clause 49 of the Listing Agreement for a period of 12 days from 19th April, 2011. During this period the company did not hold any Board meeting and hence did not take any decisions. The company subsequently appointed an independent Director with effect from 01st May, 2011 thereby increasing the composition of independent Directors and hence complying with the Listing requirements.

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. 51st Annual General Meeting

Day : Wednesday
Date & time : July 20, 2011 – 3.00 p.m.
Venue : Rani Seethai Hall, 603 Anna Salai, Chennai - 600 006.

ii. Financial Calendar

FINANCIAL YEAR 2011-12

First quarter results	Second week of August 2011
Second quarter results	Second week of November 2011
Third quarter results	Second week of February 2012
Audited Results for the year 2010-11	Before end of May 2012

iii. Book Closure dates July 13,2011 to July 20, 2011

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

vi. Market Price Data

Month & Year	BOMBAY STOCK EXCHANGE				NATIONAL STOCK EXCHANGE			
	Share Price (Rs.)		Sensex		Share Price (Rs.)		S&P CNX Nifty Points	
	High	Low	High	Low	High	Low	High	Low
Apr-10	124.70	90.55	18047.86	17276.80	125.00	91.00	5399.65	5160.90
May-10	111.00	91.30	17536.86	15960.15	112.00	89.70	5278.70	4786.45
Jun-10	131.30	95.00	17919.62	16318.39	126.85	95.30	5366.75	4961.05
Jul-10	137.00	111.25	18237.56	17395.58	142.20	113.00	5477.50	5435.15
Aug-10	132.80	105.30	18475.27	17819.99	132.50	101.60	5549.80	5348.90
Sep-10	133.80	105.45	20267.98	18027.12	133.40	105.85	6073.50	5403.05
Oct-10	164.00	121.00	20854.55	19768.96	163.00	124.00	6284.10	5937.10
Nov-10	142.00	102.50	21108.64	18954.82	143.00	101.00	6338.50	5690.35
Dec-10	125.90	99.00	20552.03	19074.57	126.00	95.00	6147.30	5721.15
Jan-11	119.50	87.00	20664.80	18038.48	122.70	85.00	6181.05	5416.65
Feb-11	103.00	77.10	18690.97	17295.62	96.75	71.50	5599.25	5177.70
Mar-11	103.95	83.70	19575.16	17792.17	99.95	84.50	5872.00	5348.20

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, 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, 2011

Range	Shareholders		Shares	
	Number	%	Number	%
UPTO100	5208	60.21	220092	0.76
101-200	1447	16.73	223135	0.78
201-500	1236	14.29	405420	1.41
501-1000	417	4.82	307790	1.07
1001-5000	278	3.22	567150	1.98
5001- 10000	24	0.28	161769	0.56
10001 AND ABOVE	40	0.46	26845355	93.44
	8650	100.000	28730711	100.00

x. Shareholding pattern as on March 31, 2011

Sl. No.	Category	No. of holders	No. of shares	%
A	**Promoters**			
1	- Hinduja Automotive Limited UK	1	1,48,14,609	51.56
2	- Ashok Leyland Ltd	1	54,05,793	18.82
	Total Promoter holding	**2**	**2,02,20,402**	**70.38**
B	**Others**			
1	Residents (individuals/clearing members)	8391	29,89,303	10.41
2	Financial Institutions/ Insurance Co./Banks/UTI	3	1,46,644	0.51
3	Foreign Institutional Investors	4	28,76,759	10.01
4	Bodies Corporate	176	12,29,952	4.28
5	Directors & relatives $	3	2,334	0.01
6	Non Resident Indians	67	43,936	0.15
7	Trusts	2	381	0.00
8	Overseas Depository for GDRs	1	12,21,000	4.25
	Total non promoter holding	**8,647**	**85,10,309**	**30.10**
	Total	**8,649**	**2,87,30,711**	**100.00**

$ Includes shares held by Mr. R J Shahaney 600, Mr. D J Balaji Rao 290 and Mrs. Sunitha Shahaney 1444

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, 2011, 1,22,05,980 shares were held in dematerialized form representing about 42 % of the total shares. The balance were held in physical form.

Annexure B to the Directors' Report

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

xiii. Address for correspondence

Investors may contact the Registrars and Transfer Agents 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, B. Swaminathan, 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, 2011 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.

May 20, 2011	**B SWAMINATHAN**	**V SANKAR**
Chennai	Managing Director	Chief Financial Officer

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

Pursuant to clause I (D) of Clause 49 of the Listing Agreement,it is hereby affirmed that for the financial year ended March 31, 2011, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

May 20, 2011	**B Swaminathan**
Chennai	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 ("the Company") for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

(i) As regards the composition of the Board of Directors, at least one half of the Board of Directors of the Company should comprise of independent directors. As at March 31, 2011, the Company had 9 directors out of whom 4 were independent. As per the provisions of Clause 49(I)(C)(iv), the Company had time upto April 19, 2011 to comply with such requirement regarding the Composition of Board of Directors. The Company has subsequently appointed an independent director with effect from May 01, 2011 thereby increasing the composition of independent directors to comply with the requirements.

(ii) As regards the composition of the Shareholders/investor grievance committee, the committee shall be constituted with a non-executive director as a Chairman. On October 21, 2010, the chairman of the Shareholders/ investor grievance committee resigned from the office. The Company has subsequently re-constituted the Shareholders/investor grievance committee with effect from May 20, 2011 by designating a non-executive director as the Chairman of the committee to comply with the requirements.

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

As per our report of date

for B S R and Company
Chartered Accountants
Firm's Regn No : 128900W

S Sethuraman
Partner
Membership No : 203491

Chennai
May 20, 2011

Annexure D to the Directors' Report

Management Discussion and Analysis Report

1. The Global Economic Scene

As the global economy recovers, growth in both advanced economies and emerging/developing economies has outpaced initial expectations. This raises some hopes for sustained, though moderately paced global recovery during 2011. The downside risk to global growth arises from oil prices and significant sovereign and banking sector default risks. Global inflation risks have risen significantly over the last year, not just in emerging markets but also in advanced economies.

2. The Indian Economic Scene

The Indian economy continues to stride ahead with robust and broad based real GDP growth for the current fiscal estimated to be at 8.6% and predictions for a 9% average growth over the next few years. Backed by a rise in the domestic saving and investment rates, a revival of growth in agriculture and resilience in the manufacturing and services sector, India has staged a commendable recovery post the global slowdown and is also poised for a promising medium and longer term future.

Growth momentum in 2011-12 is likely to be moderate compared to the fast pace trend witnessed during 2010-11.This is despite predicted normal monsoon, demand conditions and positive lead indicators for services. Higher interest rates will impact growth momentum during 2011-12.

