

GABRIEL

49TH ANNUAL REPORT
2010-2011



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GABRIEL INDIA LTD
Company Profile & Financials



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Deep C Anand
Chairman Emeritus

BOARD OF DIRECTORS

Deepak Chopra
Chairman

Arvind Walia
Managing Director

Manoj Kolhatkar
Joint Managing Director

HR Prasad
Russi Jal Taraporevala
Rajeev Vasudeva
Gurdeep Singh
Mahendra Goyal
John Crable

VICE PRESIDENT FINANCE

Alok Agarwal

COMPANY SECRETARY

Anshul Bhargava

CORE MANAGEMENT TEAM

Amitabh Shrivastava
Atul Jaggi
A V Ramanamurthy
CS Subramaniam
Diwakar Bhatt
Nalin Jaini
Rajeev B Joshi
Rajeev Gera
Rajendra Abhange
S Sengupta
Shridhar Nanal
Sudesh Deshpande

GABRIEL INDIA LIMITED

BANKERS

Axis Bank
Bank of India
ICICI Bank
IndusInd Bank
ING Vysya Bank
Kotak Mahindra Bank
Standard Chartered Bank
State Bank of India

AUDITORS

PRICE WATERHOUSE & CO.

Muttha Towers
5th floor, Suite No. 8
Off Airport Road
Yerwada Pune - 411006

CORPORATE OFFICES

1 Sri Aurobindo Marg
New Delhi - 110 016

Magnet House
N M Marg, Ballard Estate
Mumbai - 400 038

REGISTERED OFFICE

29th Milestone, Pune-Nashik Highway
Village Kuruli, Taluka Khed
Pune - 410 501 (Maharashtra)
Tel: 02135 - 610700 / 610757
Fax: 02135 - 261200
Email: secretarial@gabriel.co.in

COMPANY HIGHLIGHTS

- 2010-11 revenue grew by 38% over the previous year, ahead of Industry growth of 27%.
- EBITDA at Rs.973 Million grew by 39 %, PBT at Rs. 591 Million by 68% and PAT at Rs. 453 Million by 89% over the previous year.
- Exports at Rs. 292 Million grew by 132% over the previous year.
- The Hosur Plant (*for two wheeler products*) recorded a high growth rate of 41%, with sales touching INR 2800 Million. The facility was recognized with the 'Best Supplier' Award from TVS Motors Ltd.
- The Nashik Facility was awarded the prestigious 'BAL TPM Excellence Award' by Bajaj Auto Ltd.
- The DSIR (*Department of Scientific and Industrial Research*) Ministry of Science and Technology recognized the company's state-of-the-art R&D facility at Chakan, complimenting the company on its thrust on driving Research & Development.
- A special project initiated to modernize the Chakan Plant with improved material flow, incorporating latest process technologies including the 'Dynachrome Automatic Plating System' and 'Water Based Painting System' was completed during the year.
- The VSME (*Visionary Leaders for Small and Medium Enterprises*) program launched in collaboration with JICA (*Japan International Cooperation Agency*) and CII (*Confederation of India Industries*). The program is specifically aimed at improving Quality and Productivity of critical long term vendors and was successfully completed in Chakan, with a target to cover all critical suppliers in the next 3 years across all Gabriel locations.
- In House R&D efforts resulted in the successful development of new products for new models of Two Wheeler for TVS, Honda, Yamaha and Royal Enfield.
- The Company consolidated its position in all segments of the Automotive Industry - Commercial Vehicles, Passenger Cars and Two Wheelers (*Acquisition of new business ensures sustenance of Market share in forthcoming years*).





- VISION -

Gabriel India shall be a global manufacturing and marketing company of ride control products respected by customers and other stake holders for our benchmarked performance in product engineering, quality, cost, delivery and speed of response.

We shall earn and sustain the status of being the “preferred supplier” of ride control products from our customers.

- VALUES -

- Customer First
- Waste Elimination
- Respect for the Individual

COMPANY PROFILE

GABRIEL INDIA LIMITED, a leading name in the Indian auto component industry offers the widest range of Ride Control products in India with Shock Absorbers, Struts and Front Forks, catering to Passenger Cars, Utility Vehicles, Commercial Vehicles and Two Wheelers.

A pioneer of Ride Control products in the country, 'Gabriel' is a renowned brand synonymous with shock absorbers. Its products have established a strong presence both in domestic OE as well as replacement markets. Gabriel India is a provider of innovative and proprietary products and solutions that are the company's hallmark.

The flagship company of the Anand group, Gabriel commenced operations in 1961, with a single plant in Mulund, Mumbai, and has grown manifold since then with six manufacturing facilities spread across the country today. (Pune, Nashik, Hosur, Dewas, Khandas, Parwanoo).

Gabriel's manufacturing facilities spread across various locations in the country ensure timely deliveries to customers while optimising the availability of material. With a combined capacity of over 21 million Shock Absorbers, Struts and 2.7 million Front Forks, these facilities cater to the requirements of all segments of the market, making Gabriel the leading OEM supplier in the country as also to the Defence, Railways & the Aftermarket segments in India.

Gabriel has three well equipped, high-tech R&D centres located at Chakan, Hosur and Nashik to develop new products and carry out comprehensive tests to optimize performance and enhance capability of its Ride Control products. These facilities provide valuable inputs to all plants of the company.

These extend to several areas including noise measurement, value engineering, improving product quality by root cause analysis of customer complaints, as well as cost reduction through localization efforts. These R&D centres also provide customers with a facility to conduct Ride Tuning exercises.

The ongoing support extended by its Collaborators helps the Company in offering 'requirement specific' technology solutions to different international OEMs of the Automotive Industry as well as to its Aftermarket and Export customers.

REDEFINING RIDE COMFORT



The Company has a Technical collaboration with KYB Corporation, Japan, and KYBSE, Spain. Established in 1919, the company is a renowned manufacturer of Ride Control products in Japan, supplying to well known vehicle manufacturers globally. Gabriel also has a technical collaboration with Yamaha Motor Hydraulic Systems, Japan, a 100% subsidiary of Yamaha Motors, Japan, specialising in the manufacture and sale of shock absorbing components for Two Wheeler applications.



MANUFACTURING FACILITIES

TWO WHEELERS

AMBAD

COMMENCED PRODUCTION:	1990
LOCATION:	Ambad, Nashik
PRODUCT:	Shock Absorbers & Front Forks
SEGMENTS SERVICED:	Two/Three Wheelers
TURNOVER:	Rs. 1630 Million
CAPACITY INSTALLED:	36 Lacs Shock Absorbers & Front Forks
TECHNICAL COLLABORATION:	Yamaha Motor Hydraulic Systems (A 100% subsidiary of Yamaha Motor Company)
MAJOR OEM CUSTOMERS:	Bajaj, Yamaha, Piaggio, Mahindra
QUALITY CERTIFICATIONS:	TSI 6949/ BAL TPM
PLANT HEAD:	M.K.Singh



HOSUR

COMMENCED PRODUCTION:	1997
LOCATION:	Hosur, Tamil Nadu
PRODUCT:	Shock Absorbers & Front Forks
SEGMENTS SERVICED:	Two/Three Wheelers
TURNOVER:	Rs. 2800 million
CAPACITY INSTALLED:	66 Lacs Shock Absorbers, Front Forks & Tubes
TECHNICAL COLLABORATION:	Yamaha Motor Hydraulic Systems & KYB of Japan
MAJOR OEM CUSTOMERS:	TVS, Suzuki, HMSI & Yamaha
QUALITY CERTIFICATIONS:	TS 16949, ISO 14001, OHSAI 18001
PLANT HEAD:	CRV Vijay Kumar

PARWANOO

COMMENCED PRODUCTION:	2007
LOCATION:	Parwanoo, Himachal Pradesh
PRODUCT:	Shock Absorbers, Struts & Front Forks
SEGMENTS SERVICED:	2 Wheelers, Commercial Vehicles, Passenger Cars
TURNOVER:	Rs. 900 Million
CAPACITY INSTALLED:	51 Lacs Shock Absorbers, Struts & Front Forks
MAJOR OEM CUSTOMERS:	TVSM, Tata Motors Ltd, Mahindra & Mahindra & the After Market
PLANT HEAD:	Ashish Rikhie





MANUFACTURING FACILITIES

COMMERCIAL VEHICLES

DEWAS

COMMENCED PRODUCTION:	1992
LOCATION:	Dewas
PRODUCT:	Shock Absorbers
SEGMENTS SERVICED:	Commercial Vehicles
TURNOVER:	Rs.1030 Million
CAPACITY INSTALLED:	44 Lacs Shock Absorbers
MAJOR OEM CUSTOMERS:	Tata Motors, Eicher, M&M, Ashok Leyland, Force Motors, Tata – Nano.
QUALITY CERTIFICATIONS:	QS9000 , ISO 14001, OSAS 18001, TS16949
PLANT HEAD:	Umesh Shah



CASTING FACILITY

CHAKAN

COMMENCED PRODUCTION:	2009
LOCATION:	Chakan, Pune
SEGMENTS SERVICED:	Two Wheelers
PRODUCT:	Aluminum Casting Outer Tubes for Front Forks
CAPACITY:	6 Lacs Outer Tubes
MAJOR OEM CUSTOMERS:	Yamaha India
PLANT HEAD:	PLR Reddy





MANUFACTURING FACILITIES

PASSENGER CARS

KHANDSA - GURGAON

COMMENCED PRODUCTION:	2008
LOCATION:	Khandsa, Gurgaon
PRODUCT:	Shock Absorbers and Struts
SEGMENTS SERVICED:	Passenger Cars
TURNOVER:	Rs. 1740 Million
CAPACITY INSTALLED:	24 Lac Struts and Shock Absorbers
TECHNICAL COLLABORATION:	KYB Japan
MAJOR OEM CUSTOMERS:	Maruti Suzuki
TECHNOLOGY HIGHLIGHT:	In-house facility for e-coating & chrome plating, based on 'Dyna Chrome' technology
QUALITY CERTIFICATIONS:	ISO TS -16949
PLANT HEAD:	Sumit Bhatnagar



CHAKAN - PASSENGER CARS FACILITY

COMMENCED PRODUCTION:	1997
LOCATION:	Chakan, Pune
PRODUCT:	Shock Absorbers and Struts
SEGMENTS SERVICED:	Passenger Cars
TURNOVER:	Rs. 1520 Million
CAPACITY INSTALLED:	36 Lacs Struts & Shock Absorbers
TECHNICAL COLLABORATION:	KYB Corporation, Japan & KYBSE, Spain
MAJOR OEM CUSTOMERS:	Tata Motors, Hyundai, Renault, Ford, General Motors, Maruti Suzuki & International Customers like Renault & Volkswagen
QUALITY CERTIFICATIONS:	TS 16949, ISO 14001 & OHSAS 18001
PLANT HEAD:	PLR Reddy

FUNCTIONAL OVERVIEW

R&D ACTIVITIES 2010-11

TECHNOLOGY

GENERAL:

Gabriel's R&D facility at Chakan was recognised by the Government of India (Department of Scientific Industrial Research - DSIR) in December 2010. The other two R&D set-ups at Hosur and Nasik are in the process of receiving recognition.

INVESTMENTS:

In the next three years, beginning 2011, the Company will invest around 300m in various R&D activities to upgrade existing skills and capabilities; and also in the development of new products and processes.

PRODUCT INNOVATIONS

- New concept of Hydraulic Front Fork for Mopeds developed and under validation and implementation.
- New 'All-Disc' design for Passenger Cars developed for greater consistency in damping forces.
- Load Adoptive damping (LAD vacuum assisted) successfully implemented on proto vehicles. Patent has already been filed.
- New range of bores developed and under validation for Shock Absorbers for the Commercial Vehicles segment.
- Hollow Piston Rods for Struts that provide a weight reduction in products, developed without compromising strength of Strut.
- Mono-tube remote canister developed for Motor Cycles.

PROCESS INNOVATIONS

- New process developed for welding the outer body of Shock Absorbers using Lasor welding.
- Friction welding of Rods initiated.
- New environment friendly 'Auto Phoratic' Painting technology developed to ensure uniform thickness of paint and better salt spray life.
- In-line hardening ensuring no cracks due to delayed tempering.
- Dyna-chrome plating with no discharge introduced at the Chakan facility.

OTHER ACTIVITIES

- Developed design capabilities for peripheral parts for Struts. This has already been implemented in three projects.
- Successfully completed Ride Tuning for Indian and International OEMs to their satisfaction. This was conducted in India as well as in UK, Germany and other countries.
- Benchmarking performed for global competitors and new features understood and implemented in our designs.
- Extensive localisation program introduced and a number of imported parts substituted by way of localisation including seals, oil, pistons and other critical valving parts.

MARKETING OVERVIEW

• Exports

Gabriel OE exports achieved a remarkable growth of 117% during the year 2010-11. A further growth of 45% growth is expected in 2011-12 considering exports to Renault Iran, enquiries received, and those expected to mature from Ride Control LLC, USA; Gabriel, Colombia and Venezuela; and Yamaha, Japan.

Aftermarket Exports also recorded a growth of 33% over the last year. The Company increased its market share substantially in both the two- and three-wheeler segments in Sri Lanka, Bangladesh, and Egypt. The commercial vehicle business also showed a sharp increase in these markets as compared to last year. The Company's aftermarket export business has recorded a growth of 149% in the last three years.

• Domestic OEM

The year 2010-11 has been a year of significant achievements for OE sales for Gabriel. While market growth aided sales, the maturing of new businesses secured have enabled the Company to post over Rs. 8000m in sales during the year. The OE sales have been the largest contributor in the growth in sales for Gabriel, and are expected to continue the trend in the future by identifying, working closely with and securing new business opportunities from domestic OEMs—both existing and new.

Bajaj, TVS, HMSI, Suzuki and Mah 2 wheelers achieved sales that were beyond the industry average in this segment. Gabriel participated in the market growth by stepping up capacities and facilities to meet the growing demand.

In the Passenger Car segment, business with Maruti was enhanced with the inclusion of the new business of Wagon R, SX 4 diesel and Alto CD. Gabriel secured new business from Honda for new model BRIO planned for launch in 2012, gaining entry to Honda's domestic as well as global businesses. Gabriel also commenced supplies to the Toyota Corolla Altis Diesel model during the year. Development activities were completed for VW (Vento, Polo, Fabia) during the year; and supply will commence from June 2012.

The Commercial vehicles segment is witnessing immense changes, with existing players launching futuristic products as well as the entry of multinationals. Business with Ashok Leyland and Mahindra was enhanced considerably by growth in existing volume (Bolero, Pickups) and due to the re-launch of GIO and new trucks from

Navistar. The shift to parabolic suspensions and the high growth in ACE and Magic segments have enabled Gabriel to improve fitment shares with TATA.

• Replacement Market

The Company's strong focus on the replacement market has helped establish a leadership position by servicing through OEMs as original spare parts and also directly under the 'Gabriel' brand name. The Company has a vast distribution network comprising of 300 dealers in all major cities of the country, supporting over 5000 retail outlets, coordinated and serviced by a strong field force team.

Gabriel's Aftermarket performance in 2010-11 recorded an excellent growth with a percentage growth of 29%, which is higher than the industry trend. The company has been doing exceedingly well in the Aftermarket in terms of sales as well as growing customer demand. The Company's Aftermarket sales have almost doubled in the last three years.

A record number of 32 new products were launched in the Aftermarket that included 5 new Shock Absorbers and 22 Struts for new generation vehicles.

All new product lines like Gas Springs, Oil Seals, Radiator Coolants that were launched in 2009-10 received a positive response from the market. Besides establishing these products in the market, the company has also added new products to these lines. The results of all new products launched have been above expectation.

The Company also entered into an agreement with HPCL to market co-branded Front Fork Oil through the Company's Aftermarket network. Commercial supplies will commence from April, 2011.



AWARDS & RECOGNITION

BEST SUPPLIER AWARD

Gabriel India, Hosur plant recognised with the 'Best Supplier Award' by the TVS Motor Company 2010-2011

BAJAJ AUTO TPM EXCELLENCE AWARD

Gabriel India, Nashik won the 'TPM BAL Excellence Award' in March 2011, out of a total of 14 companies who competed for the Award.

MAHINDRA YELLOW BELT AWARD

Gabriel India, Chakan was awarded and appreciated for excelling in the Mahindra Yellow Belt project as "Top 1" amongst 52 other suppliers.

QUALITY COMMITMENT AWARD FROM FORD INDIA

Gabriel India, Chakan received the "Spot Recognition Award" from Ford India for 'Best effort in Quality Commitment' in August 2010

'EXCELLENT' VENDOR QUALITY RATING BY TATA MOTORS

Gabriel India, Dewas was awarded an "Excellent" rating by Tata Motors in their Vendor Quality Rating System for the First Quarter of the Financial Year 2010-11.

BEST SUPPLIER AWARD FROM TVS

The Gabriel Hosur team won the First Prize from TVS Motor Company for the "Suppliers Competition" held in 2010-2011 (1st quarter)

AMONG TOP 5 BEST VENDORS

Gabriel was ranked amongst the Top 5 "Best Vendors" for Hyundai in July 2010

RECOGNITION FROM ASIA MOTOR WORKS, BHUJ

The Gabriel Dewas team was recognized by Asia Motor Works, Bhuj for Quality Performance for the quarter Apr 2010 to June 2010.



Mr. Arvind Walia, Managing Director, Gabriel India Limited & Mr. MK Singh, GM, Gabriel Nashik receiving the Bajaj Auto TPM Excellence Award



GABRIEL PEOPLE PRACTICES

Gabriel India Ltd has evolved thoughtful people practices that have made it a **'Great Place to Work.'** Gabriel's work culture is based solidly on the principles of the Anand Way and that it is People who drive the Business. Employees are the company's greatest assets. Leadership and respect for one another is cultivated at every stage.