High global crude oil and other commodity prices coupled with double digit inflation pose a risk to India's growth story.

3. The Auto Sector

The Indian industry and in particular the Auto sector is headed for a global expansion path. The Indian automobile industry is being touted to be near an inflection point.

Currently, it is set to become the sixth largest passenger vehicle producer and has sold 2.9 million Passenger Vehicles, in 2010-11.

With 550,000 tractors sold in 2010-11, India is the largest tractor manufacturer in the world and is also a strong player in commercial vehicles segment with 750,000 units produced and sold in 2010-11. The Indian automobile sector has seen strong demand across segments in 2010-11, resulting in 26.17% volume growth. However, for 2011-12, in the backdrop of rising commodity prices and higher interest rates, growth could be down to 12-15%.

The increasing degree of affordability of popular cars is an early signal of a structural demand shift. According to SIAM, the annual car sales are projected to increase up to 5 million vehicles by 2015 and more than 9 million by 2020. Hence, this is an attraction for global players to come to India. This shift could lead to a sustained market growth but pressures from higher input material costs remain an overhang.

We believe that having adequate Foundry capacity is critical to facilitate this explosive growth. The challenge lies, in not only meeting the demand, but equally, in sustaining the growth, given the depressing cyclicality of this sector.

4. The Foundry Scene

India has achieved the position of becoming the second largest casting manufacturer in the world producing 7.4 million MT per annum of castings overtaking US and Russia. China, at 35 million MT, continues to dominate the market contributing a whopping 43% to the global production.

Almost 90% of castings produced in China are consumed in Asia itself. The industry in the USA is still in the downsizing phase brought about by non-availability of skilled labour and high input prices.

Europe records a mixed story of growth and weakness with countries like Germany and France showing growth and expect to regain the output levels of 2008 by the year 2012. However, like USA, high input costs and lack of skilled labour continue to be the cause of shutting down several foundries. In India, there are approx. 4500 units out of which 80% can be classified as small scale units and 10% each as Medium and Large Scale units.

Only about 500 of these have International Quality Accreditation. In India, approx. 70% of total production is from Grey Iron and Hinduja Foundries Ltd. mainly operates in this segment. In the niche segment of cylinder Head and Block, HFL continues to be the largest Indian casting manufacturer.

5. Outlook

Demand, Market and Performance

According to figures released by Society of Indian Automobile Manufacturers (SIAM), total vehicles sales in India in FY'11 stood at 1,55,13,156 units compared to 1,22,95,397 units in the previous financial year. SIAM forecasted a slowdown in the rate and predicted a 12-15 per cent growth in 2011-12. The commercial vehicles segment is likely to rise by 14-16 per cent in 2011-12. While light commercial vehicle will rise by 18-21 per cent, medium and heavy commercial vehicles' sales are expected to be up by only 10-12 per cent.

Tractor segment is likely to grow by 12%, while passenger car sales are expected to grow at 16-18 per cent in 2011-12. Utility vehicles are expected to grow at 12-14 per cent and the company has entered in this segment now. With the entry of international OEMs in the Indian market and the country evolving as an auto manufacturing and export hub, there is definite buoyancy in the castings demand from auto sector.

The company sees this as an opportunity to diversify its customer base and at the same time concentrate on strengthening the existing business relationships. The company also continues to be committed to achieve the desired growth in export business by reaching out to overseas customers.

The company has performed exceptionally well across various market segments and has been successful in increasing its market share in the commercial vehicles, tractors, and gensets. The company has also strengthened its foray into off-highway vehicle segment by adding new customers. It will begin supplies this year to the LCV segment - the fastest growing segment in auto industry.

The capacities created recently at the new units are expected to be better utilized during the year. With the Sriperumbudur unit ramping up, the company is planning substantial growth over 2010-11 production levels.

The company's continuing effort in improving quality and moving up the value chain has seen new machining facilities being setup. HFL's customers are keen on taking the relationship with HFL further and are looking forward to HFL supplying machined castings from these new facilities.

6. 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.

7. Financial performance vis a vis operational performance

Net sales for the year was Rs. 55116.35 lakhs as compared to Rs. 39154.46 lakhs during the previous year. The price of all major input items were very volatile during the entire year. Net Profit before tax for the year was Rs. 844.84 lakhs as against a Profit of Rs. 64.61 lakhs during the year 2009-10. Gross production in Iron foundries was 88,183 tonnes as compared to 65,485 tonnes in the previous year.

Sales for the year 2010-11 were 72,790 tonnes against 57,074 tonnes in the previous year. In the Aluminum foundry gross production was 362 tonnes compared to 750 tonnes in the previous year. Sales were at 380 tonnes compared to 627 tonnes in the previous year. During the year the Company incurred capital expenditure of Rs. 7190 lakhs compared to Rs.1,106 lakhs in the previous year. As on March 31, 2011 net current assets were at Rs. 33,297 lakhs compared to Rs. 20,829 lakhs as at March 31, 2010.

8. 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, 2011 the Company had 2988 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, 2011 and of the results of operations for the year ended March 31, 2011. The financial statements have been audited by M/s B S R and Company, 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 Directors' Report

Information as per Section 217(2A) (b) (ii) read with the Companies (Particulars of Employees) Amendment Rules, 2011

SL. NO	NAME	AGE	DESIGNATION / NATURE OF DUTIES	REMUNERATION Rs.	QUALIFICATION	TOTAL EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT HELD
1	MAHADEVAN V	62	MANAGING DIRECTOR	11,269,600	B.E	40	5-Sep-03	SPECIAL DIRECTOR - MFG, ASHOK LEYLAND LIMITED

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, MD is entitled to Gratuity.
2. The above appointment is contractual.
3. MD is not 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 ("the Company") as at March 31, 2011, 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, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ("the Act") 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:

   a. we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books of account;

   c. the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e. on the basis of written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

5. 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 Act 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, 2011;

   ii. in the case of the Profit and Loss account, of the profit of the Company 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 **B S R and Company**
Chartered Accountants
Firm's Regn. No. 128900W

S Sethuraman
Partner
Membership No. 203491

Chennai
May 20, 2011

Annexure to the Auditor's Report

The Annexure referred to in the Auditors' Report to the members of Hinduja Foundries Limited ("the Company") for the year ended March 31, 2011. We report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme certain fixed assets were verified during the year and as explained to us, no material discrepancies were noticed on such verification.

   (c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.

2. (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.

   (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and the same have been properly dealt with in the books of accounts.

3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and similarly certain goods sold or services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

   (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above does not exceed the value of Rs 5 lakh with any party during the year.

6. The Company has not accepted any deposits from the public.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured/services rendered by the Company.