The company is achieving its global aspirations and objectives through work excellence, the latest manufacturing technology and the knowledge and expertise of its shop floor workforce. With 30 % being women, they are primarily diploma engineers, recruited directly from campuses; systematically and continuously trained and nurtured for advancement.

A structured growth plan - "The EPL - Engineers Pipeline" - provides opportunities for employees to grow and take higher responsibilities in Production, Product and Process Engineering, Maintenance, Quality, SCM, IT, HR, Administration and Finance. Employees are encouraged to participate in Quality Circles, Kaizens, VSME and AIWA (Young Managers Competitions) thus putting engineering knowledge and skills to use in continuously improving product design and processes, solving issues of production, quality, productivity, 5S, shop floor practices and waste control measures and safety.

To retain and develop talent at all levels, there are various programmes viz. Anand Leadership Programme (ALDP), Anand Talent Programme and Anand Mentor Programme. Coaching and mentoring is provided for those who are part of the ALDP. A Management Development Dialogue process covers all those who figure in the Human Capital List. The career development path of the individuals are discussed and a contract between the management and the individual is agreed upon. A clearly defined and individual-specific action plan on their training and development is charted.

The company has a comprehensive talent management policy. Staff and managers are systematically and comprehensively evaluated as part of the Performance Management System. The Company has evolved a Human Capital Index to measure adverse or positive performances.

CORPORATE SOCIAL RESPONSIBILITY

The Company continues to work actively towards the pursuit of excellence as a responsible corporate citizen in its operations. The Company supports social initiatives through field level activities whose demonstration effect helps in fostering the 'spirit of giving' among other corporates/partners in the neighbourhood.



Gabriel Dewas team visited the Dewas Girls Blind School where they interacted with the staff and students and distributed writing material in Braille along with some refreshments.



The Gabriel Dewas Team participated for a cause in the Airtel Delhi Half Marathon 2010. (L to R): Mr Satya Bhargava, Corporate HR, Anand; Mr Anoop Kumar Man & Mr Sher Singh Rajput, Gabriel Dewas Plant, Mr Umesh Shah, GM & Plant Head, Gabriel Dewas, Mr KS Bhullar, President - Group HR, Anand

The SNS Foundation, a charitable Trust which has been sanctioned a 100% tax exemption status under section 35 AC of the Income Act of Government of India, offers to be custodians of the funds donated for projects or activities specified by the donors. The Company over the years has been supporting development activities among communities in the vicinity of all geographical locations where the Company has manufacturing bases. The decision of the Company to set up a facility in Himachal Pradesh, Uttarakhand, in the North and similar townships in the West and southern parts of the country 'notified as backward area' starting from the '70s has helped to provide employment opportunities for the unemployed youth, especially women and develop the town as an industrial base.

SNS Foundation's activities are aimed at skills development for employability and empowerment of women, elementary education of the most unreached categories of children living in slums, mobilising working children into an inclusive programme of education, healthcare and protection from exploitation, imparting vocational training and life-skills for adolescents and youth, promoting sustainable activities for managing natural resources (land, water) and reaching reproductive health care including actions for preventing spread of HIV/AIDS among migrant and industrial workers and urban and rural populations using mobile static medicare services and through sensitisation awareness campaign modes using effective/tested communication methods.

The Group also runs an educational institution - the Himachal Primary School, a hostel for working women and a dispensary for the residents of Parwanoo. Anand employee participation in the Foundation's activities is integral to the volunteering spirit promoted by the Group.



'World Environmental Week' celebration in progress with a tree plantation ceremony.

FINANCIAL HIGHLIGHTS

	2010-11	2009-10	2008-09
DOMESTIC SALES (RS. MILLION)	9325.0	6847.9	5093.4
EXPORT SALES (RS. MILLION)	292.0	126.1	109.1
TOTAL SALES (RS. MILLION)	9617.0	6974.0	5202.5
PROFIT BEFORE TAX (RS. MILLION)	590.8	352.2	72.3
PBT AS A % TO SALES	6.1	5.1	1.4
PROFIT AFTER TAX (RS. MILLION)	453.4	240.4	56.1
PAT AS A % TO SALES	4.7	3.4	1.1
RETURN ON NET WORTH (%)	24.3	16.1	4.2
NET WORTH PER SHARE (RS.)	26.0	20.8	18.4
EARNING PER SHARE (RS.) - BASIC & DILUTED	6.3	3.4	0.8
DIVIDEND PER SHARE (RS.)	1.00	0.85	0.70
DIVIDEND COVER (TIMES)	6.3	3.9	1.1

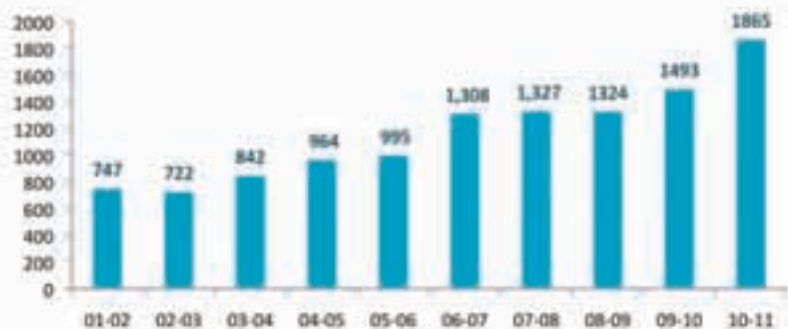
SALES



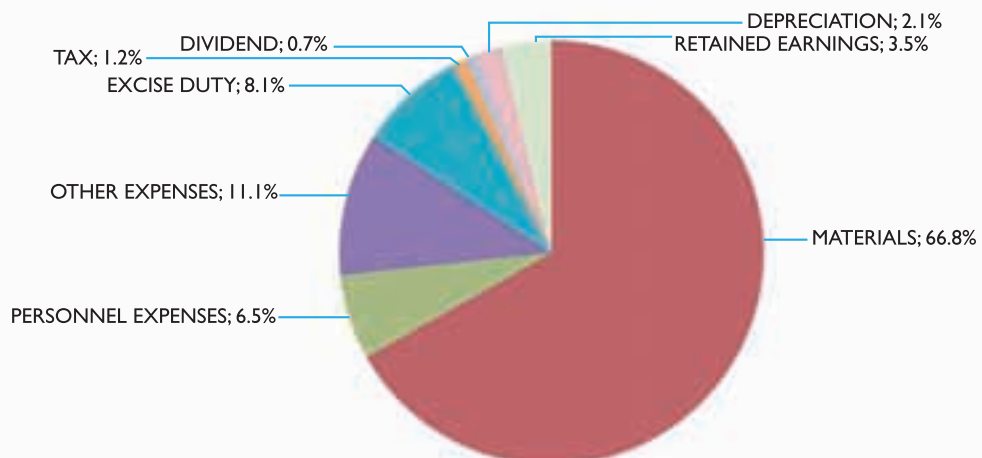
GROSS PROFIT



SHAREHOLDERS' FUNDS



DISTRIBUTION OF INCOME (IN%)



WORKING RESULTS AT A GLANCE

YEAR	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
										RS. Million
Share Capital	71	72	72	72	72	72	72	72	72	72
Reserves & Surplus	676	650	770	892	923	1,236	1,255	1252	1421	1793
Shareholders Funds	747	722	842	964	995	1,308	1,327	1324	1493	1865
Loans	1282	1050	971	913	1,033	736	1,461	1569	1488	1491
Deferred Tax Liability	204	233	237	217	195	106	104	106	141	157
Funds Employed	2233	2005	2050	2,094	2,222	2,150	2,892	2999	3122	3513
Fixed Assets (Gross)	2043	2302	2454	2,545	2,729	2,251	2,786	3218	3479	4021
Depreciation	725	918	1055	1,200	1,352	1,070	1,193	1306	1514	1724
Net Block	1318	1384	1399	1345	1377	1181	1593	1912	1965	2297
Investments	270	10	10	10	10	10	143	133	133	133
Net Current Assets	645	611	641	739	836	960	1,156	954	1024	1083
Net Assets Employed	2233	2005	2050	2094	2222	2150	2892	2999	3122	3513
										RS. Million
Sales	3081	3754	4210	4,779	5,617	6,011	5,417	5,813	7,519	10,482
Gross Profit	368	470	492	486	394	1,174	337	388	702	973
Interest	172	130	84	70	83	66	75	163	148	163
Depreciation	122	137	146	153	158	127	138	153	202	219
Profit/ (Loss) Before Tax	74	203	262	263	153	981	124	72	352	591
Tax	34	86	95	84	64	250	47	16	112	120
Prior Period Items	-	-	-	-	-	-	-	-	-	17
Profit/(Loss) After Tax	40	117	167	179	88	731	76	56	240	453
										RS. Million
Dividend per Share	3.0	5.0	6.0	7.0	0.9	0.7	0.9	0.7	0.9	1.0
Earnings per Share	5.6	16.4	23.2	24.9	1.2	0.8	3.4	0.8	3.4	6.3
										Million Nos.
PRODUCTION										
Shock Absorbers, Struts & Front Forks	6.4	8.0	8.8	9.8	10.9	12.4	11.8	10.8	14.6	18.4
Bimetal Bearings	8.0	7.9	7.7	8.9	9.2	-	-	-		-

Notice

NOTICE is hereby given that the Forty-Ninth Annual General Meeting of the Members of GABRIEL INDIA LIMITED will be held at the Auditorium, Gabriel India Limited, 29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501, Maharashtra on Thursday, 28th July, 2011 at 2.30 p.m. to transact the following businesses:-

Ordinary Business

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2011, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Rajeev Vasudeva, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Gurdeep Singh, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** subject to the provisions of Section 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. B.K. Khare & Co., Mumbai, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting of the Company, in place of the retiring Statutory Auditors, M/s. Price Waterhouse & Coopers, Chartered Accountants to examine and audit the accounts of the Company for the Financial Year 2011-12 at such remuneration which would be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax, and such other taxes as may be applicable, and reimbursement of all out of pocket expenses, in connection with the audit of the accounts of the Company for the year ending March 31, 2012.”

Special Business

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** Mr. H. R. Prasad who was appointed as an Additional Director of the Company under section 260 of the Companies Act, 1956 and article 111 of the Articles of the Association of the Company by the Board of Directors in their meeting held on March 14, 2011 and who holds office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received from a member, a notice, under Section 257 of the Companies Act, 1956 in writing along with a deposit of Rs. 500/- proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company and that Mr. H. R. Prasad will be liable to retire by rotation.”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution”
“**RESOLVED THAT** Mr. Manoj Kolhatkar, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, and Article 111 of the Articles of Association of the Company by the Board of Directors in their meeting held on May 27, 2011, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing along with a deposit of Rs. 500/- proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.
“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. Manoj Kolhatkar, as a Joint Managing Director for a total period of 5 (five) years with effect from May 27, 2011, on the terms and conditions including remuneration as set out hereunder, with power to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to determine, alter or vary the terms and conditions and/or remuneration, subject to the same not exceeding the limit specified under Schedule XIII to the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof.”
A. (i) Salary : Not exceeding Rs. 4,00,000/- per month. (Basic Salary and Annual Increment therein to be decided by the Board within the above ceiling).
(ii) Special Allowance: As may be decided by the Board of Directors from time to time which shall not attract provident fund, gratuity and superannuation etc.
B. PERQUISITES (including allowances)
i) Housing : Furnished/unfurnished residential accommodation or house rent allowance in lieu thereof.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings, if any, shall be valued as per the Income Tax Rules, 1962.

- ii) Medical Reimbursement : As per the Company's Rules.
- iii) Leave Travel Allowance : (For Mr. Manoj Kolhatkar and his family, incurred in accordance with the Company's Rules).
- iv) Club Fees : Fees of clubs subject to a maximum of two clubs. No life membership or admission fees to be paid.
- v) Personal Accident Insurance : Premium as per Company's Rules.
- vi) Contribution to Provident Fund, Superannuation Fund and Gratuity as per Company's Rules.
- vii) Encashment of leave not availed of, as per the Company's Rules.
- viii) Provision of car and telephone facilities as per Company's Rules.
- ix) Loan : The Joint Managing Director shall be entitled for the housing loan as per the Rules of the Company.
- x) Any other benefits, amenities and facilities including educational allowance for a child as per the Company's Rules for the time being in force or authorized by the Board.

In addition to salary and perquisites, Mr. Manoj Kolhatkar will also be entitled to Management Incentive Bonus as per the Company's Scheme and commission as may be decided by the Board. However, the total remuneration payable to Mr. Manoj Kolhatkar, by way of salary, commission, perquisites, allowances, benefits and amenities, as approved by the Board from year to year, shall not exceed the limits laid down in Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof. Further, if in any financial year during the currency of tenure of Mr. Manoj Kolhatkar, the Company has no profits or if its profits are inadequate, the remuneration shall be payable as per the provisions as specified under Schedule XIII of the Companies Act, 1956, as minimum remuneration for such year to Mr. Manoj Kolhatkar.

Explanation: "Family" means the spouse, dependent children and dependent parents of Mr. Manoj Kolhatkar

- C. Mr. Manoj Kolhatkar not to divulge or disclose or use for his own purpose or any other purpose any information or knowledge or trade secret of the Company.
- D. Subject to the superintendence, control and direction of the Board, Mr. Manoj Kolhatkar shall exercise and perform such powers and duties, as the Board of Directors shall determine from time to time.
- E. The appointment is terminable by either party giving the other six months notice in writing.
- F. The terms of appointment and remuneration including minimum remuneration as detailed in the resolution read with the Explanatory Statement may be regarded as an abstract of the terms of Appointment and Memorandum of Interest under Section 302 of the Companies Act, 1956.

RESOLVED FURTHER that Mr. Manoj Kolhatkar would be elevated to the post of Managing Director w.e.f September 01, 2011 on the same terms and conditions as the current Managing Director has expressed his desire not to continue in view of his accepting other assignment with holding company Asia Investment Private Limited.

RESOLVED FURTHER THAT during his tenure as Joint Managing Director and Managing Director of the Company for 5 years, Mr. Manoj Kolhatkar shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

RESOLVED FURTHER THAT any Director and the Company Secretary is hereby authorized to execute under the Common seal of the Company the necessary agreement with Mr. Manoj Kolhatkar for giving effect to this resolution."

Place : Mumbai
Date : May 27, 2011

Registered Office :
29th Milestone,
Pune-Nashik Highway,
Village Kuruli, Taluka Khed,
Pune – 410 501
Maharashtra, India

By Order of the Board
For Gabriel India Limited

Anshul Bhargava
Company Secretary

Notes:

1. **Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the company. The instrument appointing a Proxy, in order to be effective, must be duly filled, stamped and signed and must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting.**
2. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 21st July, 2011 to Thursday, 28th July, 2011 (both days inclusive).
4. Dividend, as may be declared by the Members at the meeting, will be paid to those Members whose names stand on the Company's Register of Members as on Thursday, 28th July, 2011. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the end of business on Thursday, 28th July, 2011.
5. Members are advised that respective bank details and address as furnished by them or by NSDL / CDSL to the Company, for shares held in the certificate form and in the dematerialised form respectively, will be printed on their dividend warrants as a measure of protection to Members against fraudulent encashment.
6. Members holding shares in the certificate form are requested to notify / send the following to the Company's Registrars and Share Transfer Agents, **Karvy Computershare Private Limited (Unit: Gabriel India Limited) at 'Karvy House', 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034, (Tel. 040 23312454 / 23320751 / 752 / 251 ; Fax : 040 23311968, 23323049, email : mailmanager@karvy.com) to facilitate better servicing :**
 - i) any change in their address / mandate / bank details,
 - ii) particulars of their bank account, in case the same have not been furnished earlier, and
 - iii) share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account.
7.
 - a. Members are also requested to note that unclaimed / unpaid dividends upto the financial year ended March 31, 2004 have been transferred to the General Revenue Account of the Central Government pursuant to Section 205A of the Companies Act, 1956. Shareholders, who have not yet encashed their dividend warrant(s) for the said period are requested to forward their claims to the Registrar of Companies, PMT Building, 2nd Floor, Deccan Gymkhana, Pune - 411 004 by submitting an application in the prescribed Form No. II.
 - b. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the amount of dividend for the financial year ended March 31, 2005, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government later this year.

Members who have not encashed their dividend warrants for the financial year ended 31st March, 2005, or any subsequent years are requested to lodge their claim with the Company's Share Transfer Agents, **Karvy Computershare Private Limited**.

Members are advised that no claims shall lie in this respect once the unclaimed dividend is transferred to the Investor Education and Protection Fund.
8. Additional particulars of Directors retiring by rotation and eligible for appointment /re-appointment pursuant to Clause 49 of Listing Agreement are mentioned in the enclosed Table A & B.
9. Members desirous of making a nomination in respect of their shareholders, as permitted by section 109A of the Companies Act, 1956, are requested to write to the Share Transfer Agent of the Company for the prescribed form.
10. The company's shares are listed on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The listing fees for these exchanges have been paid

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

Although not required, an explanatory Statement is being given in respect of Item No.5 of the Notice.

M/s. Price Waterhouse & Co., Chartered Accountants, who had been re-appointed as auditors by the Members at the 48th Annual General Meeting for the year 2010-11 would be retiring at the conclusion of the forthcoming Annual General Meeting. They have been Statutory Auditors of the Company for the past several years. They have expressed their unwillingness to be reappointed as Auditors of the Company. The Audit Committee and the Board placed on record their appreciation of the professional services rendered by M/s. Price Waterhouse & Co., Chartered Accountants during their association with the Company as its auditors.

As required, the proposed auditors, M/s. B.K. Khare & Co., Mumbai, Chartered Accountants have forwarded a certificate to the Company stating that the appointment, if made, will be within the limit specified in the sub-section (1-B) of Section 224 of the Companies Act, 1956. Further they have confirmed that they are not disqualified to be appointed as auditors under Section 226(3) of the Companies Act, 1956.

The Directors recommend the adoption of the Resolution at Item no. 5 of the Notice.

None of the Directors are in any way concerned or interested in the Resolution at the Item No.5 of the Notice.

ITEM NO. 6**Hanumanthu Ramakrishna Prasad**

Mr. Hanumanthu Ramakrishna Prasad was appointed as an Additional Director of the Company with effect from 14th March, 2011. In accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Hanumanthu Ramakrishna Prasad holds office up to the date of ensuing Annual General Meeting of the Company.

Notice, in written, alongwith deposit of Rs. 500, has been received by the Company from a Member under Section, 257 of the Companies Act, 1956, signifying his intention to propose Mr. Hanumanthu Ramakrishna Prasad as a candidate for the office of Director of the Company.

Your Directors feel that the company would benefit from rich and varied experience possessed by Mr. Hanumanthu Ramakrishna Prasad. The Directors, therefore, recommend his appointment.

Name of Director	H. R. Prasad
Date of birth	01.11.1934
Expertise in specific functional areas:	General Management
Qualifications:	BE, MS (MIT)
List of other Indian Companies in which Directorships held:	Fortune Financial Services India Limited UNI Deritend Limited UNI Abex Alloy Products Limited Prama Corporation
Memberships/Chairmanships of Committees of Directors of the Indian Company	Audit Committee - Member
Memberships/Chairmanships of Committees of Directors of other Indian Companies	Fortune Financial Services India Limited – Audit Committee Chairman UNI Abex Alloy Products Limited – Audit Committee - Member

Except Mr. H. R. Prasad, none of the Directors of the Company are in any way concerned or interested in the said resolution.

ITEM NO. 7**Appointment of Joint Managing Director**

In terms of Section 260 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, the Board of Directors, at its meeting held on May 27, 2011, appointed Mr. Manoj Kolhatkar as an Additional Director on the Board of the Company to hold office up to the date of this General Meeting. The Company has received a Notice in writing under Section 257 of the Companies Act, 1956, along with requisite deposit, from a Member of the Company signifying his intention to propose the appointment of the said Director at the ensuing Annual General Meeting.

The particulars of Mr. Manoj Kolhatkar, which are required to be disclosed pursuant to clause 49VI(A) of the Listing Agreements are mentioned below.

The Board considers that the Company will benefit from the association of Mr. Manoj Kolhatkar and recommends the resolution for your approval.

Except Mr. Manoj Kolhatkar none of the Directors of the Company is in any way concerned or interested in the said resolution.

This notice along with the explanatory statement should be considered also as an abstract of the terms of appointment of Mr. Manoj Kolhatkar as Joint Managing Director of the Company and a memorandum as to nature of concern or interest of the Directors in the said appointment, as required under section 302 of the Companies Act, 1956.

Name of Director	Mr. Manoj Kolhatkar
Date of birth	29.07.1968
Expertise in functional areas:	General Management
Qualifications:	B.E., DBM
List of other Indian Companies in which Directorships held:	Nil
Memberships/Chairmanships of Committees of Directors of the Indian Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Nil

Place : Mumbai
Date : May 27, 2011

Registered Office :
29th Milestone,
Pune-Nashik Highway,
Village Kuruli, Taluka Khed,
Pune – 410 501
Maharashtra, India

By Order of the Board
Gabriel India Limited

Anshul Bhargava
Company Secretary

ANNEXURE – ‘A’

**Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting
(in pursuance of Clause 49IV(G) of Listing Agreements)**

Mr. Gurdeep Singh

Name of Director	Mr. Gurdeep Singh
Date of birth	23.07.1944
Date of Appointment:	28.07.2009
Expertise in specific functional areas:	Process implementation, Human resources and Industrial relation, Business Development and Technical Support
Qualifications:	B.Tech in Chemical Engg.
List of other Companies in which Directorships held:	Blue Star Limited Halonix Limited Tecnova India Limited Everest Kanto Cylinder Limited Gateway Rail Freight Limited
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Shareholder Grievances Committee – Blue Star India Limited Audit Committee – Halonix Limited Remuneration Committee – Halonix Limited

ANNEXURE – ‘B’

**Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting
(in pursuance of Clause 49IV(A) of Listing Agreements)**

Mr. Rajeev Vasudeva

Name of Director	Rajeev Vasudeva
Date of birth	19.07.1959
Date of Appointment:	12.11.2008
Expertise in specific functional areas:	Specializing in recruitment and assessment of CEO's, COO's, and critical leadership talent in the technology and private equity sectors
Qualifications:	CA, MBA & LLB
List of other Companies in which Directorships held:	Egon Zehnder International Pvt. Ltd. Egon Zehnder International Research Services Egon Zehnder International AG
Memberships/Chairmanships of Committees of Directors of the Indian Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Nil

Report of the Board of Directors

Your Directors take pleasure in presenting the Forty Ninth Annual Report together with the Audited Accounts for the year ended March 31, 2011.

Financial Highlights

	Year ended March 31, 2011* (Rs Million)	Year ended March 31, 2010 (Rs Million)
Net Sales	9,617.0	6,974.0
Profit before Interest and Depreciation	973.0	702.0
Interest	163.0	148.0
Depreciation	219.0	201.8
Profit / Loss before Tax	590.8	352.2
Provision for Current Tax (Net of MAT credit)	142.2	55.4
Provision for Deferred Tax	15.8	35.2
Profit / Loss after Tax for current year	432.8	261.6
Provision for Tax for earlier years	(37.8)	21.2
Prior period item (Net on tax)	17.2	-
Profit / Loss after Tax	453.4	240.4
Dividend		
Interim	21.6	21.6
Final Proposed	50.3*	39.5
Dividend Tax	11.9	10.4
Transfer to / (from) General Reserve	45.3	24.0

* subject to the approval of Shareholders

Dividend

Your Directors had declared an interim dividend of Rs. 0.30 per equity share of Rs. One each (Previous Year 30%). This dividend amounted to Rs. 21.5 Million (Previous Year Nil). The same was distributed to shareholders whose names appeared on the Register of Members as on 25th November, 2010.

Your Directors have recommended for approval of shareholders a final dividend of Rs. 0.70 per equity share of Rs. one each (Previous Year 0.55 per equity share of Rs. one each). This proposed dividend would amount to Rs. 50.28 Million (Previous Year Rs. 39.50 Million). The dividend, subject to its declaration will be distributed to the shareholders whose name appears on the Register of Members as on July 28, 2011.

INDIAN ECONOMY

During the year 2010-11 the Indian economy sustained its growth story of year 2009-10. Although the world economy showed signs of recovery, the fast growth displayed by the Indian economy was indicative of its inherent strength. The Indian economy grew by 8.6% in 2010-11, a rate which was quite comparable to growth rate of China. India has now emerged as worlds, top 10 countries in industrial production.

The Indian automotive industry recorded the highest ever sales in 2010-11 with all segments i.e. passenger cars, commercial vehicles and two-wheelers showing strong growth. The automotive sector grew by 27% over the previous year. This has made India the second fastest growing market after China. The passenger car segment grew by 27% over the previous year. M/s Maruti Suzuki India Limited alone sold more than 1.3 million units in the fiscal year. The commercial vehicle segment grew by a robust 33% in this year riding on strong growth of 26% last year. The two wheeler segment grew by 27% over last year's growth of 25%.

The new emission norms, rising commodity prices especially oil prices and a possible hike in interest rates would affect the industry. The industry is expected to consolidate and grow overall by 15% in 2011-12 and beyond.

PERFORMANCE

The total sales at Rs. 9617 Million, (Previous Year Rs. 6974 Million), registered a growth of 38%, which is higher than the industry trend of 27%. While the Profit Before Tax of Rs. 591 Million (Previous year Rs. 352 Million) recorded a growth of 68%, the Profit After Tax of Rs. 453 Million (Previous Year Rs. 240 Million) grew by 89%. As a result, the Earnings Per Share grew significantly to Rs. 6.31.

The restructuring of the organization in terms of manpower and the various cost reduction measures helped the Company improve its efficiency over the previous year. EBITDA for the year was Rs. 973 Million (10.12% to net sales) against Rs. 702 Million (10.06% to net sales) in the previous year.

EXPORTS

The total exports of the Company grew at 132% from Rs. 126 Million to Rs. 292 Million in the current year. The growth was due to expansion of OE as well as exports for replacement market.

After Market exports recorded a growth of 32% in the current year. While there was substantial improvement in market share in 2/3 wheeler segments in Sri Lanka and Bangladesh, the Company entered the 3 and 4 wheeler segments in Egypt and Turkey for the first time. The Company also focused on private branding business in Australia and Singapore. Export to OE customers i.e Renault Iran registered a significant increase.

Both OE and After Market exports will be the focus area for growth in the coming years.

OPERATIONS

The company has undertaken a significant facility restructuring exercise during the year which included:

1. **At Parwanoo:** The Parwanoo Plant has initiated in the year expansion plans for meeting higher demands all round. The capacities for commercial vehicle business would be 3 Lac numbers per month.
2. **At Khandsa:** A dedicated facility for Maruti-Suzuki India Ltd., had undergone expansion for meeting the increased requirement from MSIL. The plating capacity was augmented to its full potential and has also started supplies to M/s. MANDO Chennai for their requirements of piston rods. Major initiatives were taken and continue to be planned for productivity, quality and delivery improvements.
3. **At Chakan:** The layout of the Plant has been changed to improve material flow. The new state of art plating facility has been commissioned successfully and has eliminated lot of material movement as also improved quality and reliability. Environment friendly water base painting system has also been installed. All these activities have been undertaken while the plant kept meeting the demands of OEM customers.

Casting Facility

The output has steadily increased during the year with improved quality standards.

4. **At Ambad:** Plant received the prestigious recognition of "BAL TPM Excellence Award" from its major customer 'BAJAJ'. It received approvals from OEMs like Piaggio for export possibilities to Europe. The Plant has received continued appreciation from its valued customers.

5. **At Hosur:** Capacity augmentation was undertaken to increase plant's capacity to 1.5 lac front fork per month and 4.5 Lac shox per month. The focus has been on quality and productivity.
6. **At Dewas:** The plant is projected to become a major source for exports for commercial vehicle products.

Fixed Deposits

Fixed deposits at the end of the year were Rs. 318.34 Million (Previous year Rs. 357.1 Million).

Technology Tie -up

The Company continues its association with Technology partners KYB, Japan and KYBSE, Spain in four-wheelers and two-wheelers, Arvin Meritor for commercial vehicles and Yamaha Motor Hydraulic System Company Limited for two-wheelers.

The Company has evolved an in-house state of the art Research and Development facility at Chakan which has design and development competency to meet the latest requirements of the customers. This setup has been recognised by DSIR during the year.

Collaborators

Your Company wishes to place on record its appreciation of the continued support extended by its collaborators. There were fruitful discussions with the Collaborators during the year on several areas of mutual cooperation.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, information relating to the foregoing matters is given by way of an Annexure to this Report.

Directors

In accordance with Article 123 of the Articles of Association, Mr. Rajeev Vasudeva and Mr. Gurdeep Singh retire by rotation and being eligible, offer themselves for re-appointment. The Board of Directors also appreciated the contribution of the retiring directors i.e. Mr. Prakash Kulkarni and Ms. Padmini Khare Kaicker from the Board of the Company. The Board of Directors also welcomed Mr. Manoj Kolhatkar and Mr. Mahendra Goyal on the Board of the Company.

Director's Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently, and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the Profit and Loss Account for the year ended March 31, 2011;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

Corporate Governance

A separate section on Corporate Governance is included in the Annual Report and the certificate from the Company's Auditors confirming the compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with the Stock Exchanges is annexed thereto.

Auditors

Messers Price Waterhouse & Co., Chartered Accountants, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have expressed their unwillingness to continue as Auditors after the Conclusion of this Annual General meeting. The Board has recommended M/s B.K. Khare & Co. Chartered Accountants to be appointed as Auditors from the conclusion of this AGM to the Conclusion of next AGM. M/s B.K. Khare & co. has furnished a Certificate to the effect that the proposed re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

Employee Relations

Employee relations were cordial at all locations. Long Term agreements with the Unions have been concluded at the Ambad and Dewas Plants, which are the only unionized plants in the Company. The Agreements resulted in higher productivity.

Your Company is undertaking initiatives to increase Human Capital by approximately 20% from current levels. A number of initiatives are being taken for all employees - Operating Engineers as well as staff for enhancing "employee value". This includes skill enhancement, training and soft skills. Coaching/guidance for selected talent is also included. This initiative is aimed at preparing the Company for high growth in the coming years.

The Directors are pleased to record their appreciation of the services rendered by the employees and staff at all levels.

Particulars of Employees

As required under the provisions of Sub-Section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended, particulars of employees are set out in the Annexure to the Directors Report. As per the provisions of Section 219 (1)(d)(iv) of the said Act, these particulars would be made available to any shareholder on request.

Acknowledgements

Your Directors wish to thank the Collaborators, Technology Partners, Financial Institutions, Bankers, Customers, Suppliers, Shareholders and Employees for their continued support and co-operation.

For and on behalf of the Board

Place : Mumbai
Date : May 27, 2011

Deepak Chopra
Chairman

Annexure to the Directors' Report

Information as per Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended March 31, 2011.

I. Conservation of Energy

Your company has been continuously working towards energy conservation with innovative solutions. This year the company has worked mainly in following areas:

1. Use of energy efficient electric motors in different machining areas
2. Balanced load distribution for electric power thereby improving power factor and reducing power consumption.
3. Variable frequency drives to optimize power consumption in air handling units and exhaust systems
4. Energy efficient lighting

II. Particulars as per Form B

Research and Development (R&D)

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

- a) New Product called "Load Adaptive Damping" (LAD) was developed and trials were taken on three different customers vehicles. LAD ensures smooth ride at varying loads.
- b) New remote canister shocks were developed for two-wheeler customers for meeting fast response to the road conditions.
- c) Capacity and capability of new products development as well as improvement in existing products were enhanced.
- d) Various imported components were developed with local supplier and cost reductions were achieved.
- e) Durability high speed testing machines were upgraded to meet specific requirements of OEM customers.
- f) All the products were made environment friendly by avoiding the use of restricted materials such as cadmium, lead, etc.
- g) Environment friendly new surface coating and plating processes were implemented.
- h) Developed capability of designing and development of peripheral parts such as spring, rubber mounted jounce bumper etc.
- i) Ride tuning was carried out for all major passenger cars, LCV & HCV.

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

- a) Cost reduction
- b) Improvement in performance as well as productivity.
- c) Longer life for component and warranty cost reduction
- d) Revenue growth through value added services
- e) Focused attention to import substitution / localization to meet cost pressure from user.

3. Future plan of action

- a) Company is concentrating on developing know how for advanced suspension systems which would be required by OEM's in 2-3 years

4. Expenditure on R&D

	Rs. Million
Capital	1.65
Recurring	49.67
Total	<u>51.32</u>
Total R&D expenditure as percentage of total turnover	0.53%

Technology Absorption, Adaptation and Innovation

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

Technology from Kayaba Industry Co. Ltd, Japan was used for manufacture of Shock Absorbers, McPherson Front Forks for Yamaha new motor cycles and Struts for Toyota Corolla (Altis), Toyota Innova, various other models of Maruti covering Alto, Wagon R and SX4. Technology agreements have been renewed for upgradation of technology and for addition of products for new models coming up in the market like Maruti Suzuki- YR 9.

KYB Suspensions, Europe, SA a wholly owned subsidiary of Kayaba Industry Co. Ltd, Japan provided technology for new generation vehicles of European origin like Ford Ikon, Ford Fiesta and Ford Fusion, Mahindra Renault Logan, Hyundai Santro and many more new models for next year.

Technical Assistance with Yamaha Motor Powered Products Company Limited Japan has been renewed for upgradation of technology for Front Fork and two wheeler Shock Absorbers.

2. Benefits derived as a result of the above efforts are acquiring new business, product development, import substitution, product improvement and cost reduction.
3. Particulars of imported technology in the last five years:

Technology imported	Year of Import
i) McPherson Struts and Shock Absorbers from Arvin Ride Control Products, USA	1997 & renewal 2004
ii) Front Forks and Shock Absorbers from SOQI Hydraulic System Co Ltd, Japan (Subsidiary of Yamaha, Japan)	1999 & renewal 2005
iii) Front Forks and Shock Absorbers (Additional applications) from Yamaha Motor Powered Products Company Limited , Japan	2001 & renewal 2008
iv) McPherson Struts and Shock Absorbers from Kayaba Industry Co. Ltd, Japan	1995 & renewal 2004
v) Shock Absorbers from ArvinMeritor LVS Ride Control Division	Renewal 2005
vi) McPherson Struts and Shock Absorbers from S&T Daewoo Company Ltd., Korea	2005
vii) Shock Absorbers and Struts from KYB Suspensions, Europe, SA.	2006
viii) Front Forks, Shock Absorbers and Aluminum, Castings for Front Forks from Kayaba Industry Co. Ltd, Japan	2008
ix) Gas Shock Absorbers and Struts from S & T Daewoo, Korea	2008
x) Dynachrome plating for Piston Rods from Germany	2008

Technology development and assimilation is an ongoing process. In order to meet the ever increasing demand of customers and continuously changing global standards, continuous access to proven foreign technology is available.

4. R&D facilities for Ride Control products for four wheelers (passenger cars, commercial and utility vehicles) at Gabriel Chakan and for two and three wheeler at Hosur, Tamil Nadu are being upgraded and expanded for improved capabilities of design, engineering, validation and testing.