9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues

have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund. There were no dues on account of cess under section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the dues set out in Appendix I in respect of Excise duty, Service tax, and Sales tax have not been deposited by the Company on account of disputes.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debenture during the year.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

16. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

18. The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Companies Act, 1956.

19. According to the information and explanations given to us, the Company has not issued any debentures.

20. The Company has raised money by way of public issue (Rights Issue) during the year as defined under SEBI (Disclosure and Investor Protection) Guidelines, 2000. We have verified the end-use of money raised by such public issue as disclosed in the notes to the financial statements.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R and Company**
Chartered Accountants
Firm's Regn. No. 128900W

S Sethuraman
Partner
Membership No. 203491

Chennai
Date: May 20, 2011

Appendix I as regards to Para 9 (b) of Annexure to the Auditors' Report

Name of the statute	Nature of dues	Amount in Rs. Lakhs	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944*	Excise Duty	83.77	1998-1999	Hon'ble High Court of Madras
Cenvat Credit Rules, 2004	Service Tax credits	14.74	2007-2008	Commissioner of Central Excise (appeals)
Cenvat Credit Rules, 2004	Service Tax credits	153.48	Oct 2008- Sept 2009	Customs, Excise and Service Tax Appellate Tribunal
Cenvat Credit Rules, 2004	Service Tax credits	246.60	Jun 2006 - Sep 2007	Customs, Excise and Service Tax Appellate Tribunal
Cenvat Credit Rules, 2004	Service Tax credits	137.56	Nov 2007 - Sep 2008	Customs, Excise and Service Tax Appellate Tribunal
Cenvat Credit Rules, 2004	Excise Duty	4.28	2007-2008	Commissioner of Central Excise (appeals)
Central Sales Tax Act, 1956**	Sales Tax	41.42	2004-2005	Appellate Deputy Commissioner (Commercial Taxes) – I
Central Sales Tax Act, 1956**	Sales Tax	5.52	2003-2004	Appellate Deputy Commissioner (Commercial Taxes) – I

* Excludes amount paid under protest of Rs. 61.13 Lakhs

** Excludes amount paid under protest aggregating to Rs.31.55 Lakhs

Balance Sheet as at March 31, 2011

	Schedules	March 31, 2011 Rs. Lakhs		March 31, 2010 Rs. Lakhs	
Sources of Funds					
Shareholders' Funds					
Share Capital	1.1	5,039.73		4,034.16	
Reserves and Surplus	1.2	35,812.21		31,098.04	
			40,851.94		35,132.20
Loan Funds					
Secured Loans	1.3		30,701.24		23,675.59
Unsecured Loans	1.4		26,355.38		20,858.70
Deferred Tax Liability (net)	1.5		1,004.19		907.00
Total			98,912.75		80,573.49
Application of Funds					
Fixed Assets	1.6				
Gross Block		70,367.17		63,187.48	
Less: Accumulated Depreciation / Amortisation		16,572.88		14,089.45	
Net Block		53,794.29		49,098.03	
Capital Work-in-progress (CWIP)		10,283.16		10,622.51	
			64,077.45		59,720.54
Investments	1.7		1,204.38		2.50
Current Assets, Loans and Advances					
Inventories	1.8	14,418.40		12,611.83	
Sundry Debtors	1.9	20,854.46		13,029.06	
Cash and Bank Balances	1.10	65.74		83.90	
Other Current Assets	1.11	931.35		407.18	
Loans and Advances	1.12	8,012.32		7,101.97	
		44,282.27		33,233.94	
Less: Current Liabilities and Provisions					
Current Liabilities	1.13	10,236.23		11,947.02	
Provisions	1.14	748.66		457.81	
		10,984.89		12,404.83	
Net Current Assets			33,297.38		20,829.11
Miscellaneous Expenditure					
(to the extent not written off or adjusted)	1.15		333.54		21.34
Total			98,912.75		80,573.49
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 **B S R and Company**
Chartered Accountants
Firm's Regn. No : 128900W

For and on behalf of the Board of Directors

S Sethuraman
Partner
Membership No : 203491

R Seshasayee
Chairman

B Swaminathan
Managing Director

Place : Chennai
Date : May 20, 2011

V V Naresh
Company Secretary

V Sankar
Chief Financial Officer

Profit and Loss Account for the year ended March 31, 2011

	Schedules	March 31, 2011 Rs. Lakhs		March 31, 2010 Rs. Lakhs	
Income					
Gross Sales Less Returns		60,577.25		42,408.47	
Less: Excise duty		5,461.00		3,261.93	
Net Sales Less Returns	2.1	55,116.25		39,146.54	
Conversion charges	2.2	0.10		7.92	
Other Income	2.3	569.15		991.95	
			55,685.50		40,146.41
Expenditure					
Materials consumed	2.4	27,634.30		20,126.63	
Decrease / (Increase) in inventories	2.5	(1,481.22)		(2,706.97)	
Power and Fuel		8,332.48		5,576.66	
Other Expenses	2.6	14,512.19		11,296.70	
			48,997.75		34,293.02
			6,687.75		5,853.39
Less:					
Finance charges (Net)	2.7		3,733.12		3,697.73
Depreciation / amortisation		2,432.57		2,116.98	
Less: Transfer from revaluation reserve (Refer note 3.2.3)		15.15	2,417.42	25.93	2,091.05
Profit before prior period items and taxes			537.21		64.61
Prior period items (Refer note 3.25)			307.63		-
Profit before taxes			844.84		64.61
Provision for tax					
Current tax		162.00	-	15.00	
Less: Minimum alternative tax entitlement credit		(162.00)		(15.00)	
Deferred tax		97.19		30.00	
			97.19		30.00
Profit after tax			747.65		34.61
Balance brought forward from previous year			45.43		10.82
Surplus carried to Balance Sheet			793.08		45.43
Basic and diluted earnings per share of face value Rs.10/- each (Previous year Rs.10/- each) (Refer Note 3.21) (In Rs.)			2.09		(0.48)
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 **B S R and Company**
Chartered Accountants
Firm's Regn. No : 128900W