III. Foreign Exchange Earnings and Outgoings

Total foreign exchange earned and used:

Earnings	Rs. 263.8 Mn	(Previous year Rs. 126.1 Million)
Outgoings	Rs.1290.8 Mn	(Previous year Rs. 1031.1 Million)

For and on behalf of the Board

Place : Mumbai
Date : May 27, 2011

Deepak Chopra
Chairman

Report on Corporate Governance

for the year March 31, 2011

A. MANDATORY REQUIREMENTS

1. Company's Philosophy on Code of Governance

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner in all facets of its operations and in its interaction with stakeholders namely :-

- Shareholders : as providers of risk capital, to provide them a reasonable return and enhance shareholder value;
- Customers : to provide adequate customer service focusing the activities on customer expectations and meeting them.
- Environment : to adhere to the environment standards to make the product and process, environment friendly.
- Employees : to promote development and well-being
- Society : to maintain company's economic viability as producer of Goods and services and
- Other stakeholders : fulfilling the obligations towards other stakeholders namely government, suppliers, creditors, etc.

Clause 49 of the Listing Agreement with Stock Exchange sets up norms and disclosures that are to be met by the Company on Corporate Governance front. We confirm our compliance with Corporate Governance criteria, as required under the said clause, vide this report.

2. Board of Directors

- Composition

The strength of the Board of Directors as on March 31, 2011 was 9 Directors. The Board comprises of two Executive Director - a Executive Chairman and Managing Director. The rest are Non-Executive Directors. The Board meets the requirement of not less than half being Independent Directors.

Details of Board Meetings held during the financial year 2010-11

Dates of Meetings	Board Strength	No of Directors present
29th May, 2010	8	5
28th July, 2010	8	6
27th October, 2010	8	5
3rd November, 2010	8	4
28th January, 2011	8	7
14th March, 2011	9	8

The maximum time gap between any two meetings was not more than four months

- The Composition of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships, committee memberships and chairmanships held by them are given below:

Attendance at Board Meetings and at the last AGM and details of memberships of Directors in other Boards and Board Committees:

Directors	Category	Attendance Particulars			No. of other Directorships and Committee Memberships/ Chairmanships held in Public Limited Companies		
		Share held by Directors	Board Meetings	Last AGM	Directorships*	Committee Memberships*	Committee Chairmanships
Mr. Prakash Kulkarni	EC	56750	5	Yes	1	2	0
Mr. Arvind Walia	MD	20920	6	Yes	3	2	Nil
Mr. Russi Jal Taraporevala	N.E.D. I	259260	4	Yes	3	2	2
Ms. Padmini Khare Kaicker	N.E.D. I	100000	5	No	0	0	0
Mr. Rajeev Vasudeva	N.E.D. I	0	6	Yes	0	0	0
Mr. Gurdeep Singh	N.E.D. I	15000	4	Yes	6	2	1
Mr. Deepak Chopra	N.E.D.	82500	4	Yes	10	6	4
Mr. John A Crable	N.E.D	0	0	No	0	0	0
Mr. H. R. Prasad - 1	N.E.D	22000	1	N.A	4	1	1

EC: Executive Chairman; MD: Managing Director; NED: Non Executive Director I – Independent Director. Directors who are chairpersons of Committees have been included in the list of members as well.

* Includes directorship and committee membership in public limited companies only.

1 Appointed as director w.e.f March 14, 2011

The Board periodically reviews Compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

3. Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior management of the Company on December 29, 2005. The Code of Conduct has been posted on the website of the company. All Board members and senior management personnel have affirmed compliance with the code. A declaration to this effect signed by the Managing Director is enclosed separately. (Refer Appendix 1)

4. Audit Committee

After the introduction of the amendment to Section 292A of the Companies Act 1956, the Audit Committee was reconstituted in January 2001 and subsequently reconstituted in May 2006 and in May 2008. This Audit Committee had seven meetings during the year 2010-11. The composition of Audit Committee as on March 31, 2011 and attendance at its meetings is given hereunder:

Member	Position	No. of meetings attended
Ms. Padmini Khare Kaicker	Chairperson	6
Mr. Deepak Chopra	Member	5
Mr. Rajeev Vasudeva	Member	7

Members of the Audit Committee are eminent professional and financially literate. One member has expertise in the field of Taxation, Accounting and Corporate Laws.

The Audit Committee meetings are held both at the Corporate Head quarters and plant locations and are attended by the Internal Auditors and the Finance Head. A representative of the Statutory Auditors is invited, as required. The Company Secretary acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee is an Independent Director and was present at the last Annual General Meeting of the Company.

The broad terms of reference of the Audit Committee are as follows:

- Review of the Company's financial reporting process, and its financial statements
- Review of accounting and financial policies and practices
- Review of the internal control and internal audit system
- Review of risk management policies and practices
- Discussing with Statutory Auditors before the audit commences on the nature and scope of audit, as well as

- having post audit discussion to ascertain any area of concern.
- Review of related party transactions
- Review of process laid down for risk assessment and minimization procedure.

5. Remuneration to Directors

(A) Remuneration Committee:

The composition of the Remuneration Committee as on March 31, 2011 is as follows:

Mr. Deepak Chopra	:	Chairman
Mr. Russi Jal Taraporevala	:	Member
Ms. Padmini Khare Kaicker	:	Member

The Chairman of the Committee, Mr. Deepak Chopra is a Non-Executive Director.

The Remuneration Committee was constituted on May 14, 2001 and subsequently reconstituted in May 2006 and May 21, 2008. One meeting was held on May 26, 2009 during the year 2009-10 and two meetings were held during the year 2010-11.

The broad terms of reference of the Remuneration Committee include recommendation to the Board of salary/perquisites, commission and retirement benefits payable to the Company's Managing Director, Whole time Director and other Managerial Personnel.

Remuneration Policy:

Payment of remuneration to the Executive Chairman and Managing Director is governed by the Letter of Appointment issued to them by the Company, the terms and conditions of which were approved by the Board of Directors and the Shareholders. The remuneration structure comprises of salary, perquisites and allowances, contributions to provident fund, superannuation and gratuity funds. The Non-Executive Directors do not draw any remuneration from the Company other than sitting fees and such commission payable to such Non-Executive directors as may be determined by the Chairman.

(B) Details of the remuneration paid to Executive Chairman and Managing Director during the year 2010-11 are given below: -

Name of Executive Directors	All elements of remuneration package i.e. salary benefits, bonuses pension etc. (Rs Million)	Fixed component and performance linked incentives alongwith the performance criteria (Rs Million)	Service contracts period, notice severance fees	Stock option with details, if any and whether issued at discount as well as the period over which accrued and over which exercisable
Mr. Prakash Kulkarni Executive Chairman	8 Million	Nil	Pl. see note 'a'	Pl. see note 'b'
Mr. Arvind Walia Managing Director	9 Million	Nil	Pl. see note 'a'	Pl. see note 'b'

- a) The agreement with the Executive Chairman is for 3 years and with the Managing Director for 5 years. Either party to the agreement is entitled to terminate the agreement by giving not less than six months notice in writing to the other party.
- b) The Company does not have stock option scheme for grant of stock options either to the Executive Directors or employees.

6. Investors' / Shareholders' Grievance Committee

The Investors / Shareholders Grievance Committee of the Board was constituted on May 14, 2001, reconstituted in May 2006 and subsequently in May 2008, to look into the redressal of investors' complaints like non receipt of Annual Reports, interest payments, declared dividends, issue of duplicate certificate and other allied transactions.

The composition of Investors / Shareholders Grievance Committee as on March 31, 2011 and attendance at its meeting is given hereunder:

Member	Position	No. of meetings attended
Mr. Russi Jal Taraporevala	Chairman	2
Mr. Prakash Kulkarni	Member	3
Mr. Rajeev Vasudeva	Member	4

Details of Shareholders/ Investors Complaints / Requests for action (such as change of address, revalidation of warrants, etc.)

Number received during the year	196
Number resolved to the satisfaction of complainant	196
Number pending redressal	Nil
Number Pending Transfers	Nil

The Company has attended to most of the investors grievances/ correspondence within a period of fifteen days from the date of receipt of the same, while almost all the rest were attended to within maximum period of 30 days.

Name, designation and address of : Mr. Anshul Bhargava
Compliance officer Company Secretary
Gabriel India Limited
29th Milestone, Pune – Nashik Highway,
Village Kuruli, Taluka Khed, Pune - 410501

7. Share Transfer Committee

The Share Transfer Committee of the Board was constituted on May 14, 2001 and subsequently reconstituted in 2006 and in May 2008, to approve transfer of shares. The composition of Share Transfer Committee as on March 31, 2011 is given hereunder:

Member	Position
Mr. Prakash Kulkarni	Chairman
Ms. Padmini Khare Kaicker	Member
Mr. Deepak Chopra	Member

8. General Body Meetings

Details of the location of the last three AGMs and the details of the resolutions passed or to be passed by Postal Ballot.

a. Particulars of last three years Annual General Meetings

Financial year	Date	Time	Location
2009-10	July 28, 2010	2.30 p.m.	29th Milestone Pune-Nashik Highway Village Kuruli Taluka Khed Pune 410 501
2008-09	July 28, 2009	2.30 p.m.	-do-
2007-08	July 21, 2008	2.30 p.m.	-do-

b. No resolutions requiring Postal Ballot as recommended under clause 49 of the Listing Agreement have been placed for shareholder's approval at the meeting.

The company has passed the following special resolutions during the year 2007 -08, 2008 - 09, 2009 - 10:

- (1) Appointment of Mr. Prakash Kulkarni as Executive Chairman
- (2) Appointment of Mr. Arvind Walia as Managing Director
- (3) Approval for payment of Remuneration of Rs. 6.56 Million in the form of salaries, allowances, perquisites, bonus as fixed by the Board for the financial year 2008-09 to Mr. Prakash Kulkarni as the Executive Chairman of the Company.
- (4) Approval for payment of Remuneration of Rs. 10.38 Million in the form of salaries, allowances, perquisites, bonus as fixed by the Board for the financial year 2008-09 to Mr. Arvind Walia as the Managing Director of the Company.
- (5) Approval for payment of Remuneration of Rs. 6.74 Million in the form of salaries, allowances, perquisites, bonus as fixed by the Board for the financial year 2008-09 to Mr. K.N. Subramaniam as the Managing Director of the Company upto May 21, 2008.
- (6) Approval for payment of Commission to Non-Executive Independent Directors at a rate of One percent of the Net profits of the Company in each year for the period of 5 years commencing from the financial year ended 31st March, 2010.
- (7) Approval accorded to the Board of Directors of the Company under Section 293(1)(d) and other applicable provisions of the Companies Act, 1956 for borrowings, secured or unsecured, upto a limit of Rs. 5000 Million.

Other than these the Company has not passed any special resolution in the last three Annual General Meetings.

9. Notes on Directors seeking appointment / re-appointment as required under Clause 49IV(G) of the Listing Agreement entered into with Stock Exchanges.

ANNEXURE – ‘A’

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49IV(A) of Listing Agreements)

Name of Director	Gurdeep Singh
Date of birth	23.07.1944
Date of Appointment	28.07.2009
Expertise in functional areas:	Process implementation, Human resources and Industrial relation, Business Development and Technical Support
Qualifications:	B.Tech & Chemical Engg.
List of other Companies in which Directorships held:	Blue Star Limited Halonix Limited Tecnova India Limited Everest Kanto Cylinder Limited Gateway Rail Freight Limited
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Shareholder Grievances Committee – Blue Star India Limited Audit Committee – Halonix Limited Remuneration Committee – Halonix Limited

ANNEXURE – ‘B’

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting
(in pursuance of Clause 49IV(A) of Listing Agreements)

Name of Director	Rajeev Vasudeva
Date of birth	19.07.1959
Date of Appointment	12.11.2008
Expertise in functional areas:	Specializing in recruitment and assessment of CEO's, COO's, and critical leadership talent in the Technology and private equity sectors
Qualifications:	CA, MBA & LLB
List of other Indian Companies in which Directorships held:	Egon Zehnder International Limited Egon Zehnder International Research Services Egon Zehnder International AG
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Nil

ANNEXURE – ‘C’

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting
(in pursuance of Clause 49IV(A) of Listing Agreements)

Name of Director	H. R. Prasad
Date of birth	01.11.1934
Expertise in functional areas:	General Management
Qualifications:	BE. MS. (MIT)
List of other Companies in which Directorships held:	Fortune Financial Services India Limited UNI Deritend Limited UNI Abex Alloy Products Limited Prama Corporation
Memberships/Chairmanships of Committees of Directors of the Company	Audit Committee - Member
Memberships/Chairmanships of Committees of Directors of other Companies	Fortune Financial Services India Limited – Audit Committee - Member Chairman UNI Abex Alloy Products Limited – Audit Committee

10. Disclosures

- Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interests of the Company at large.

- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

- The Company has established the necessary mechanism in line with Clause 7 of Annexure 1D of Clause 49 of the Listing agreement for the employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.

- Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The Secretarial Audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in Physical form and the total number of dematerialised shares held with NSDL and CDSL.

- Risk Management

The Company has laid down the process of Risk Management and Assessment procedure which is periodically reviewed by the Board Members.

11. CEO/ CFO Certification

Certificate from CEO & CFO for the financial year ended March 31st, 2011, has been provided elsewhere in the Annual Report.

12. Means of Communication

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ● Half yearly report sent to each household of shareholders | <p>No, as the results of the Company are published in the Newspapers having wide circulation</p> |
| <ul style="list-style-type: none"> ● Quarterly results
Any website, where displayed
Whether it also displays official news Released; and the presentations made to Institutional investors or to the Analysts
Newspapers in which results are normally published in | <p>Same as above
Yes, on www.gabrielindia.com
No</p> <p>1) The Economic Times - Delhi & Mumbai edition
2) Lok Satta - Pune edition
3) Financial Express</p> |
| <ul style="list-style-type: none"> ● Whether Management discussions and Analysis is a part of Annual Report or not | <p>Yes enclosed</p> |

13. General Shareholder Information

- AGM : Date, Time and Venue
July 28, 2011 at 2.30 p.m. at Auditorium, Gabriel India Ltd., 29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501
- Financial Year
April to March
- Date of Book Closure
July 21, 2011 to July 28, 2011 (both days inclusive)
- Dividend Payment date(s)
August 05, 2011
- Listing on Stock Exchange
The Bombay Stock Exchange Limited
National Stock Exchange of India Limited
505714 on Mumbai Stock Exchange
GABRIEL on National stock exchange
INE524A01029
- Stock Code
- The ISIN of Gabriel India Limited on both NSDL and CDSL
Please see Annexure 'A'
- Market Price Date : High, Low during each month in last financial year.
- Registrar and Transfer Agents
Karvy Computershare Private Limited
Unit-Gabriel India Limited
Karvy House, 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad 500 034
Phone No. 040 – 23420818-828
E-mail : mailmanager@karvy.com
- Share Transfer System
All the transfers received are processed and approved by the Share Transfer Committee which normally meets twice in a month
Please see Annexure 'B'
- Distribution of shareholding and Share holding pattern as on March 31, 2011
- Dematerialisation of shares
Complied with
- Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity
Not issued
- Plant Locations
The Company's plants are located at Nasik (Maharashtra), Pune (Maharashtra), Dewas (Madhya Pradesh), Hosur (Tamil Nadu), Khandsa (Gurgaon), Parwanoo (Himachal Pradesh)
- Address for correspondence
Shareholders correspondence should be addressed to the Registrars & Transfer Agents at the address given above or to the registered office of the Company or to the Corporate office or can be emailed to 'secretarial@gabriel.co.in'
The investors complaints may be registered with the Company by email to grd@gabriel.co.in

B. NON-MANDATORY REQUIREMENTS**a) Chairman of the Board**

Whether Chairman of the Board is entitled to maintain a chairman's office at the Company's

The Chairman does not maintain a separate office for the Company. Expenses incurred by the Chairman

expenses and also allowed reimbursement of expenses incurred in performance of his duties.

b) **Shareholder Rights**

The half yearly / quarterly results declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders

c) **Postal Ballot**

d) **Remuneration committee**

e) **Audit Qualification**

f) **Training of Board' Members**

g) **Mechanism for evaluating Non-Executive Board Members**

h) **Whistle Blower policy**

on official duties for the Company are met / reimbursed by the Company.

As the half yearly / quarterly results are published in English newspapers having wide circulation all over India and in a Marathi newspaper (having circulation in Pune & Mumbai), the same are not sent to the shareholders of the Company. Annual audited financial results are taken on record by the Board and then published in news papers as aforesaid and also communicated to the shareholders through the Annual report.

The Company has not taken up any business at General Meeting, which require compliance with Postal Ballot as introduced by Companies (Amendment) Act, 2000.

The Company has formed a remuneration committee. Details of the same are covered Elsewhere in the report.

The Company is in the regime of Unqualified financial Statements

The Company organizes training of its Board Members from time to time.

The Company is developing a suitable process for assessing the effectiveness of the Board and the Committees.

The Company has a Whistle Blower Policy. The same is covered elsewhere in the report.

Place : Mumbai
Date : May 27, 2011

For and on behalf of the Board

Deepak Chopra
Chairman

**Declaration regarding Compliance by Board Member and Senior Management
Personnel with the Company's Code of Conduct.**

I, Arvind Walia, being the Managing Director and a member of the Board of Directors of Gabriel India Limited ("the Company") hereby acknowledge, confirm and certify that :

- i. All the Directors have received, read and understood the Code of Conduct for Directors and Senior Management of the Company.
- ii. All the Directors are bound by the said Code to the extent applicable to their functions as a member of the Board of Directors / Senior Management of the Company;
- iii. Since the adoption of the Code of Conduct in the financial year 2005-2006, all the Directors have complied with the provisions of the Code;
- iv. Directors are not aware of nor are a party to any non-compliance with the said Code.

Mumbai
May 27, 2011

Arvind Walia
Managing Director

Annexure "A"

(i) Stock Price Data

High/Low of market price of the Company's shares traded on the Bombay Stock Exchange, Mumbai during the financial year 2010-11 is furnished below:

Period (Year 2010-2011)	Highest (Rupees)	Lowest (Rupees)	Period (Year 2010-2011)	Highest (Rupees)	Lowest (Rupees)
April	52.50	36.50	October	72.60	62.90
May	67.55	43.00	November	73.90	51.05
June	66.35	51.05	December	61.05	51.00
July	63.70	57.05	January	61.95	44.55
August	66.35	56.10	February	45.70	36.75
September	66.70	58.60	March	44.50	38.35

(i) Stock Price Data

High/Low of market price of the Company's shares traded on the National Stock Exchange, Mumbai during the financial year 2010-11 is furnished below:

Period (Year 2010-2011)	Highest (Rupees)	Lowest (Rupees)	Period (Year 2010-2011)	Highest (Rupees)	Lowest (Rupees)
April	52.45	35.25	October	73.20	59.90
May	60.40	45.00	November	74.00	51.50
June	66.30	49.60	December	60.55	50.00
July	63.60	56.10	January	62.40	41.80
August	64.95	56.05	February	46.70	36.55
September	68.85	58.50	March	46.00	36.15

Annexure "B"

(i) The distribution of shareholdings as on March 31, 2011 is as follows:

Distribution of Shareholding as on 31.03.2011

Category	No. of Folios	%	No. of Shares	%
Upto 5000	36509	98.72	10303890	14.35
5001 to 10000	221	0.60	1684463	2.35
10001 to 100000	212	0.57	6389025	8.90
100001 and above	42	0.11	53444592	74.41
Total:	36984	100.00	71821970	100.00

(ii) Shareholding pattern as on March 31, 2011 is as follows:

Gabriel India Limited
Shareholding pattern as on 31.03.2011

Sr No	Description	No. of shares	%
1	Indian Promoters	39237424	54.63
2	Collaborators	3968680	5.53
3	Insurance Companies & Banks	327300	0.46
4	Mutual Funds & Uti	17460	0.02
5	Fis & Nris	256591	0.36
6	Domestic Companies	5414877	7.54
7	Resident Individuals	22599638	31.46
Total:		7,18,21,970	100.00

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Gabriel India Limited

We have examined the compliance of conditions of Corporate Governance by Gabriel India Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For **Price Waterhouse & Co.**
Firm Registration Number: 007567S
Chartered Accountants

Vali Nijhawan
Partner

Membership Number - 87228

Place : Mumbai
Date : May 27, 2011

Management Discussion and Analysis Report

1) Industry Structure and Development

During the year 2010 -11 the economic development around the world was uncertain. While the European and Western countries struggled with the aftermath of recession of 2009, Asian countries showed resilience with improved performance. China and India led the growth story by recording 8 to 10% economic growth.

Within the overall India's GDP growth of 8.6% the Indian industry expanded by 8.1% within which automotive industry, in second successive year recorded impressive growth rate in all the segments, i.e. commercial vehicles, passenger cars as well as 2 Wheelers.

	Vehicle Production during the year 2010 – 11 (In'000 Nos)	Growth over Previous Year %
Passenger Vehicles	2,987	27
Commercial Vehicle	752	33
Two / Three Wheeler	14,176	27
Overall growth	-	27

2. Outlook

It is estimated that after 2 successive high growth years, the 'automotive industry' is likely to consolidate in the year 2011-12 at growth rate of 15%. This estimate factors in influencing indices like inflation, rising interest rate, fuel cost, etc. which affect the demand of automotive products.

In 2 Wheeler segment incremental capacities of 3 million are likely to be created at an estimated investment of Rs. 20-24 billion over next 2 years. The commercial vehicle industry is expected to grow at CAGR of 16-18% over the next 5 years (2009-10 to 2014-15) on the back of sustained growth in the economy and an improvement in industrial and agricultural production.

Keeping pace with the industry, Company had continued with its capacity augmentation plans investing Rs. 550 million for capacities and quality during 2010-11. Company is planning to invest further Rs. 1500 million in next 2/3 years for building capacities, quality improvement & R&D.

With a broad base of customer's portfolio and strong progress in all segments, the company is confident of sustained growth in the immediate future, and tide over industries short term turbulences, if any.

As volumes increase, Company is reaching a critical mass enabling it to develop local technologies comparable with world class technologies.

3. Performance of the Company

At net sales of Rs. 9617 mill the Company recorded growth of 38% against last year growth of 34%. It outpaced the industry which grew at 27% in the year 2010-11.

Company performance, segment wise, saw growth in the Passenger vehicles business at 25%, Commercial vehicles by 29%, Two wheeler Business by 47%, After market by 32% and Exports by 132% resulting in an overall growth of 38%.

(i) Two & Three wheelers :

At growth rate of 47% the Company out performed the industry which grew at 27%. Company's two facilities at Hosur and Nasik produce product for this segment. The Company supplies products to all the OEMs in two wheeler segments except Hero Honda and with all customer like Bajaj Auto Ltd., TVS Motor Company Ltd., Suzuki Motor India Pvt. Ltd., Yamaha, Honda Motorcycle & Scooter India Pvt. Ltd. Company succeeded in increasing its share with existing models as well as acquiring future business to maintain its growth and market share.

Presently, Company's market share in this segment is estimated to be 20%.

(ii) Passenger Vehicles :

The market share estimated at 33%, is serviced by facilities at Khandsa and Chakan. The facility at Khandsa, Gurgaon caters to Maruti Suzuki (the largest car manufacturer) requirements of around 45%. During the year Company has successfully developed validated product for Volkswagen for which SOP would be in June 2011 which would be supplied from the facility at Chakan, Pune. Other supplies to strategic applications like export to Iran & Nano continue to grow at satisfactory pace.

(iii) Commercial Vehicles :

The Company continued its dominance in supply from Dewas plant to commercial vehicles at market share exceeding **80%**. With the business already acquired and under development the Company is likely to maintain its lead and dominance in this segment for future.

(iv) After Market & Exports :

In the After market, the Company recorded growth of 32%. To have sustainable strong presence in the 'after market' the Company has broad based its product portfolio by developing new part numbers. Presently within After Market domain, the Company is servicing nearly all models of automobiles in India. During the year the Company also introduced radiator coolant under the brand name of Gab Cool, which is likely to grow into Rs. 200 million business.

Starting from a very negligible base 2 years back, Company recorded exports of around Rs. 292 mil which constitutes 3% of the net sales. Continuous thrust on exports, directly and through partner channels is likely to result in strong development of this market segment.

4. Opportunities and threats

Automotive industry is expected to maintain CAGR of 15-17% for next 3 to 4 years. This growth momentum of the automotive industry offers an opportunity to the company in terms of increasing its business.

The company plans to double its sales within a space of three years. The company's strategy of having its manufacturing facilities closer to the manufacturing plants of respective customers and of enabling a commensurate built up of its production capacities, has given an opportunity to acquire increasing business shares for Just In Time supplies to OEMs. Company is confident of growing ahead of the market, based on orders it has acquired and those under development.

The growing business volumes also give the company an opportunity to optimise its cost structure for improved profitability. With critical mass in position, the company would be investing more in R&D activities to further develop its technical competencies.

The potential and growth of Indian automotive sector is attracting the attention of all competing international players and encouraging existing manufacturers of ride control products to make investments. The competition is therefore likely to become stiff with the entry of more players. The company is sensitive to the competitive threats and is confident of its ability to sustain its dominant position due to its capabilities of developing and delivering cost effective quality products. Also the new orders booked by the company, including number of new launches in the forthcoming years would ensure the company's competitive position. The Company has also planned and initiated programs for capacity buildup.

5. Analysis and comments on key Business Risks

(i) Auto sector Risk

The Company operates in one sector and the commitment of 'investments' being irreversible process always has a risk of demand projections not materializing. However, historical perspective has been that the excess capacities get consumed eventually, may be after a lag of couple of years.

The diversified customer portfolio of the company with business share not exceeding 18 % from any one customer and with good market share in all the segments i.e Passenger Vehicles, Two wheeler and Commercial Vehicles, enhances its ability to face any fluctuations.

The company's market share is likely to be sustained over the next few years by virtue of the new businesses it has

acquired in all the segments. The Company's efforts on growing after market as well as exports would reduce the risk of fluctuations in the domestic OE market.

The Company being an auto component supplier to all major OE customers, there is a potential risk of product recall due to quality issues. The company has mitigated this risk by adequate insurance coverage.

(ii) Global Competition Risk:

International OEM's seeking to introduce global platforms prefer to source the products for that platform from a global supplier having the ability to supply same product (same specifications and quality) at all locations where the platform is planned for manufacturing. Your Company has associated itself with KYB, Japan and KYBSE, Spain having good coverage on the international OEM's in Japan and Europe to mitigate the risk.

In case of direct imports of products, particularly from China, the Company has built up its capacity to compete at cost level while providing value added services to customer to continue being a preferred supplier.

(iii) Technology Risk

All OEMs are quite sensitive to the technology changes in our product line. Ride control being primary selling feature of vehicles, OEM's insists on contemporary technologies in ride control products for benchmark ride comforts.

Anticipating this requirement, the company has devised a strategy to secure this by strengthening its relationship with technology partners viz KYB and Yamaha Motor Hydraulic System Co. Ltd.

In addition, special efforts have been initiated to increase the company's own technology level to international standards. The company plans to spend about Rs. 250 mill in next 3 years on technology base build-up.

Building on its own experience and the know-how acquired from technical collaborations, your company has developed a good technical base having well equipped R&D centres at Pune, Hosur and Ambad where modern facilities for testing, analyzing, and designing capabilities have been created. Along with these equipments and facilities, your company has a highly trained team of R&D engineers capable of providing engineering solutions for ride control products including designing for new models.

(iv) Procurement and Supply Chain Risks: -

During the year the prices of commodity and base metal remained steady, though they started going up steeply by the fourth quarter of the year. This poses serious risk of profit erosion in case of inadequate compensation from the customers.

However, the company has addressed this risk by way of an understanding with most customers for adjusting the prices of our products in tandem with the movement of raw material cost. Sourcing from China continues, which helps the company to support short term local suppliers capacity constraints and maintain its raw material cost at lower levels.

For the year 2010-11, the Company was able to negotiate with most customers for price increases to neutralize the material cost increases.

To avail the benefit of economy of scales the company has opted for centralised sourcing with better vendor management. The movement in the material prices in the domestic as well as international market are closely monitored to ensure procurement at competitive prices. The Company has launched a programme - VSME with the objective of developing the vendors and upgrading their facilities to cope with the demand of growth.

(v) Financial Risks

Foreign exchange risk

The company being net importers of components and material, is subject to effects of foreign exchange fluctuations. The company has made contracts for adjustment of foreign exchange fluctuations on a quarterly basis with customers. In the case of purchase of capital goods, the company is hedging them in consultation with experts.

(vi) Talent and Attrition Risk

The Management closely reviews the attrition risk and talent availability risk - in terms of head count and competence. Due to the boom in the auto sector the attrition risk is high. The Company being sensitive to this concern has proactively engaged itself in hiring and developing talent with special focus on HR activities for ensuring retention of

its people. Availability of knowledge work force is also key concern, which has been addressed by wide spread engagement with technical schools for direct recruitment and offering them well defined growth paths.

6. Human Resources / Industrial Relationship

The Company has a structured process of identifying young and key talents and nurturing them for senior responsible positions by mentoring, coaching and advance leadership programs. Towards our stated objective of having 30% women, the Company presently has a strength of 14%.

There is a continuous focus on enhancing productivity in all facets of our operations. Training and development of employees continues to be an area of prime focus with key personnel being sent for advanced training within the country and abroad. The Industrial relations climate of the Company remained cordial during the year and continues to be focused towards improving productivity, quality and safety.

7. Internal control systems and their adequacy.

The company has satisfactory internal control systems which are continuously evaluated by firms of professional auditors of international repute as internal and statutory auditors. However, anticipating the stresses the projected growth is likely to put on the present internal control systems the company has initiated the project of implementing a comprehensive ERP system of SAP. This program is expected to develop the company's internal control systems, MIS and data management to world class level. The integrated ERP is expected to improve the company's reporting efficiency enabling it to adequately manage the expected business volumes.

SAP has been implemented in two plants Chakan and Hosur, and would be deployed in all the remaining plants over the year.

8. Cautionary Statement

Statements in this Report describing the company's objectives, projection, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Factors that could make a difference to the company's operations include, among others, raw material prices, price increase from customers, government regulations, tax regimes, economic developments in India, natural calamities and other incidental factors.

Place : Mumbai
Date : May 27, 2011

ARVIND WALIA
Managing Director

Auditors' Report

TO THE MEMBERS OF GABRIEL INDIA LIMITED

1. We have audited the attached Balance Sheet of Gabriel India Limited (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes 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 those books;
 - 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 Act;
 - 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, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, 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 for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Price Waterhouse & Co.**
Firm Registration Number: 007567S
Chartered Accountants

Vali Nijhawan
Partner
Membership Number: 87228

Place: Mumbai
Date: May 27, 2011

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gabriel India Limited on the financial statements for the year ended March 31, 2011]

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme a portion of the fixed assets has been physically verified by the Management during the year and, *except for one location where the differences identified during physical verification have not been reconciled, no material discrepancies* between the book records and the physical inventory have been noticed.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory other than at two locations. *Except for the one location where reconciliation between inventories determined based on physical verification and book records was not performed and therefore the differences cannot be evaluated*, the discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
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 Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor

education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax, customs duty and cess which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales-tax, service-tax, value added tax and excise duty as at March 31, 2011 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. in Million	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Tax Deducted at Source	9.83	Assessment year 2008-09 and 2009-10	Commissioner Income Tax (Appeals)
Income Tax Act, 1961	Tax Deducted at Source	1.77	Assessment Year 2009-10	Commissioner Income Tax (Appeals)
Central Excise Act, 1944	Service Tax dues	2.60	October 1999 to June 2003	CESTAT, Mumbai
Central Excise Act, 1944	Service Tax dues	0.15	2008-2009 and 2009-2010	CESTAT, Mumbai
Central Excise Act, 1944	CENVAT	0.25	Feb 2007 to June 2008	Deputy Commissioner, Central Excise and Customs
Central Excise Act, 1944	CENVAT	0.04	2002-03	Deputy Commissioner Appeal-I, Lucknow
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	1.22	2005-06	Assistant Commissioner, Dewas
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	2.65	2006-07	MP Commercial Tax Board, Bhopal
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	0.42	1999-00	Trade tax Tribunal-UP, Bench-I, Lucknow
Central Sales Tax Act, 1956	Sales Tax	0.14	1999-00	Deputy Commissioner - Assessment-I, Lucknow
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	0.04	2000-2001	Deputy Commissioner - Appeal (I)-Lucknow
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	0.23	2000-2001	Joint Commissioner -Appeal-3, Lucknow
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	0.18	2002-03	Deputy Commissioner - Appeal (I)-Lucknow
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	32.21	2004-05 and 2006-07	Deputy Commissioner - Assessment-I, Lucknow
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	42.53	2005-06 and 2006-07	Deputy Commissioner - Appeal (I)-Lucknow
Central Sales Tax Act, 1956	Entry Tax	0.23	2005-06 and 2006-07	Honorable High Court- Uttar Pradesh
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	0.43	2004-05	The Superintendent of Taxes, Assam Unit B, Kar Bhawan Guwahati
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	0.06	2003-04	Commercial Tax Officer, Namapally, Hyderabad
Central Sales Tax Act, 1956	Non submission of Sales Tax Forms	0.45	2006-07	DETC, Gurgaon
Assam Value Added Tax Act, 2003	Value added tax	0.04	2004-05 and 2005-06	The Superintendent of Taxes, Assam Unit B, Kar Bhawan Guwahati
Bombay Sales Tax Act, 1959	Sales Tax	0.25	1996-97	Maharashtra Sales Tax Appellate Tribunal, Mumbai
Haryana Value Added Tax Act, 2003	Value added tax	0.16	2006-07	DETC, Gurgaon
Kerala VAT Act 2003	Value added tax	0.54	2005-06 and 2006-07	Assistant Commissioner, Special Circle 1, Ernakulam

10. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
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. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and 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 during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **Price Waterhouse & Co.**
Firm Registration Number: 007567S
Chartered Accountants

Place: Mumbai
Date: May 27, 2011

Vali Nijhawan
Partner
Membership Number: 87228

Balance Sheet as on March 31, 2011

	Schedule	As at 31.03.11		As at 31.03.10	
		Rs. Million	Rs. Million	Rs. Million	Rs. Million
Sources of Funds					
Shareholders' Funds					
Capital	'1'	71.85		71.85	
Reserves and Surplus	'2'	<u>1,793.53</u>	<u>1,865.38</u>	<u>1,420.87</u>	<u>1,492.72</u>
LOAN FUNDS					
Secured Loans	'3'	1,113.73		1,045.72	
Unsecured Loans	'4'	<u>377.27</u>	<u>1,491.00</u>	<u>442.38</u>	<u>1,488.10</u>
DEFERRED TAX LIABILITY (NET)					
(Refer Note 15 on Schedule 19)			<u>156.81</u>		<u>141.00</u>
			<u>3,513.19</u>		<u>3,121.82</u>
Application of Funds					
FIXED ASSETS					
Gross Block	'5'	3,824.47		3,357.72	
Less: Depreciation		<u>1,724.07</u>		<u>1,513.85</u>	
Net Block		2,100.40		1,843.87	
Capital Work-in-Progress		<u>196.83</u>	<u>2,297.23</u>	<u>121.40</u>	<u>1,965.27</u>
INVESTMENTS					
	'6'		<u>133.32</u>		<u>133.32</u>
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	'7'	1,017.71		799.58	
Sundry Debtors	'8'	1,124.97		773.08	
Cash and Bank Balances	'9'	37.31		134.09	
Loans and Advances	'10'	<u>741.37</u>		<u>633.34</u>	
		<u>2,921.36</u>		<u>2,340.09</u>	
Less: CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	'11'	1,675.92		1,194.48	
Provisions	'12'	<u>162.80</u>		<u>122.38</u>	
		<u>1,838.72</u>		<u>1,316.86</u>	
NET CURRENT ASSETS					
			<u>1,082.64</u>		<u>1,023.23</u>
			<u>3,513.19</u>		<u>3,121.82</u>
SIGNIFICANT ACCOUNTING POLICIES					
NOTES TO ACCOUNTS					