S Sethuraman
Partner
Membership No : 203491

Place : Chennai
Date : May 20, 2011

For and on behalf of the Board of Directors

R Seshasayee
Chairman

B Swaminathan
Managing Director

V V Naresh
Company Secretary

V Sankar
Chief Financial Officer

Cash Flow Statement as at March 31, 2011

	March 31, 2011 Rs. Lakhs		March 31, 2010 Rs. Lakhs	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit / (loss) before tax		844.84		64.61
Adjusted for				
Depreciation / Amortisation	2,417.42		2,091.05	
Finance charges (net)	3,733.12		3,697.73	
Prior Period : Term (Finance charges)	(307.63)		-	
(Profit) on disposal of Fixed assets	(19.00)		(3.26)	
Amortisation of VRS Expenses	-		149.20	
Unrealised exchange variations(Net)	77.74		(280.66)	
Provision for doubtful debts (Net of writeback)	33.52	5935.17	(5.47)	5,648.59
Operating profit before working capital changes		6780.01		5,713.20
Changes in				
Trade and other receivables	(8,893.50)		(5,815.14)	
Inventories	(1,806.57)		(2,854.42)	
Trade Payables	(1,450.76)	(12,150.83)	5,021.11	(3,648.45)
Cash generated from operations		(5,370.82)		2,064.75
Direct taxes paid - net of refunds		(143.06)		(11.06)
Net cash from generated / (used in) operating activities		(5,513.88)		2,053.69
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including CWIP)		(5,702.81)		(7,454.01)
Purchase of investments		(1,201.88)		-
Proceeds from sale of fixed assets		26.67		22.30
Interest received		94.92		25.77
Net Cash used in investing activities		(6,786.10)		(7,405.94)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital		5,027.87		-
Share issue expense		(40.63)		(18.81)
Redemption of Preference Shares		-		-
Proceeds from borrowings		39,789.05		9,930.80
Repayment of borrowings		(27,266.72)		(611.10)
Finance charges		(5,227.75)		(3,911.30)
Net cash generated from financing activities		12,281.82		5,389.59
Net change in cash and cash equivalents		(18.16)		37.34
Cash and Cash Equivalents - Opening Balance		83.90		46.56
Cash and Cash Equivalents - Closing Balance		65.74		83.90

Components of cash and cash equivalents Refer Schedule 1.10

As per our report of even date
For **B S R and Company**
Chartered Accountants
Firm's Regn. No : 128900W

For and on behalf of the Board of Directors

S Sethuraman
Partner
Membership No : 203491

R Seshasayee
Chairman

B Swaminathan
Managing Director

Place : Chennai
Date : May 20, 2011

V V Naresh
Company Secretary

V Sankar
Chief Financial Officer

Schedules to the Balance Sheet

		March 31, 2011 Rs. Lakhs	March 31, 2010 Rs. Lakhs
1.1	**Share Capital**		
	Authorised		
	50,000,000 (Previous Year 30,000,000) equity shares of Rs.10/-each	5,000.00	3,000.00
	4,500,000 (Previous Year 4,500,000) Preference shares of Rs.100/- each	4,500.00	4,500.00
		9,500.00	7,500.00
	Issued		
	28843118 (Previous year 18,787,369) equity shares of Rs. 10/- each [Refer Note (a) below]	2,884.31	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
		5,384.31	4,378.74
	Subscribed and paid up		
	28,730,711 (Previous year 18,674,962) equity shares of Rs. 10/- each fully paid-up [Refer Note (a) below]	2,873.07	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	666.66
		5,039.73	4,034.16

Note:

a) Of the 28,730,711 (Previous year 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. 14,814,609 (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.

iv. During the current year, 10,055,749 equity shares were issued pursuant to a rights issue made. Such shares fully subscribed and paidup.

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 has been redeemed in April 2008. Redemption due on April 2009 and April 2010 has been rescheduled to April 2012 and April 2013 respectively.

			March 31, 2011		March 31, 2010
1.2	**Reserves and Surplus**				
	Capital Redemption Reserve		333.33		333.33
	Securities Premium				
	At the commencement of the year	10,930.22		10,949.03	
	Add: Premium of allotment of shares	4,022.30		-	
	Less: Utilisation towards rights issue expenses	40.63	14,911.89	18.81	10,930.22
	Fixed assets revaluation reserve				
	At the commencement of the year	18,899.81		18,925.74	
	Less: Incremental depreciation for the year on revaluation)	15.15		25.93	
			18,884.66		18,899.81
	General Reserve	889.25		889.25	
			889.25		889.25
	Profit and Loss Account		793.08		45.43
			35,812.21		31,098.04

Schedules to the Balance Sheet

		March 31, 2010 Rs. Lakhs	March 31, 2010 Rs. Lakhs
1.3	**Secured Loans**		
	Term loans		
	From Banks	20,000.00	15,436.02
	Other loans from Banks:		
	Working capital loan	355.00	1,255.00
	Cash credit	10,346.24	6,972.49
	Others		
	Finance lease obligation (Refer Note No. 3.11)	-	12.08
		30,701.24	23,675.59
	Repayable within 12 months - Term Loans	3,000.00	2,666.66

The term loan of Rs. Nil (Previous year Rs. 4,717.54 Lakhs) from Karur Vysa Bank was secured by a paripassu first charge on the fixed assets of the Company.

The term loan of Rs. Nil (Previous year Rs. 6,551.82 Lakhs) from IDBI Bank was secured by a paripassu first charge on the fixed assets of the Company.

The term Loan of Rs. Nil (Previous year Rs. 1,666.66 Lakhs) from M/s State Bank of Travancore was secured by hypothecation of fixed assets and movable properties by way of Paripassu First charge along with other term loan lenders.

The term loan of Rs. 20,000 Lakhs (Previous year Rs. Nil) from ICICI Bank is secured by Equitable mortage and first charge over all the fixed assets of the Company including movable properties and immovable properties (both present and future) and second charge on the current assets of the Company.

The term loan of Rs. Nil (Previous year Rs. 2,500 Lakhs) from Canara Bank was secured by paripassu first charge on the entire fixed assets and also parripassu second charge on the current assets of the Company.

The working capital loan and cash credit from bankers are secured by a first charge on current assets and a pari passu second charge on the fixed assets of the Company.

1.4	**Unsecured Loans**		
	External Commercial Borrowing from a bank	8,930.00	9,028.00
	Intercorporate Deposit	-	7,200.00
	Short term loan from banks	17,425.38	4,630.70
		26,355.38	20,858.70
	Repayable within 12 months	14,402.20	11,830.70
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	3,281.00	2,819.00
	Gross Deferred Tax Liabilities	3,281.00	2,819.00
	Deferred Tax Assets	-	
	Unabsorbed Depreciation	(2,220.50)	(1,851.00)
	Provision for doubtful debts	(56.00)	(56.00)
	Others	(0.31)	(5.00)
	Gross Deferred Tax Assets	(2,276.81)	(1,912.00)
	Deferred Tax Liability (net)	1,004.19	907.00