The Schedules referred to and attached notes form an integral part of these accounts

This is the Balance Sheet referred to in our report of even date.
For Price Waterhouse & Co.
Firm Registration Number 007567S
Chartered Accountants

For and on behalf of the Board of Directors

VALI NIJHAWAN
Partner
Membership Number: 87228

ALOK AGARWAL
V.P. Finance

ANSHUL BHARGAVA
Company Secretary

DEEPAK CHOPRA
Chairman

ARVIND WALIA
Managing Director

Place : Mumbai
Date : May 27, 2011

Place : Mumbai
Date : May 27, 2011

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

	Schedule	For the year ended 31.03.11		For the year ended 31.03.10	
		Rs. Million	Rs. Million	Rs. Million	Rs. Million
Income					
Sales		10,482.45		7,518.70	
Less: Excise Duty		865.49		544.71	
Net Sales		9,616.96		6,973.99	
Other Income	'13'	181.77		128.88	
			9,798.73		7,102.87
Expenditure					
Excise Duty		4.12		4.05	
Cost of Materials	'14'	7,124.89		5,172.91	
Personnel Expenses	'15'	695.58		469.15	
Manufacturing, Administration, Selling And Distribution And Other Expenses	'16'	1,001.00		754.76	
Interest	'17'	163.33		147.95	
Depreciation		219.02		201.83	
			9,207.94		6,750.65
Profit Before Tax and Prior Period Items			590.79		352.22
Provision For Taxation:					
Current Tax			142.20		61.50
Mat Tax Credit			-		(6.10)
Tax expenses (Credit) for Previous Years			(37.84)		21.22
Deferred Tax			15.81		35.20
Net Profit After Tax and Before Prior Period Items			470.62		240.40
Less Prior Period Items (Net of Tax) (Refer Note No. 31 on Schedule '19')			17.20		-
Net Profit After Tax prior period items			453.42		240.40
Profit and Loss Account Brought Forward			892.05		747.12
Profit Available For Appropriation			1,345.47		987.52
Appropriations					
Dividend -Interim			21.55		21.55
-Proposed Final			50.28		39.50
Dividend Tax			11.93		10.38
General Reserve			45.34		24.04
Profit and Loss Account Carried Forward			1,216.37		892.05
			1,345.47		987.52
Earning Per Share - (Refer Note 13 on Schedule 19)					
- Basic / Diluted Eps (Rs.)			6.31		3.35
- Paid Up Value Per Share (Rs)			1.00		1.00
Significant Accounting Policies	'18'				
Notes To Accounts	'19'				

The Schedules referred to and attached notes form an integral part of these accounts

This is the Profit & Loss Account referred to in our report of even date.

For Price Waterhouse & Co.

Firm Registration Number 007567S

Chartered Accountants

VALI NIJHAWAN

Partner

Membership Number: 87228 F 48125

ALOK AGARWAL

V.P. Finance

ANSHUL BHARGAVA

Company Secretary

For and on behalf of the Board of Directors

DEEPAK CHOPRA
Chairman

ARVIND WALIA
Managing Director

Place : Mumbai

Date : May 27, 2011

Place : Mumbai

Date : May 27, 2011

Schedules

Schedule '1': Share Capital

	As at 31.03.11 Rs. Million	As at 31.03.10 Rs. Million
Authorised		
140,000,000 Equity Shares of Re. 1 each	140.00	140.00
100,000 Cumulative Redeemable Preference Shares of Rs. 100 each	10.00	10.00
	<u>150.00</u>	<u>150.00</u>
Issued, Subscribed and Paid Up Capital		
71,821,970 Equity Shares of Re. 1 each fully paid up	71.82	71.82
Add: Share Forfeiture	0.03	0.03
	<u>71.85</u>	<u>71.85</u>

Notes :

1. Out of above 35,952,734 (previous year 31,190,084) equity shares were held by Asia Investments Private Limited. Asia Investments Private Limited increased the shareholding in the Company to 50.60% on March 25, 2011. From that date the Asia Investments Private Limited has become the Holding Company.
2. In earlier years:
 - (a) 1,235,000 Equity Shares of Rs. 10 each allotted as fully paid up by way of Bonus Shares by capitalisation of Reserves
 - (b) 1,733,996 Equity Shares of Rs. 10 each at a premium of Rs. 20 each allotted as fully paid up on conversion of Partly Convertible Debentures on November 30, 1991
 - (c) 2,675,198 Equity Shares of Rs. 10 each at a premium of Rs. 115 each allotted as fully paid up on conversion of Partly convertible Debentures on November 01, 1996
 - (d) The Company had sub divided its every equity share of Rs. 10 each (fully paid up) into 10 (Ten) equity shares of Re 1 (One) each (fully paid up) based on the approval of the shareholders in the Extraordinary General Meeting held on 16th December 2005

Schedule '2': Reserves and Surplus

	As at 31.03.11		As at 31.03.10	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Capital Reserve				
Per Last Balance Sheet	1.70			1.70
Add: Received During The Year @	<u>3.00</u>	4.70		
Securities Premium:				
Per Last Balance Sheet		343.59		343.59
General Reserve:				
Per Last Balance Sheet	183.53		159.49	
Add: Transferred from Profit & Loss Account	<u>45.34</u>	228.87	<u>24.04</u>	183.53
Profit & Loss Account		1,216.37		892.05
Available for Carried Forward		<u>1,793.53</u>		<u>1,420.87</u>

@ Represents subsidy received from the Government against Capital investment made by the Company.

Schedule '3': Secured Loans

(Refer Notes 1,2 (a), 2(b) and 30 on Schedule 19)	As at 31.03.11 Rs. Million	<i>As at 31.03.10</i> <i>Rs. Million</i>
From Banks		
– Rupee Term Loans	394.97	404.97
– Buyer's Import Credit for Capital Goods	60.21	-
Working Capital Facilities	658.55	640.75
(Including Buyer's Credit for Import of Raw Material Rs. 273.95 Million (Previous year Rs. 310.96 Million))		
	<u>1,113.73</u>	<u>1,045.72</u>

Schedule '4': Unsecured Loans

(Refer Note 2(c), 2(d) and 2 (e) on Schedule 19)	As at 31.03.11 Rs. Million	<i>As at 31.03.10</i> <i>Rs. Million</i>
Fixed Deposits	318.34	357.14
Sales Tax Deferral	55.77	80.79
Other Loans and Advances	3.16	4.45
	<u>377.27</u>	<u>442.38</u>

Schedule '5': Fixed Assets

(Refer Notes 3,5,12, 27 on Schedule 19)

(Rs. Million)

	GROSS BLOCK			DEPRECIATION / IMPAIRMENT				NET BLOCK		
	Cost as at 01.04.10	Additions during the year*	Deletions during the year	Cost as at 31.03.11	Accumulated depreciation/ Impairment as at 01.04.10	Depreciation/ Impairment for the year	Deletions during the year	Accumulated depreciation/ Impairment as at 31.03.11	As at 31.03.11	As at 31.03.10
Tangible Assets										
Freehold Land	25.82	-	-	25.82	-	-	-	-	25.82	25.82
Leasehold Land#	24.05	-	-	24.05	3.05	0.15	-	3.20	20.85	21.00
Buildings#	653.16	50.34	-	703.50	169.83	21.90	-	191.73	511.77	483.32
Plant & Machinery	2,430.94	382.75	12.57	2,801.12	1,228.72	165.01	6.99	1,386.74	1,414.38	1,202.22
Vehicles@	31.17	2.79	1.18	32.78	14.42	2.50	0.57	16.35	16.43	16.75
Furniture & Fixtures	64.11	8.42	3.47	69.06	32.80	4.18	2.78	34.20	34.86	31.33
Intangible Assets										
Computer Software	17.10	30.80	-	47.90	10.97	10.64	-	21.61	26.29	6.13
Technical Knowhow	111.37	8.87	-	120.24	54.06	16.18	-	70.24	50.00	57.30
	<u>3,357.72</u>	<u>483.97</u>	<u>17.22</u>	<u>3,824.47</u>	<u>1,513.85</u>	<u>220.56</u>	<u>10.34</u>	<u>1,724.07</u>	<u>2,100.40</u>	<u>1,843.87</u>
Capital Work-in-Progress (Including capital advances)									196.83	121.40
Total	<u>3,357.72</u>	<u>483.97</u>	<u>17.22</u>	<u>3,824.47</u>	<u>1,513.85</u>	<u>220.56</u>	<u>10.34</u>	<u>1,724.07</u>	<u>2,297.23</u>	<u>1,965.27</u>
Total as at 31.03.10	<u>3,061.78</u>	<u>307.05</u>	<u>11.11</u>	<u>3,357.72</u>	<u>1,315.01</u>	<u>206.44</u>	<u>7.60</u>	<u>1,513.85</u>		

* Addition includes interest and pre operative expenses capitalized Rs. Nil Million (Previous Year Rs. 27.35 Million)

Includes Leasehold land and buildings having a gross value of Rs. 12.61 Million (Previous Year Rs. 12.61 Million) and Rs. 19.16 Million (Previous Year Rs. 19.16 Million) respectively, which are held by the Company for sale.

@ Vehicles include Assets purchased on finance lease amounting to Rs. 3.32 Million (Previous Year Rs. 6.14 Million) with a written down value of Rs 2.82 Million (Previous Year Rs. 5.21 Million) as at year end .

\$ Depreciation for the year includes Rs. 1.54 Million (Previous Year Rs. 4.61 Million) of provision for assets not in use included under Schedule 16 - Manufacturing, administration, selling and distribution and other expenses.

Schedule '6': Investments

	As at 31.03.11 Rs. Million	As at 31.03.10 Rs. Million
Non-Trade—Long Term Investments		
Quoted—at cost:		
4000 (Previous Year 800) Equity Shares of Rs. 2 (Previous Year Rs. 10) each fully paid up of Housing Development Finance Corporation Limited	0.02	0.02
Unquoted-at cost:		
1,453,666 shares of face value of Rs. 10/- each fully paid up of Federal-Mogul Bearings India Limited	133.09	133.09
20,000 shares of Rs. 10 per share (Previous Year 20,000 shares of Rs. 10 per share) face value Rs. 10/- each fully paid up of Shivalik Solid Waste Management Ltd.	0.20	0.20
National Savings Certificate	0.01	0.01
	<u>133.32</u>	<u>133.32</u>
Aggregate of Quoted investments :		
At Cost	0.02	0.02
At Market Value	2.80	2.17

Schedule '7': Inventories

	As at 31.03.11 Rs. Million	As at 31.03.10 Rs. Million
Raw & Packing Materials (Including goods in transit Rs. 53.01 Million (Previous year Rs. 16.25 Million))	644.86	491.90
Stores and Spares	60.60	56.53
Work-in-Process	176.80	148.51
Finished Goods (Including goods in transit Rs. 35.49 Million (Previous year Rs. 30.76 Million) (includes traded goods Rs. 3.48 Million (Previous Year Rs. 1.55 Million))	135.45	102.64
	<u>1,017.71</u>	<u>799.58</u>

Schedule '8': Sundry Debtors

	As at 31.03.11		As at 31.03.10	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
UNSECURED				
Debts Outstanding for over six months				
Considered Good	16.27		25.74	
Considered Doubtful	<u>3.09</u>	19.36	<u>23.47</u>	49.21
Other Debts				
Considered Good	1,108.70		747.34	
Considered Doubtful	<u>0.02</u>	1,108.72	-	747.34
Less : Provision for Doubtful Debts		3.11		23.47
		<u>1,124.97</u>		<u>773.08</u>

Schedule '9': Cash and Bank Balances

	As at 31.03.11 Rs. Million	As at 31.03.10 Rs. Million
Cash-in-Hand	0.68	0.84
With Scheduled Banks		
In Current Accounts	21.07	51.62
In Unpaid Dividend Accounts	5.59	5.78
In Margin Money Accounts	9.97	75.85
	<u>37.31</u>	<u>134.09</u>

Schedule '10': Loans and Advances

(Refer Note 7 on Schedule 19)	As at 31.03.11		As at 31.03.10	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Advances recoverable in Cash or in kind or for value to be received				
– Unsecured				
– Considered Good	393.77		362.14	
– Considered Doubtful	-		-	
	<u>393.77</u>		<u>362.14</u>	
Less Provision for Doubtful Advances	-	393.77	-	362.14
Inter Corporate Deposits		184.24		80.00
Deposits with Excise Authorities		93.15		73.44
Advance Tax		64.78		99.41
(Provision of tax of Rs. 142.2 Million for C.Y. and Rs. (37.83 million) for P.Y.)				
Mat Credit Entitlement		-		16.01
Other current assets		5.43		2.34
		<u>741.37</u>		<u>633.34</u>

Schedule '11': Current Liabilities

(Refer Note 6 on Schedule 19)	As at 31.03.11		As at 31.03.10	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Sundry Creditors				
– Total outstanding dues to micro, small and medium enterprises @	105.13		125.03	
– Total outstanding dues of creditors other than micro, small and medium enterprises	<u>1,445.12</u>	<u>1,550.25</u>	<u>927.38</u>	<u>1,052.41</u>
Interest accrued but not due		26.48		17.30
Deposit from Customers		14.64		9.91
Other Liabilities		60.78		107.47
Book Overdraft		18.18		0.97
Investor Education & Protection Fund shall be credited by the following amount :				
Unpaid Dividend		5.59		5.78
Unpaid Matured Deposits		-		0.64
		<u>1,675.92</u>		<u>1,194.48</u>

@ The above information has been compiled in respect of parties to the extent they could be identified as micro, small and medium enterprises on the basis of information available with the Company.

Schedule '12': Provisions

	As at 31.03.11	As at 31.03.10
	Rs. Million	Rs. Million
Proposed Dividend	50.28	39.50
Corporate Dividend Tax	8.35	6.71
Compensated Absences	24.38	16.98
(Refer Note 28 on Schedule 19)		
Superannuation	7.35	3.36
Gratuity	35.44	25.83
(Refer Note 28 on Schedule 19)		
Warranty	37.00	30.00
(Refer Note 10 on Schedule 19)		
	<u>162.80</u>	<u>122.38</u>

Schedule '13': Other Income

	For the year ended 31.03.11		For the year ended 31.03.10	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Dividend Income from long term Trade Investments		0.03		0.03
Interest on :				
Income Tax Refunds	5.74		13.55	
Fixed Deposits with banks [Tax Deducted at Source Rs. 0.26 Million (Previous Year Rs. Nil)]	3.46		-	
Inter Corporate Deposits [Tax Deducted at Source Rs. 2.26 Million (Previous Year Rs. 2.88 Million)]	22.62		24.79	
Advances to Suppliers	2.62		0.93	
Others	1.14	35.58	4.10	43.37
Income from services		4.22		4.83
Sale of Scrap		65.33		52.28
Rent		1.60		1.79
[Tax Deducted at Source Rs. 0.07 Million (Previous Year Rs. 0.06 Million)]				
Discount from Supplier		3.34		1.60
Foreign Exchange Fluctuations (Net)		-		4.49
Excess Provision/ Liabilities Written back		44.80		2.59
Income from DEPB licence		14.97		6.01
Miscellaneous Income		11.90		11.89
		181.77		128.88

Schedule '14': Cost of Materials

	For the year ended 31.03.11		For the year ended 31.03.10	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Traded Finished Goods				
Opening Stock	1.55		0.60	
Add: Purchases	18.79		9.05	
	20.34		9.65	
Less: Closing Stock	3.48	16.86	1.55	8.10
Manufactured Goods				
Raw Material, Components and Packing Materials Consumed				
Opening Stock	491.90		389.00	
Add: Purchases	7,102.15		5,137.16	
	7,594.05		5,526.16	
Less: Closing Stock	644.86	6,949.19	491.90	5,034.26
(Increase)/Decrease in Work-in-Process and Finished Goods				
Opening Stock				
- Work-in-Process	148.51		129.18	
- Finished Goods	101.09		99.45	
	249.60		228.63	
Less: Closing Stock				
- Work-in-Process	176.80		148.51	
- Finished Goods	131.97		101.09	
	308.77	(59.17)	249.60	(20.97)
Stores and Spares Consumed		218.01		151.52
		7,124.89		5,172.91

Schedule '15': Personnel Expenses

(Refer Notes 11, 16 and 28 on Schedule 19)	For the year ended 31.03.11 Rs. Million	<i>For the year ended 31.03.10 Rs. Million</i>
Salaries, Wages and Bonus	573.40	400.85
Contribution to Provident and Other Funds	44.88	25.17
Staff Welfare	77.30	43.13
	695.58	469.15

**Schedule '16': Manufacturing, Administration,
Selling and Distribution and Other Expenses**

(Refer Note 11, 25 and 27 on Schedule 19)	For the year ended 31.03.11 Rs. Million	<i>For the year ended 31.03.10 Rs. Million</i>
Power and Fuel	180.45	136.03
Rent	46.63	15.61
Rates and Taxes	4.24	9.01
Insurance	10.37	8.50
Repairs and Maintenance		
- Buildings	12.60	8.53
- Machinery	84.75	57.22
- Others	27.43	21.15
Freight	179.01	118.73
Advertisement and Sales Promotion	12.26	7.76
Discounts	66.41	51.25
Warranty	38.14	39.74
Provision for Doubtful Debts/Advances	1.14	1.10
Add- Bad Debts written off	24.07	
Less:- Reversal of Provision	21.90	-
Provision for assets not in use	1.54	4.61
Add:- Assets Discarded during the year	7.22	
Less:- Reversal of Provision for assets not in use	7.22	-
Royalty	74.58	48.39
Traveling and Conveyance	61.69	51.65
Printing and Stationery	8.35	5.83
Legal and Professional	132.55	105.87
Communication	11.99	9.42
Bank Charges	7.93	12.10
Loss on Assets Sold / Scrapped (Net)	0.58	1.46
Foreign Exchange Fluctuations (Net)	2.68	-
Directors' Fees	0.21	0.17
Miscellaneous Expenses	33.30	40.63
	1,001.00	754.76

Schedule '17': Interest

	For the year ended 31.03.11 Rs. Million	<i>For the year ended 31.03.10 Rs. Million</i>
Term Loans	57.25	66.49
Working Capital Accounts	51.59	32.23
Fixed Deposits	40.18	39.91
Others	14.31	9.32
	163.33	147.95

Schedule '18': Statement on Significant Accounting Policies

1. Basis of Accounting

The Financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

2. Fixed Assets and Depreciation

- a) Fixed Assets are stated at their original cost (net of MODVAT where applicable) including freight, duties, customs and other incidental expenses relating to acquisition and installation. Interest and other finance charges paid on loans for the acquisition of fixed assets are apportioned to the cost of fixed assets till they are ready for use.
- b) Expenditure incurred during the period of construction is carried as capital work-in-progress and on completion the costs are allocated to the respective fixed assets.
- c) Foreign exchange fluctuation on payment / restatement of long term liabilities related to fixed assets are charged to profit and loss Account.
- d) Depreciation has been provided on straight-line method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956, except for the following:
 - i. Computer hardware and software are being depreciated over a period of three years.
 - ii. The leasehold land is amortised over the lease period.
 - iii. Buildings on leasehold land are amortised over the lease period or useful life of the building whichever is shorter.
 - iv. Technical know-how fee is amortised over a period of 6 years or period of agreement, whichever is shorter.
 - v. Tools and dies are depreciated over a period, upto eight years, determined based on technical evaluation.
 - vi. VSAT communication equipment is depreciated over a period of 5 years.

3. Investments

Long term investments are stated at cost. Provision is made for any permanent diminution in the value of investments.

Current investments are stated at cost or fair value, whichever is lower.

4. Inventories

Inventories are stated at lower of cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other cost incurred in bringing them to their respective location and condition. Cost of raw materials, stores and spares and packing materials are determined on weighted average basis.

5. Capital Grants

Grants received from the Government are retained as Capital Reserve until the conditions stipulated in the respective schemes are complied with. However, the grants related to specific assets are deducted from the gross value of such assets.

6. Revenue and Expense Recognition

Revenue from sale of goods is accounted for on dispatch of goods which represents transfer of significant risks and rewards to the customers. Sales are inclusive of excise duty and net of sales return and trade discounts.

Expenses are accounted for on an accrual basis.

7. Taxation

a) Current Tax

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

b) Deferred Tax

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The effect on deferred tax assets and liabilities of a change in the tax rates is recognised using the tax rates and tax laws enacted or substantially enacted at the balance sheet date. Where the Company has carried forward losses or unabsorbed depreciation deferred tax assets are not recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

8. Foreign Currency Transactions

Foreign Currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities as at the Balance Sheet date are translated at the rates of

exchange prevailing on the Balance Sheet date. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of foreign currency monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.

The premium or discount arising at the inception of forward exchange contract to hedge an underlying asset or liability of the Company is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contracts is recognised as income or expense during the year.

Pursuant to The Institute of Chartered Accountants of India's announcement 'Accounting for Derivatives', the Company marks-to-market all other derivative contracts (forward contracts in respect of firm commitments and highly probable forecast transactions, swaps and currency options) outstanding at the end of the year and the resultant mark-to-market losses, if any, are recognised in the Profit and Loss Account. Any profit or loss arising on settlement or cancellation of such derivative contracts is recognised as income or expense for the year.

9. Research and Development

Equipment purchased for research and development is capitalised when commissioned and included in the fixed assets. Revenue expenditure on research and development is charged in the period in which it is incurred.

10. Employee Benefits

(i) Post- Employment Benefits

a) Defined Contribution Plans

The Company has Defined Contribution Plans for post employment benefits in the form of Superannuation Fund which is administered through trustees and Life Insurance Corporation of India and Provident Fund which is administered by Regional Provident Fund Commissioner.

The Company has no further obligation beyond making the contributions.

The Company's contributions are charged to the Profit and Loss Account as and when incurred.

b) Defined Benefit Plans

The Company has Defined Benefit Plan for post employment benefit in the form of Gratuity. Gratuity Fund is administered through trustees and Life Insurance Corporation of India. Liability for Defined Benefit Plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

(ii) Other Long-term Employee Benefit

Provision for Compensated Absences is based on an actuarial valuation carried out at Balance Sheet date.

(iii) Termination benefits are recognised as an expense as and when incurred.

(iv) The Actuarial gains and losses arising during the year are recognized in the Profit and Loss Account.

11. Borrowing Cost

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the asset till the asset is ready for use. Interest on other borrowings is charged to Profit and Loss Account.

12. Leases

Lease arrangement where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rent under operating leases are recognised in the Profit and Loss Account on straight line basis.

Assets acquired under finance leases are recognised at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

13. Warranty Provision

The estimated liability for product warranties is recorded at the time of the sale of the products. The provision is based on management's estimate of the future cost of corrective action on product failure established using historical information regarding frequency and average cost of servicing the warranty claims.

14. Provisions And Contingencies

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

15. Impairment

The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. If an asset is impaired, the company recognises an impairment loss as the excess of the carrying amount of the asset over the recoverable amount.

Schedule '19': Notes forming part of Accounts

1. a) The Secured Term Loans amounting to Rs. 394.97 million (Previous Year Rs. 404.97 million) from banks are secured as follows:
 - i) Rs. 199.97 million (Previous year Rs. 199.97 million) from Bank of India is secured by first charge on specified movable plant and machinery installed at Khandsa plant and Chakan plant and collaterally secured by first and exclusive charge on the immovable properties situated at Hosur plant.
 - ii) Rs. 45.00 million (Previous year 75.00 million) from ING Vysya Bank, secured by equitable mortgage of Land and Building situated at Ambad plant.
 - iii) Rs. 150.00 million (Previous year Rs. NIL) from Kotak Mahindra Bank secured by first Pari Passu charge over the movable fixed assets both present and future and exclusive charge by way of equitable mortgage over the immovable properties situated at Chakan plant.
 - iv) Rs. NIL (Previous year Rs. 130.00 million) from State Bank of India was secured by hypothecation of the Company's entire movable fixed assets both present and future.
- (b) Buyer's Import Credit for Capital Goods facility Rs. 60.21 million (Previous year NIL) is secured by exclusive charge on the Dyna Chrome plating machine and all related equipment.
- (c) The Working capital facilities amounting to Rs. 658.55 million (Previous year Rs. 640.75 million) are secured by hypothecation of stocks, book debts and other current assets of the Company.
2. (a) Secured Term Loans from banks due for repayment within a year is Rs. 180.03 million (Previous year Rs. 171.11 million).
- (b) Buyer's Import Credit for Capital Goods due for repayment within a year is Rs. NIL (Previous Year NIL)
- (c) Fixed deposits due for repayment within a year Rs. 162.10 million (previous year Rs. 30.04 million)
- (d) Sales Tax Deferral loan due for repayment within a year is Rs. 46.13 million (previous year Rs. 24.98 million).
- (e) Other Loans and advances due for repayment within a year is Rs. 1.25 million (Previous year Rs. 1.56 million).
3. Estimated amount of contracts remaining to be executed on capital account and not provided for are Rs. 337.00 million (Previous year Rs. 127.46 million).
4. Contingent Liabilities are in respect of:

	31.03.11	<i>31.03.10</i>
	Rs. Million	<i>Rs. Million</i>
(i) Bills discounted, Letters of Credit and Bank guarantees	400.02	<i>422.86</i>
(ii) Income Tax, Service Tax, Sales Tax and Excise duty against which the Company is in appeal	96.70	<i>109.03</i>
(iii) Claims not acknowledged as debts	24.05	<i>29.40</i>

5. The Company is in process of obtaining requisite clearance and completing the purchase formalities for the land situated at Khandsa, on which a manufacturing facility was set up in 2008. As the clearance formalities are taking time, the Company has, during the year, agreed to make a onetime payment of Rs. 30 million for usage of the land. The expense has been fully charged off to Profit and Loss Account in the current year. The Company has paid an advance of Rs. 90 Million for the purchase of land which is included in CWIP.
6. Disclosures required under the Micro, Small & Medium Enterprises Development Act, 2006

	31.03.11	31.03.10
	Rs. Million	Rs. Million
(a) (i) The principal amount remaining unpaid	105.13	125.03
(ii) Interest due thereon remaining unpaid	3.20	2.50
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) The amount of interest accrued and remaining unpaid	3.20	2.50
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

7. Loans and Advances include Rs. 0.90 million (Previous year Rs. 1.43 million) due from an officer of the Company. Maximum amount due during the year Rs. 1.32 million (Previous year Rs. 1.66 million).

8. Segmental Reporting:

a) Primary Segment:

The Company operates only in one business segment viz. Auto Components and Parts.

b) Secondary Segment:

The Company caters mainly to the needs of Indian market and the export turnover being 3.00% (Previous year 1.81%) of the total turnover of the Company; there are no reportable geographical segments.

9. In accordance with the Accounting Standard on "Related Party Disclosures" (AS 18), the disclosure in respect of transactions with the Company's related parties are as follows:

A. Names of related parties and description of relationships

(As identified and certified by the Management)

1. Enterprise where control exists - Holding Company.

Holding Company

Asia Investment Private Limited, March 25, 2011

2. Other related parties with whom transactions have taken place during the year.

A Fellow Subsidiaries

Anand Automotive Limited

Anchemco Limited

Perfect Circle India Limited

Victor Gaskets India Limited

Chang Yun India Limited

B Associate

Federal-Mogul Bearings India Limited

C Key Management Personnel

Mr. Prakash Kulkarni

Mr. Arvind Walia

B. Details of Transactions

SN	Particulars	Rs. Million			
		Holding Company	Fellow Subsidiary	Associates	Key management personnel
1	Service/Goods Received	0.24	117.22	-	-
		(-)	(-)	(-)	(-)
2	Services/Goods provided	0.05	13.64	0.24	-
		(0.05)	(-)	(1.26)	(-)
3	Inter corporate deposits given	-	110.00	-	-
		(15.00)	(-)	(-)	(-)
4	Interest on inter corporate deposits received	-	8.95	-	-
		(8.04)	(-)	(-)	(-)
5	Repayment of Inter corporate deposits	-	40.00	-	-
		(97.50)	(-)	(-)	(-)
6	Fixed Assets purchased/Reconditioning charges/advance paid for Fixed asset purchase	-	0.64	-	-
		(16.85)	(-)	(-)	(-)
7	Sale of Fixed assets	-	1.12	-	-
		(-)	(-)	(-)	(-)
8	Directors' Remuneration				
	Mr. Arvind Walia	-	-	-	9.00
		(-)	(-)	(-)	(8.98)
	Mr. Prakash Kulkarni	-	-	-	8.00
		(-)	(-)	(-)	(8.53)

C. Amount Outstanding as at year end					
1	Reimbursement of expenses	0.33	-14.45	3.10	-
		(0.05)	(-)	(1.26)	(-)
2	Inter corporate deposits	-	83.95	-	-
		(-)	(5.00)	(-)	(-)
3	Interest free deposits	-	213.20	-	-
		(-)	(-)	(-)	(-)
4	Towards Purchase for Fixed Assets	-	0.64	-	-
		(0.60)	(-)	(-)	(-)
	Towards Sale for Fixed Assets	-	1.12	-	-
		(-)	(-)	(-)	(-)
5	Investment in shares	-	-	133.09	-
		(-)	(-)	(133.09)	(-)
6	Directors Remuneration	-	-	-	0.90
	Mr. Arvind Walia	(-)	(-)	(-)	(4.12)
	Mr. Prakash Kulkarni	-	-	-	-
		(-)	(-)	(-)	(1.71)

Previous year figures have been given in brackets

10. The Company has the following provision in the books of account as on March 31, 2011

Rs. Million

Description	Balance as on 01.04.10	Additions during the year	Used/Paid/Reversed during the year	Balance as on 31.03.11
Provision for Warranty	30.00	38.14	31.14	37.00
	(22.60)	(39.74)	(32.34)	(30.00)

Previous year figures have been given in brackets

Estimated warranty costs are accrued at the time of sale of components on which the warranty provisions are applicable. It is expected that majority of the warranty provision outstanding as on 31st March 2011 is likely to result in cash outflow within 18 months of the Balance Sheet date.

11. The following revenue expenditure has been incurred on Research and Development:

Rs. Million

	2010-11	2009-10
Revenue Expenses	31.11	16.46
Manufacturing, Administration, Selling & Distribution and Other Expenses	14.32	6.37
Depreciation	4.24	4.00
Total	49.67	26.83

12. As Lessee in a Finance Lease

The Company has purchased vehicles under finance lease agreements. The future minimum lease payments under these lease agreements as on March 31, 2011 is as follows:

Rs. Million

	Minimum Lease Payments due as at 31.03.11	Future Finance Charge	Present Value as at 31.03.11
Total	3.87	0.71	3.16
	(5.51)	(1.19)	(4.32)
Not later than 1 year	1.60	0.35	1.25
	(2.52)	(0.72)	(1.80)
Later than 1 year and not later than 5 year	2.27	0.36	1.91
	(2.99)	(0.47)	(2.52)

Previous year figures have been given in brackets

13. Earning per share (EPS) - The numerators and denominators used to calculate Basic and Diluted Earnings per share

Particulars	2010-11	2009-10
-Profit attributable to Equity Shareholders (Rs. million)-(A)	453.42	240.40
Basic/Weighted average number of Equity Shares outstanding during the year - (B)	71,821,970	71,821,970
Nominal Value of Equity Share	1	1
Basic Earning per Share (Rs.) – (A)/(B)	6.31	3.35

14. The Company enters into forward exchange contracts for the purpose of hedging its currency risk and these contracts are not intended for trading or speculation.

a) The following are the outstanding Forward Exchange Contracts entered into by the Company:

Sr. No.	Particulars	As at March 31, 2011		As at March 31, 2010	
		Amount in Foreign Currency (In million)	Amount in INR (In Million)	Amount in Foreign Currency (In million)	Amount in INR (In Million)
1.	Assets				
	(a) EURO	0.53	33.35	0.08	4.66
	(b) USD	1.96	87.32	1.78	80.53
	(c) JPY	288.67	155.94	349.62	169.35

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

1.	Liabilities				
	(a) EURO	0.27	16.78	0.50	31.03
	(b) USD	0.87	43.74	1.04	47.79
	(c) JPY	165.61	89.66	79.39	39.29
2.	Assets				
	(a) EURO	NIL	NIL	NIL	NIL
	(b) USD	0.46	20.70	0.40	18.29
	(c) JPY	NIL	NIL	NIL	NIL

15. As required by Accounting Standard 22 on "Accounting for taxes on income", deferred taxes have been recognized in respect of the following items:

Item of timing difference	Accumulated Deferred tax balances as at April 01, 2010	Movement during the year	Accumulated Deferred tax balances as at March 31, 2011
Deferred tax liability			
Depreciation	205.33	17.45	222.78
	205.33	17.45	222.78
Deferred tax assets			
Expenditure allowable for tax purpose on payments basis	(24.56)	(1.84)	(26.40)
Other provisions	(39.77)	0.20	(39.57)
	(64.33)	(1.64)	(65.97)
Net Deferred Tax liability	141.00	15.81	156.81

16. (a) Determination of Net Profit in accordance with Section 309(5) of The Companies Act, 1956.

	2010-11	Rs. Million 2009-10
Profit before tax as per Profit and Loss Account	590.79	352.22
Add:		
Directors Remuneration	22.70	20.31
Directors' Fees	0.21	0.17
Depreciation as per books	219.02	201.83
Loss on Assets sold / Scraped	0.58	1.73
Provision for Doubtful Debts / Advances / Inventory	1.14	1.10
	<u>243.65</u>	<u>225.14</u>
	834.44	577.36
Less: Deduction under section 349 and 350		
Depreciation u/s 350	219.03	201.83
Debts Written off against provision	21.90	1.34
Profit on Sale of Assets	-	-
Prior Period Item	23.30	0.27
	<u>264.23</u>	<u>203.44</u>
Net Profit under section 309(5)	<u>570.21</u>	<u>373.92</u>
Restricted to 1%	5.70	3.74
Commission Payable to Directors		
Whole time	-	-
Non-whole time	5.70	2.80
Total	<u>5.70</u>	<u>2.80</u>
Directors Remuneration		
Salary		
Company's Contribution to Gratuity, Provident Fund and Superannuation Fund	15.02	15.52
Perquisites	1.32	1.17
Commission (See 16(a) above)	0.66	0.82
	<u>5.70</u>	<u>2.80</u>
	<u>22.70</u>	<u>20.31</u>

Note:

The above does not include provision for Gratuity and Compensated Absences as the amounts are not available separately, the liability being determined on the basis of valuation carried by independent actuary.