1.6 Fixed Assets

Rs. Lakhs

Description	Cost				Depreciation / Amortisation					Net Block as at March 31, 2011	Net Block as at March 31, 2010
	As at April 1, 2010	Additions ***	Deductions	As at March 31, 2011	As at April 1, 2010	For the year		Deductions	As at March 31, 2011		
						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	138.55	50.66	-	-	189.21	1,471.20	1,521.86
Buildings @ &	8,658.90	357.06	-	9,015.96	1,855.53	254.76	14.21	-	2,124.50	6,891.46	6,803.37
Plant and Machinery @	22,306.66	1,980.71	-	24,287.37	8,570.01	1,606.65	-	-	10,176.66	14,110.71	13,736.65
Service Installations @	2,060.36	4.08	-	2,064.44	771.11	152.12	-	-	923.23	1,141.21	1,289.25
Electrical Installations @ ^	2,244.99	3.68	-	2,248.67	684.87	92.44	0.94	-	778.25	1,470.42	1,560.12
Patterns and Dies	1,006.04	4,223.30	2.04	5,227.30	569.23	125.30	-	1.18	693.35	4,533.95	436.81
Fixtures	467.21	17.96	-	485.17	162.52	24.35	-	-	186.87	298.30	304.69
Office Furniture	288.99	19.52	0.30	308.21	73.11	19.22	-	0.42	91.91	216.30	215.88
Office Machinery	999.10	145.44	0.73	1,143.81	414.69	126.89	-	1.18	540.40	603.41	584.41
Motor Vehicles **	232.14	21.58	7.40	246.32	83.30	21.69	-	3.02	101.97	144.35	148.84
INTANGIBLE ASSETS											
Technical Know How/Process Know How	618.96	416.83	-	1,035.79	618.96	-	-	-	618.96	416.83	-
Goodwill	147.57	-	-	147.57	147.57	-	-	-	147.57	-	-
	63,187.48	7,190.16	10.47	70,367.17	14,089.45	2,474.08	15.15	5.80	16,572.88	53,794.29	49,098.03
Capital Work-In-Progress at Cost *										10,283.16	**10,622.51**
										64,077.45	**59,720.54**
Previous year figures	62,112.45	1,105.84	30.81	63,187.48	11,983.84	2,091.45	25.93	11.77	14,089.45	59,720.54	-

$ 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 nil (Previous year 71.72 Lakhs) written down value Rs. nil (Previous year Rs. 55.03 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. 116.72 Lakhs (previous year Rs. 115.41 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. 98.17 Lakhs) and Written Down Value Rs. 46.76 Lakhs (previous year Rs. 50.84 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 / SPU project, amounting to Rs. Nil /Rs. 56.66 Lakhs (previous year Rs.0.40 lakhs / Nil) 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. 98 lakhs (Previous year decrease of Rs.1,162 lakhs) in the Company's liability for repayment of External Commercial Borrowings. Additions to fixed assets are net of this exchange gain.

Schedules to the Balance Sheet

		March 31, 2011 Rs. Lakhs	March 31, 2010 Rs. Lakhs
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
	12,018,750 equity shares (Previous year Nil) of Rs.10/- each in AL Wind Energy Ltd	1,201.88	-
		1,204.38	2.50
1.8	**Inventories (at lower of Cost and Net realisable value)**		
	Stores and Spare parts	1,672.67	1,379.17
	Raw Materials	1,814.61	1,687.79
	Work-in-progress	10,462.83	8,811.02
	Finished Goods	111.94	282.53
	Bought out materials	66.67	92.26
	Materials-in-transit	289.68	359.06
		14,418.40	12,611.83
1.9	**Sundry Debtors (Unsecured) ***		
	Over six months:		
	Considered good	3,708.49	3,617.73
	Considered doubtful	168.70	138.50
		3,877.19	3,756.23
	Less: Provision for doubtful debts	168.70	138.50
		3,708.49	3,617.73
	Other debts - Considered good	17,145.97	9,411.33
		20,854.46	13,029.06
	Included in Sundry Debtors are:		
	Dues from companies under the same management		
	Ashok Leyland Limited	8,941.86	6,446.82
	* Includes accrued revenue	1,853.04	1,179.62
1.10	**Cash and Bank Balances**		
	Cash in hand	3.16	2.66
	Balance with Scheduled banks:		
	On current accounts	10.23	14.73
	On deposits	50.90	65.05
	On unpaid dividend account	1.45	1.46
		65.74	83.90
1.11	**Other Current Assets (Unsecured and considered good)**		
	Insurance claim	524.17	-
	Amount Recoverable from TNEB (Refer note no 3.4)	407.18	407.18
		931.35	407.18

Schedules to the Balance Sheet

		March 31, 2011 Rs. Lakhs	March 31, 2010 Rs. Lakhs
1.12	**Loans and Advances (Unsecured and considered good)**		
	Advances recoverable in cash or in kind or for value to be received *	4,802.50	3,560.38
	Interest accrued on deposits	39.34	37.81
	MAT Credit entitlement	470.45	308.45
	Advance payments of tax (net of provisions)	493.20	504.67
	Balance with customs, central excise etc	942.43	1,295.99
	Deposits	1,264.40	1,394.67
		8,012.32	7,101.97
	* Includes capital advances	405.90	152.50
	Included in Loans and Advances are:		
	Dues from a company under the same management		
	Ashok Leyland Limited	296.04	397.77
	Maximum amount outstanding during the year	296.04	397.77
	Due from Managing Director of the Company (Refer note no 3.19)	18.21	45.84
	Maximum amount outstanding during the year	18.21	45.84
1.13	**Current Liabilities**		
	Dues to Micro and Small Enterprises (Refer Note 3.6)	-	-
	Dues to Creditors other than Micro and Small Enterprises	7,373.24	7,393.31
	Advance from Customer	-	2,500.00
	Other Liabilities	2,754.56	2,001.66
	Unclaimed Fixed Deposits *	0.02	0.25
	Unclaimed Interest on Fixed Deposits *	0.12	0.12
	Unclaimed Equity Dividend *	1.45	1.46
	Interest accrued but not due on loans	106.84	50.22
		10,236.23	11,947.02
	* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on March 31, 2011.		
1.14	**Provisions**		
	Provision for compensated absences	101.14	81.81
	Provision for Gratuity (Refer Note 3.20)	647.52	376.00
		748.66	457.81
1.15	**Miscellaneous Expenditure (to the extent not written off or adjusted)**		
	(i) Voluntary retirement scheme costs		
	Opening as the beginning of the year	-	149.20
	Add: Additions during the year	-	-
	Less: Amortisation	-	149.20
	(ii) Ancillary borrowing costs	-	-
	Opening as the beginning of the year	21.34	-
	Add: Additions during the year	417.68	30.00
	Less: Amortisation	105.48	8.66
		333.54	21.34