17. A) Particulars in respect of Goods manufactured for Sale /consumption:

Product	Year	Unit of Measure	Opening Stock		Sales		Closing Stock	
			Qty.	Rs. Million	Qty.	Rs. Million	Qty.	Rs. Million
i. Shock Absorbers	10-11	Nos.	318,077	96.99	17,766,012	10,458.90	404,810	131.11
Struts & Front Forks	09-10	Nos.	302,377	99.45	14,087,461	7,508.66	318,077	96.99
ii. Castings	10-11	Nos.	20,926	4.10	-	-	7,147	0.86
	09-10	Nos.	-	-	-	-	20,926	4.10
Total	10-11	Nos.		101.09		10,458.90		131.97
	09-10	Nos.		(99.45)		(7,508.66)		101.09

ii. Licensed Capacity*, Installed Capacity and Actual Production

	Year	Units of Measure	Installed Capacity	Actual Production
a. Shock Absorbers & Struts	10-11	Nos.	21,346,600	16,097,489
	09-10	Nos.	20,130,325	12,782,311
b. Front Forks	10-11	Nos.	2,685,000	1,755,256
	09-10	Nos.	2,727,300	1,320,850
c. Castings	10-11	Nos.	600,000	546,203**
	09-10	Nos.	600,000	485,764**

Installed capacity is as per a certificate issued by the Management and is not verified by the Auditors being a Technical matter.

* Licensing requirement for Automotive parts, including the Company's products, have been dispensed with effective July 25, 1991.

** Actual production includes Castings for two wheelers captively consumed 532,424 Nos (Previous Year 464,838 Nos.)

(B) Particulars in respect of Purchased Goods – Finished

Product	Year	Opening Stock		Purchases		Sales		Closing Stock	
		Qty. Nos.	Value Rs. Million	Qty. Nos.	Value Rs. Million	Qty. Nos.	Value Rs. Million	Qty. Nos.	Value Rs. Million
Shock	10-11	541	0.09	11,348	3.93	10,051	4.89	1,838	0.27
Absorbers	09-10	460	0.08	11,226	2.17	11,145	2.26	541	0.09
Front Fork Oil	10-11	18,149	0.63	65,065	2.30	79,369	3.39	3,845	0.15
	09-10	13,307	0.52	79,875	3.04	75,033	3.48	18,149	0.63
Gas Springs	10-11	6,277	0.83	21,246	0.29	24,435	0.83	3,088	0.43
	09-10	-	-	28,445	3.84	22,168	4.30	6,277	0.83
Coolant	10-11	-	-	249,392	12.27	197,290	14.44	52,102	2.63
	09-10	-	-	-	-	-	-	-	-
Total	10-11		1.55		18.79		23.55		3.48
	09-10		0.60		(9.05)		(10.04)		(1.55)

18. Consumption of Raw Materials, Components and Packing Materials:

Items	Unit of Measure	2010-11		2009-10	
		Quantity	Rs. Million	Quantity	Rs. Million
A Raw Materials (Basic)					
Tubes	Meters	31,449,387	1,130.48	21,950,230	777.61
Bright Bars	Kgs	9,176,195	408.97	5,599,230	320.56
Shock Fluid	Litres	2,632,903	183.03	2,185,537	135.82
Others			517.74		425.14
			<u>2,240.22</u>		<u>1,659.13</u>
B Components					
Pressed Parts	Nos	219,565,413	664.10	157,431,397	466.55
Die Castings	Nos	13,274,337	564.03	10,501,823	439.92
Rubber Parts	Nos.	111,125,410	693.52	85,956,320	525.60
Springs	Nos.	96,713,965	887.21	72,352,530	611.56
Turned Parts	Nos.	72,755,812	458.11	6,2169,282	336.38
Sintered Parts	Nos.	45,799,414	267.68	36,429,828	269.94
Forgings	Nos.	15,257,247	283.64	9,667,907	199.71
Others			890.68		525.47
			<u>4,708.97</u>		<u>3,375.13</u>
Total			<u>6949.19</u>		<u>5034.26</u>

19. Job work charges included in cost of materials amount to Rs. 348.05 million (Previous Year Rs. 333.93 million).

20. Value of Imports on CIF basis:

	2010-11 Rs. Million	2009-10 Rs Million
i) Raw Materials and components	1362.33	864.56
ii) Stores	46.38	24.12
iii) Machinery Spares	2.01	67.04
iv) Capital Goods	125.38	26.27

21. Expenditure in Foreign Currency (On Cash Basis):	2010-11 Rs. Million	2009-10 Rs. Million
i) Foreign Travel	6.66	1.32
ii) Technical Services	3.68	3.79
iii) Royalty	48.98	40.48
iv) Export Commission	0.77	1.21
v) Professional Fees, Other Technical and Assistance Fees	1.74	2.33

22. Materials, Components and Spares consumed:

Particulars	2010-11				2009-10			
	Raw Materials & Components		Spares*		Raw Materials & Components		Spares*	
	%	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million
i) Imported at landed cost	18.41	1,279.35	16.91	48.25	19.03	957.95	17.58	28.44
ii) Indigenous	81.59	5,669.84	83.09	237.16	80.97	4,076.31	82.42	133.34
	100.00	6,949.19	100.00	285.41	100.00	5,034.26	100.00	161.78
iii) *Consumption for repairs to machinery (included in the figures stated above)				67.40				10.26

23. Actual consumption of raw material as disclosed in the profit and loss account is derived on the basis of opening stock + purchase-closing stock = consumption. The standard consumption based on the bill of material is not fully computed by this company in one of its plants. Accordingly the amount relating to the abnormal scrap, rejections and wastages which is inbuilt in the above mentioned consumption relating to these plants is not available.

24. Remittances in foreign currency on account of dividend to Non-Resident Shareholders:

Particulars	2010-11	2009-10
i) Number of Shareholders	1	1
ii) Number of Shares	3,968,680	11,147,980
iii) Amount remitted (Rs. Million)	3.37	11.15
iv) Relating to year ending	Final dividend for the year 2009-10 and Interim Dividend for 2010-11	Final dividend for the year 2008-09 and Interim Dividend 2009-10

25. Auditor's Remuneration:

Particulars	2010-11 Rs. Million	2009-10 Rs. Million
As Auditors		
For Statutory Audit and Limited Reviews	3.90	3.50
For Others	0.38	0.90
Reimbursement of Expenses	0.06	0.78
Total	4.34	5.18

26. Earnings in Foreign Exchange:

Particulars	2010-11 Rs. Million	2009-10 Rs. Million
FOB Value of Exports	263.78	126.13

27. The Company has identified certain assets which are not in use. The WDV of these assets as at March 31, 2011 is Rs. 14.98 million (Previous Year Rs. 17.89 Million) against which an additional provision of Rs. 1.54 million (previous year Rs. 4.61 million) has been made during the year. The total provision being carried at March 31, 2011 is Rs. 14.98 million (Previous Year Rs. 13.42 Million).

28. Disclosure in accordance with Revised AS - 15 on "Employee Benefits"

Rs. Million

(A) Defined Contribution Plans

The Company has recognized the following amounts in the Profit and Loss Account for the year:

	Year Ended 31st March 2011	Year Ended 31st March 2010
Contribution to Provident and Other Funds	44.88	25.17

(B) Defined Benefit Plans - Gratuity

The following disclosure is as per valuation report as at the Balance Sheet date, carried by an independent actuary:

I Assumptions

Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.00%	8.65%
Rate of increase in Compensation	4.50%	4.50%

II Changes in Present Value of Obligations

Present Value of Obligation as at April 1	31.37	29.52
Interest Cost	2.51	2.36
Current Service Cost	4.58	3.47
Benefits Paid	(1.56)	(4.44)
Actuarial Loss	4.58	0.46
Present Value of Obligation as at March 31	41.48	31.37

III Changes in Fair Value of Plan Assets

Present Value of Plan Assets as at April 1	5.54	5.10
Expected Return on Plan Assets	0.50	0.44
Contributions	-	-
Benefits Paid	-	-
Actuarial gain	-	-
Fair Value of Plan Assets as at March 31	6.04	5.54

IV Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

Present Value of Obligation as at March 31	41.48	31.37
Fair Value of Plan Assets as at March 31	6.04	5.54
Net Liability recognized in the balance sheet	35.44	25.83

V Expenses recognised in the Profit and Loss Account

Current Service Cost	4.58	3.47
Interest cost	2.51	2.36
Expected Return on Plan Assets	(0.50)	(0.44)
Net Actuarial Loss recognized for the period	4.58	0.46
Total Expenses recognised in the Profit and Loss Account	11.17	5.85

All the above expense has been included under Schedule 15.

VI As at March 31, 2011 and March 31, 2010 all the plan assets have been invested in insurer managed funds.**VII The Actual Return on Plan Asset is as follows**

Actual Return on Plan Assets is	0.50	0.44
---------------------------------	------	------

VIII	2010-2011	2009-2010	2008-2009	2007-2008
Present value of obligation	41.48	31.37	29.52	37.80
Plan Assets	6.04	5.54	5.10	8.13
Deficit	(35.44)	(25.83)	(24.41)	(29.67)
Experience adjustments on Plan Liabilities	(4.58)	(0.46)	(2.77)	(41.42)
Experience adjustments on Plan Assets	-	-	0.23	0.13

IX The contributions expected to be paid to the plan during the annual period beginning after the balance sheet date is indeterminable as the information from the fund manager has not been received.

X Para 132 of AS15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard No. 5 or Accounting Standard No. 18. In the opinion of the management the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (revised 2005).

29. During the previous year, the Company paid remuneration to the Executive Directors in accordance with the resolutions passed by the Remuneration Committee of the Board of Directors and the Shareholders. An amount of Rs. 12.94 million was paid to the Executive Directors in excess of the limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956. The Company had obtained the Shareholders approval for these excess payments, in the Annual General Meeting held on July 28, 2009. The company has subsequently applied to the Central Government for approval of the excess payments. The Central Government gave approval as under :-

Sr.No.	Name of person	Total Amount Paid	Amount Allowed	Amount Disallowed
1.	Mr. Prakash Kulkarni	1.84	1.84	Nil
2.	Mr. Arvind Walia	9.90	5.13	4.72
3.	Mr. K N Subramaniam	5.97	Nil	5.97

The Company has filed a review petition to the Central Government for the amount disallowed.

30. During the year, the Company has availed a long term foreign currency buyers credit ("foreign currency loan") amounting to Euro 1,013,956 with interest rate linked to Euribor. In order to hedge the currency risk and interest rate risk, the Company has entered into SWAP and forward contracts with its bankers with terms similar to the original foreign currency loan. Pursuant to the hedging of the foreign currency and interest rate risk, the foreign currency loan has been recorded as a fixed Indian currency loan.
31. During the year discrepancies arising from timing differences in recording of consumption of certain raw materials were noticed in one of the manufacturing units of the Company. Consequently Rs. 23.3 million of Raw Material purchases pertaining to year ended March 31, 2010 and consequential tax impact of Rs. 6.10 million has been recorded in the year ended March 31, 2011.
32. Previous year figures have been re-grouped/reclassified wherever necessary to conform to current year's classification.

For Price Waterhouse & Co.
Firm Registration Number 007567S
Chartered Accountants

VALI NIJHAWAN
Partner
Membership Number: 87228

Place : Mumbai
Date : May 27, 2011

ALOK AGARWAL
V.P. Finance

ANSHUL BHARGAVA
Company Secretary

For and on behalf of the Board of Directors

DEEPAK CHOPRA
Chairman

ARVIND WALIA
Managing Director

Place : Mumbai
Date : May 27, 2011

V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No.	8 7 0 8 8 0 - 0 0
Product Description	S H O C K A B S O R B E R S
	M C P H E R S O N S T R U T S
Item Code No.	8 7 1 4 1 9 - 0 0
Product Description	F R O N T F O R K S

Signature to Schedule '1' to '19'

For and on behalf of Board of Director

DEEPAK CHOPRA
Chairman

ARVIND WALIA
Managing Director

ALOK AGARWAL
V.P. Finance

ANSHUL BHARGAVA
Company Secretary

*Place : Mumbai
Date : May 27, 2011*

Cash Flow Statement

For the Year ended March 31, 2011

	31.03.11		31.03.10	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
A. Cash flow from operating activities:				
Net profit before tax and prior period items		590.79		352.22
Depreciation	219.02		201.83	
Interest Expenses	163.33		147.95	
Interest Income	(35.58)		(43.37)	
Dividend	(0.03)		(0.03)	
Loss on Assets	0.58		1.46	
Provision for compensated absences	7.40		2.02	
Provision for gratuity	9.61		1.41	
Provision for superannuation	3.99		3.36	
Provisions for warranty	7.00		7.40	
Provision for doubtful debts and advances	1.14		(0.60)	
Provision for Idle asset	1.54		4.61	
Government Grant	3.00	381.00	-	326.04
Operating profit before working capital changes		971.79		678.26
Adjustments for changes in working capital :				
(Increase)Decrease in Sundry Debtors	(353.03)		49.90	
(Increase)Decrease in Loans and Advances	(54.43)		(35.76)	
(Increase) in Inventories	(218.13)		(127.42)	
Increase in Trade and Other Payables	473.09	(152.50)	79.83	(33.45)
Cash generated from operations		819.29	644.81	
Direct Taxes Paid		(53.72)	(81.70)	
Cashflow before prior period adjustment		765.57		563.11
Prior period expense		(17.20)	-	-
Net cash from operating activities		748.37		563.11
B. Cash flow from Investing activities:				
Purchase of fixed assets	(483.97)		(307.05)	
Increase in Capital Work in Progress	(75.43)		28.04	
Proceeds from Sale of fixed assets	6.30		2.05	
Purchase of investment	-		(0.01)	
Decrease/ (increase) in intercorporate deposit given	(104.24)		12.50	
Interest received	35.58		43.37	
Dividend received	0.03		0.03	
Net cash used in investing activities		(621.73)		(221.07)

	31.03.11		31.03.10	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
C. Cash flow from financing activities:				
Proceeds / (Repayment) of long term borrowings		25.19	(209.32)	
Proceeds (Repayment) from Fixed Deposit		(38.80)	163.47	
Increase in Working Capital facilities (net)		17.80	139.54	
(Decrease) of short term borrowings (net)		-	(179.33)	
Interest Paid		(154.15)	(130.00)	
Dividend Paid		(61.88)	(70.93)	
Corporate dividend tax paid		(10.29)	(12.21)	
Repayment of other loans and advances		(1.29)	-	
Net cash from/(used) in financing activities		(223.42)		(298.78)
Net Increase in Cash & Cash Equivalents		(96.78)		43.26
Cash and cash equivalents as at Opening		134.09		90.83
Cash and cash equivalents as at Closing		37.31		134.09
Cash and cash equivalents includes				
Cash-in-Hand		0.68		0.84
With Scheduled Banks				
In Current Accounts		21.07		51.62
In Unpaid Dividend Accounts		5.59		5.78
In Margin Money Accounts		9.97		75.85
		37.31		134.09

Notes :

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outgo.
3. Previous period figures have been regrouped and recast wherever necessary to conform to the current year classification.

This is the Cash Flow Statement referred to in our report of even date.
For Price Waterhouse & Co.
Firm Registration Number 007567S
Chartered Accountants

VALI NIJHAWAN
Partner
Membership Number: 87228

Place : Mumbai
Date : May 27, 2011

ALOK AGARWAL
V.P. Finance

ANSHUL BHARGAVA
Company Secretary

For and on behalf of the Board of Directors

DEEPAK CHOPRA
Chairman

ARVIND WALIA
Managing Director

Place : Mumbai
Date : May 27, 2011

CEO/CFO Certification.

To the Board of Directors of Gabriel India Limited.

We, Arvind Walia, Managing Director, and Alok Agarwal, Vice President - Finance, certify that:

- (A) We have reviewed the financial statements and the cash flow statement for the year ended March 2011 , and that to the best of our knowledge and belief
- (I) These statements do not contain any material 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 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 quarter which are fraudulent, illegal or violation of the Company's Code of Conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control system of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such 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 changes in internal control over financial reporting during the quarter ended under reference;
 - (II) There has not been any significant changes in accounting policies during the quarter ended requiring disclosure in the notes to the financial statements; and
 - (III) There has not been any instance of significant fraud during the quarter.

Place : New Delhi
Date : May 27, 2011

Alok Agarwal
Vice President - Finance

Arvind Walia
Managing Director

ATTENDANCE SLIP

Gabriel India Limited

Registered Office :

29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501
(To be handed over at the entrance of the Meeting Hall)

Name of the Shareholder
(in Block Letters)

Member's Folio
Number

Name of the Proxy (in Block Letters)
(To be filled in if the Proxy attends instead of the Member)

No. of shares held.....

I hereby record my presence at the 49th Annual General Meeting on Thursday, July 28, 2011 at the Auditorium, Gabriel India Limited, 29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501.

Member's/Proxy's Signature

To be signed at the time of handing over this slip

Proxy

I/We of
being a Member of Gabriel India Limited, hereby appoint
..... of or failing him
..... of

as my/our proxy to attend and vote for me/us and on my/our behalf at the Forty Ninth Annual General Meeting of the Company to be held on July 28, 2011 and at any adjournment thereof.

As witness my/our hand (s) this day of 2011

Signed by the said.....

Affix
Re. 1
Revenue
Stamp

GABRIEL

29TH MILESTONE, PUNE-NASHIK HIGHWAY, VILLAGE KURULI, TALUKA KHED, PUNE - 410 501