Schedules to the Profit and Loss Account

		For the year ended March 31, 2011 Rs. Lakhs		For the year ended March 31, 2010 Rs. Lakhs	
2.1	**Sales less Returns**	**Tonnes**		**Tonnes**	
	Ferrous Castings	**72,790**	**49,829.71**	57,074	34,864.62
	Non-ferrous Castings	**380**	**904.95**	613	1,227.61
	Miscellaneous Order Jobs		**4,381.59**		3,054.31
	(Quantification not feasible)				
			55,116.25		39,146.54
2.2	**Conversion charges**				
	Non-ferrous castings	**-**	**0.10**	14	7.92
			0.10		7.92
2.3	**Other Income**				
	Profit on disposal of assets		**19.00**		3.26
	Claim for refund of electricity tax on maximum demand charges (Refer note no 3.3)		**-**		407.18
	Provision no longer required written back		**-**		119.28
	Insurance claim on loss of profit		**400.95**		-
	Exchange variation (Net)		**-**		330.29
	Miscellaneous Income		**149.20**		131.94
			569.15		991.95
2.4	**Materials consumed**				
	i) Raw materials consumed:				
	Opening Stock	**1,687.79**		1,956.23	
	Add: Purchases	**18,789.25**		13,429.88	
		20,477.04		15,386.11	
	Less: Closing stock	**1,814.61**		1,687.79	
			18,662.43		13,698.32
	ii) Stores and spares consumed		**8,216.04**		5,619.37
	iii) Bought out materials		**755.83**		808.94
			27,634.30		20,126.63
2.5	**(Increase) / Decrease in inventories:**				
	Opening:				
	Work-in-progress	**8,811.02**		6,329.89	
	Finished Goods	**282.53**		56.69	
	Closing:	**9093.55**		6,386.58	
	Work-in-progress	**10,462.83**		8,811.02	
	Finished goods	**111.94**		282.53	
		10,574.77		9,093.55	
			(1,481.22)		(2,706.97)

Schedules to the Profit and Loss Account

		For the year ended March 31, 2011 Rs. Lakhs		For the year ended March 31, 2010 Rs. Lakhs
2.6 Other Expenses				
Salaries, Wages and Bonus *	-	7,779.76		6,132.09
Contribution to Provident, Gratuity, Superannuation and Other Funds		1,074.35		791.42
Compensation under voluntary retirement scheme		-		149.20
Welfare expenses **		1,381.00		1,176.35
Rent		38.88		31.22
Rates and taxes		129.04		63.13
Repairs and maintenance of plant and machinery ***		1,052.04		693.89
Repairs and maintenance of buildings ****		87.60		61.88
Insurance		39.07		40.89
Directors' sitting fees		17.80		20.00
Audit fees and expenses $				
- Audit fees	12.00		12.00	
- Tax audit	2.00		2.00	
- Certifying statements to Government and others	5.03 #		2.75	
- Out of pocket expenses	1.16 ##		1.79	
		20.19		18.54
Increase / (decrease) of Excise duty on Inventory (Refer note no 3.23)		(11.70)		24.48
Provision for doubtful debts (Net of writeback)		33.52		(5.47)
Fettling / Machining Charges		2,159.51		1,427.74
Other expenses		2,445.81		1,237.50
		16,246.87		11,862.86
Less: Expenditure capitalised		(1,734.68)		(566.16)
		14,512.19		11,296.70
* Includes Research and Development		2.54		2.30
** Includes Stores consumed		110.84		240.60
*** Includes Stores consumed		828.66		424.11
**** Includes Stores consumed		38.76		7.26

Amount paid to erstwhile auditors.

Includes Rs. 0.36 Lakhs paid to erstwhile while auditors.

$ As regards auditors for the year ended March 31, 2010, Rs. 6.30 Lakhs paid towards certification work in connection with rights issue to the erstwhile while auditors has been adjusted against securities premium account.

	For the year ended March 31, 2011 Rs. Lakhs	For the year ended March 31, 2010 Rs. Lakhs
2.7 Finance charges (Net)		
(i) Interest on Fixed Loans		
To Banks	3,111.01	2,539.21
ii) Other Interest		
To Banks	1,852.54	1,726.35
To Others @	(95.30)	(54.94)
	4,868.25	4,210.62
Less: Expenditure capitalised for the year 2010-11	(1,135.13)	(512.89)
	3,733.12	3,697.73
@ Net of interest received from Customers/Others(Refer Note 3.5)	103.92	56.95

Notes to the Financial Statements

3.1 Background of the Company

Hinduja Foundries Limited 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 primarily 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 Significant Accounting Policies

3.2.1 Basis of Preparation

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles ("GAAP") under the historical cost convention except in respect of revalued fixed assets on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India and the provisions of Companies Act, 1956, to the extent applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

3.2.2 Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period, reported balances of assets and liabilities, and disclosure of contingent assets and liabilities as at the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3.2.3 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.

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, whichever is higher.

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

	Rates (SLM)
Plant and machinery	10.34– 25%

Individual assets costing Rs 5,000/- or less are depreciated in full in the year of purchase.

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 33 years.

Intangibles

Intangible assets comprise of acquired goodwill, acquired technical know-how and internally generated intangibles relating to development of methodologies, frameworks, and processes.

Acquired goodwill and technical know-how are stated at acquisition cost. Internally generated intangible assets are stated at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the Company.

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

3.2.4 Rights issue

Consequent to the approval of the members in their meeting held on July 29, 2009, the Company 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, to the existing shareholders on a rights basis, in the ratio of 7 equity shares for every 13 fully paid up equity shares. The issue was fully subscribed and the allotment has been made during the year.

The details of utilisation of rights issue proceeds arising from allotment made in April 2010 are stated below:

Rs. Lakhs

Particulars	Envisaged in letter of offer	Amount utilised till March 31, 2011	Amount remaining to be utilised*
Proposed capital expenditure to be incurred at our facilities	2,576.75	1,023.94	1,552.81
Repayment of loans	2,401.12	2,401.12	-

* Pending utilisation, the Company has utilised the funds to reduce the bank overdraft in accordance with the letter of offer.

3.2.5 Inventory

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes all taxes and duties, but excludes duties and taxes that are subsequently recoverable from tax authorities.

The methods of determining cost of various categories of inventories are as follows:

Description	Method of determining cost
Raw materials, stores and spares and bought out materials	Moving weighted average
Work in progress and finished goods	Moving weighted average and including an appropriate share of overheads

3.2.6 Borrowing costs

Borrowing costs including amortization of ancillary borrowing cost that are directly attributable to the acquisition or construction of qualifying fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of such assets. Other borrowing costs are recognized as expense in the period in which they are incurred.

3.2.7 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 Life Insurance Corporation of India (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.

Eligible employees of the Company relating to Ennore unit receive benefits from the provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

Contributions to Provident fund (other than relating to Ennore Unit of the Company), Employee pension fund (other than relating to Ennore Unit of the Company), 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.

3.2.8 Revenue recognition

Revenue comprises sale of castings and design and development of patterns and tools. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured and is expected to be received.

Revenue from the sale of castings are recognized when all significant risks and rewards of ownership to the buyer, which generally coincides with dispatch of goods. The amount recognized as sale is exclusive of sales tax.

Income from design and development of patterns and tools and other incidental works is recognised in accordance with the percentage of completion method.

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

Interest income on deposits and interest bearing securities is recognized on the time proportionate method. Insurance claims are recognized when the amount thereof can be measured reliably and ultimate collection is reasonably certain

3.2.9 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.

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 Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of 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.

3.2.10 Foreign Currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions or rates that approximates the exchange rate prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the profit and loss account of the year.

Pursuant to the notification G.S.R. 225(E) of the Ministry of Corporate Affairs issued on March 31, 2009, the Company has exercised the irrevocable option granted under the said notification. Accordingly, exchange fluctuations on all long term monetary items 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 is depreciated over the balance life of such assets. All other exchange fluctuations on long term monetary items are accumulated in 'foreign currency monetary item translation difference account' in the Company's financial statements and amortized over the balance period of such long term asset/liability but not beyond March 31, 2011 (or such other extended period as may be permitted by law)

3.2.11 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.

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

3.2.13 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.

3.2.14 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 is incidental thereto 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.

3.2.15 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.

3.2.16 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.

3.2.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

3.3 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.

3.4 Insurance claim on loss of profit amounting to Rs. 400.95 lakhs represents losses incurred by the Company at Sriperumbuddur unit and Ennore unit. The amount has been accounted on the basis of estimates by the surveyor.

3.5 Tax deducted at source from conversion charges is Rs Nil Lakh (Previous year Rs.0.34 Lakhs) and from interest income earned is Rs 7.47 Lakhs (Previous Year Rs. 12.18.Lakhs).

3.6 The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006.

Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31st March 2011 has been made in the financial statements based on information received and available with the Company and relied upon by auditors. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

3.7 Capital Commitments and Export obligations

		2010-11 Rs. Lakhs	2009-10 Rs. Lakhs
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	643.00	4,942.39
(b)	Export obligations on account of duty free import of capital goods	15,155.89	15,094.18

3.8 Contingent liabilities

Rs. Lakhs

		2010-11	2009-10
(a)	Revision in property tax contested by the Company in the High Court of Madras	-	21.30
(b)	Surcharge on self generation of power	44.46	40.73
(c)	Dividend on 6% Redeemable preference shares	391.66	130.00
(d)	Sales tax, income tax and excise related matters	1324.82	683.41

(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 from 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 from 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
Associate Company : AL Wind Energy 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

Rs. Lakhs

Particulars	Relationship	2010-11	2009-10
Sale of goods/Services	Fellow Subsidiary	26,148.83	20,020.97
Purchases of materials	Fellow Subsidiary	1,285.00	584.26
Amount Receivable	Fellow Subsidiary	8,941.86	6,446.82
Loan availed and repaid during the year	Fellow Subsidiary	-	5,900.00
Advance received /(repaid)during the year	Fellow Subsidiary	(2,500.00)	2,500.00
Advances receivable	Fellow Subsidiary	296.04	397.99
Amount Payable	Fellow Subsidiary	196.91	192.20
Advance Received	Entity under common control	-	85.00
Advance from customer	Fellow Subsidiary	-	2,500.00
Managerial Remuneration	Directors	112.70	97.72
Advances to Directors *		18.21	45.84

• Being the excess Managerial Remuneration paid to Managing Director as 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 Rs. Lakhs

Particulars	2010-11	2009-10
Total minimum Lease payments	-	12.08
Less : Future liability on account of interest	-	0.86
Present value of payments	-	11.22

ii) Future Lease Rentals payable

Particulars	2010-11	2009-10
As at the Balance Sheet date	-	12.08
Not later than one year	-	12.08
Later than one year and not later than five years	-	-

3.12 Raw Materials Consumed

Particulars	2010-11		2009-10	
	Tonnes	Value	Tonnes	Value
Pig Iron	3,646	896.92	2,664	546.70
Steel Scrap	57,132	11,471.17	41,563	8,175.08
Iron Scrap	18,502	3,307.09	14,101	2,656.98
Carboriser	2,259	647.86	1,706	420.99
Ferro Alloys	2,298	1,900.34	1,722	1,204.35
Aluminium Alloy	351	439.05	762	694.22
Total	84,187	18,662.43	62,518	13,698.32

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

	2010-11		2009-10	
	% of total Consumption	Rs. Lakhs	% of total Consumption	Rs. Lakhs
Imported	1.27	364.29	15.33	3,190.10
Indigenous	98.73	28,248.27	84.67	17,608.50
Total	100.00	28,612.56	100.00	20,798.60

3. 14 Finished Goods

		2010-11		2009-10	
		Tonnes	Rs. Lakhs	Tonnes	Rs. Lakhs
a)	Opening Stock				
	Ferrous Castings	314	209.61	20	18.97
	Non-Ferrous Castings	36	72.92	17	37.72
b)	Closing Stock				
	Ferrous Castings	169	111.94	314	209.61
	Non-Ferrous Castings	-	-	36	72.92

3.15 Capacity and Production

	2010-11		2009-10	
	Installed Capacity (Tonnes)	Production (Tonnes)	Installed Capacity (Tonnes)	Production (Tonnes)
Ferrous and Non-Ferrous Castings*	125,000	72,989	125,000	58,014
*Includes Production on conversion basis	-	-	-	14

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	2010-11 Rs. Lakhs	2009-10 Rs. Lakhs
Raw Materials	367.52	1,584.89
Stores and Spare parts	49.57	55.67
Capital Goods	675.11	3,376.57

3.17 Expenditure in Foreign Currencies (on accrual basis)

Particulars	2010-11	2009-10
Travelling*	18.44	2.84
Consultants Fees*	17.90	-
Interest on External Commercial Borrowings	257.13	210.55

*Included in Schedule 2.6 ('other expenses')

3.18 Earnings in foreign currency (on accrual basis)

Particulars	2010-11	2009-10
Export – FOB Value	123.61	6.63

3.19 Information regarding Managerial remuneration paid during the year

a. Managing Directors Remuneration:

Particulars	2010-11	**2009-10**
Salary	82.80	69.84
Contribution to Provident and Other Funds	4.10	3.88
Perquisites	25.80	24.00
Total	112.70	**97.72**

1) 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.

2) The remuneration paid for the year is higher than the maximum remuneration allowable, by Rs. 16.48 lakhs.

3) During the previous year, the Company paid Managerial remuneration of Rs. 93.84 lakhs, which was in excess by Rs. 45.84 lakhs. Pending the receipt Central Government the company has shown such excess managerial remuneration amounting to Rs. 45.84 lakhs as recoverable under Sch.1.12 as at March 31, 2010. During the year, the Company has received the approval from Central Government

for Rs. 44.11 lakhs which has been charged off to the current year profit & loss account and balance of Rs. 1.73 lakhs is considered as recoverable.

The Company has filed an application with the Central Government requesting for approval of the excess amount of Rs. 1.73 lakhs and Rs. 16.48 lakhs relating to the years 2009-10 and 2010-11 respectively. Pending such approval, the aggregate amount of Rs. 18.21 lakhs has been shown as recoverable under Schedule 1.12 of the financial statements.

b. Directors sitting fees paid during the year amounting to Rs. 17.80 Lakhs. (Previous year Rs. 20 Lakhs).

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)

Particulars	2010-11 Rs. Lakhs	2009-10 Rs. Lakhs
Current service cost	199	314
Interest cost on benefit obligation	177	168
Expected return on plan assets	(147)	(135)
Net actuarial(gain) / loss recognized in the year	51	(134)
Net benefit expense	280	213
Actual return on plan assets	171	150

Balance sheet

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

Particulars	2010-11	2009-10
Fair value of plan assets at the end of the year	1,932	1,912
Present value of funded obligation at the end of the year	(2,579)	(2,288)
Asset/(Liability) recognized in the balance sheet	(647)	(376)

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

Particulars	2010-11	2009-10
Present value of obligations as at the beginning of year	2,288	2,030
Interest cost	177	168
Current Service cost	199	314
Benefits paid	(161)	(105)
Actuarial (Gain) / Loss on obligation	76	(119)
Present value of obligations as at the end of year	2,579	2,288

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

Particulars	2010-11 Rs. Lakhs	2009-10 Rs. Lakhs
Fair value of plan assets at beginning of year	**1,912**	1,626
Expected return on plan assets	**147**	135
Contributions	**9**	241
Benefits paid	**(161)**	(105)
Actuarial gain on plan assets	**25**	15
Fair value of plan assets as at end of year	**1,932**	1,912

Experience adjustments in :

Particulars	2010-11	2009-10
Plan Liabilities loss / (gain)	76	(119)
Plan Assets (loss) / gain	25	15

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

Particulars	2010-11 %	2009-10 %
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.

3.21 Earnings per share

Particulars	2010-11 Rs. Lakhs	2009-10 Rs. Lakhs
Net profit / (loss) as per the profit and loss account	**747.65**	34.61
Less: Dividend attributable to preference shareholders (including tax)	**151.59**	152.09
Net profit as per the profit and loss account after preference dividend	**596.06**	(117.48)
Weighted average number of equity shares outstanding as at the end of the year	**2,85,02,926**	2,45,73,639
Basic and diluted earnings per share (In Rs.)	**2.09**	(0.48)

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

a) Project: Greenfield Foundry, Sriperumbudur Rs. Lakhs

Particulars	As at April 1, 2010	Incurred 2010-11	Capitalised to Fixed Assets	As at March 31, 2011
Travelling and conveyance	48.81	-	-	48.81
Interest	581.82	1,318.28	639.86	1,260.24
Professional and consultancy charges	307.28	-	-	307.28
Others	170.43	57.13	-	227.56
Total	1108.34	1,375.41	639.86	1843.89

b) Project: Toopran Castings Unit, Hyderabad **Rs. Lakhs**

Particulars	As at April 1, 2010	Incurred 2010-11	Capitalised to Fixed Assets	As at March 31, 2011
Salaries and wages	313.82	120.09	-	433.91
Travelling and conveyance	13.39	-	-	13.39
Interest	436.28	162.75	-	599.03
Rent	3.39	-	-	3.39
Rates and taxes	15.04	-	-	15.04
Compound wall	131.35	239.77	371.12	-
Depreciation on assets capitalized	0.87	-	-	0.87
Professional and consultancy charges	-	1.73	-	1.73
Others	41.53	6.38	-	47.91
Total	**955.67**	**530.72**	**371.12**	**1115.27**

3.23 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".

3.24 Unhedged foreign currency exposure

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

	Amount (Foreign currency)		Amount (Rs. Lakhs)	
Particulars	2011	2010	2011	2010
Loan payable	20,838,917 USD 3,42,834 EURO	20,846,872 USD 2,887,097 EURO	9,304.58 216.81	9,410.28 1,748.42
Creditors payable	12,00,00,000 YEN 3,575 EURO	- -	648.24 2.07	- -

3.25 Prior period items

Prior period items represents borrowing cost erroneously not capitalized relating to earlier years aggregating to Rs. 307.62 lakhs.

3.26 Previous year comparatives

Prior period figures have been reclassified / regrouped wherever necessary to conform to the current year's classification to the extent of information available/retrievable. Prior year financial statements have been audited by firms other than B S R and Company.

for **B S R and Company**
Chartered Accountants
Firm Regn No : 128900W

For and behalf of the Board of Directors of
Hinduja Foundries Limited

S Sethuraman
Partner
Membership No.203491

R Seshasayee
Chairman

B Swaminathan
Managing Director

V V Naresh
Company Secretary

V Sankar
Chief Financial Officer

Place: Chennai
Date : May 20, 2011

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.	L27104TN1959PLC003849		
Balance Sheet Date	31 03 2011	State Code	18

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

Public Issues	NIL	Rights Issue	502787
Bonus Issue	NIL	Private Placement	NIL

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

Total Liablilities	10989765	Total Assets	10989765

Sources of Funds

Paid-up Capital	503973	Reserves and Surplus	3581222
Secured Loans	3070124	Unsecured Loans	2635538
Deferred Tax Liability	100419		

Application of Funds

Net Fixed Assets	6407745	Investments	120438
Net Current Assets	3329738	Misc. Expenditure	33355
Accumulated Losses	NIL		

IV PERFORMANCE OF THE COMPANY (AMOUNT RS. IN THOUSANDS)

Turnover		5568550	Total Expenditure		5484066
Profit/Loss Before Tax	+ - +	84484	Profit/Loss After Tax	+ - +	74765
Earnings per share in Rs.		2.09	Dividend Rate %		NIL

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

Item Code No.(ITC Code)	7325990990
Product Description	FERROUS CASTINGS
Item Code No.(ITC Code)	76042909
Product Description	NON FERROUS CASTINGS

For and behalf of the Board

V V Naresh	**V Sankar**	**R Seshasayee**	**B Swaminathan**
Company Secretary	Chief Financial Officer	Chairman	Managing Director

Place: Chennai
Date : May 20, 2011

Notes