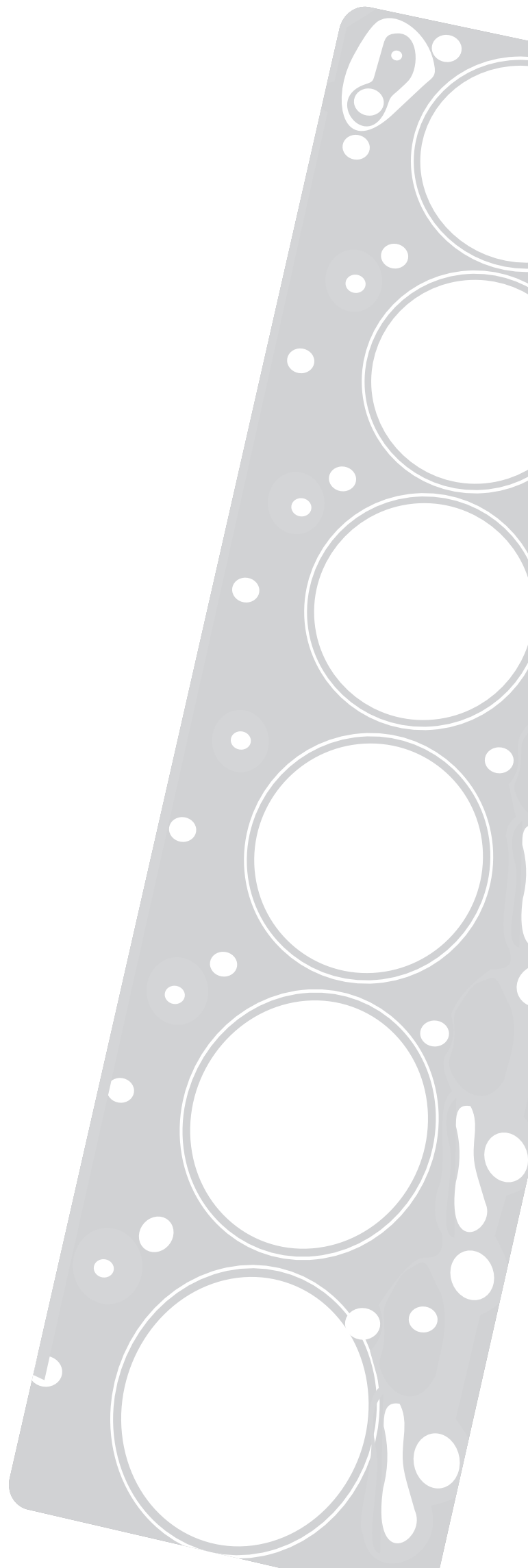


VICTOR

Annual Report
2009-10

Victor Gaskets India Ltd.

COMPANY PROFILE AND FINANCIALS



Victor Gaskets India Limited

Board of Directors

Sunil Kaul
Chairman

MK Goyal
Satish Sekhri

Vice President & COO

MS Shankar

Financial Controller

S Patel

Bankers

Union Bank of India

Auditors

BK Khare & Co.
Chartered Accountants
Mumbai

Corporate Offices

1 Sri Aurobindo Marg
New Delhi 110 016

Magnet House
N M Marg
Ballard Estate
Mumbai 400 038

Manufacturing Facility

152/223, Village Mahalunge
Chakan Talegaon Road
Tal. Khed
Dist. Pune 410 501
(Maharashtra)

Registered Office

152/223, Village Mahalunge
Chakan Talegaon Road
Tal. Khed
Dist. Pune 410 501
(Maharashtra)
Tel: (02135) 677300-301
Fax: (02135) 259159



Financial Highlights

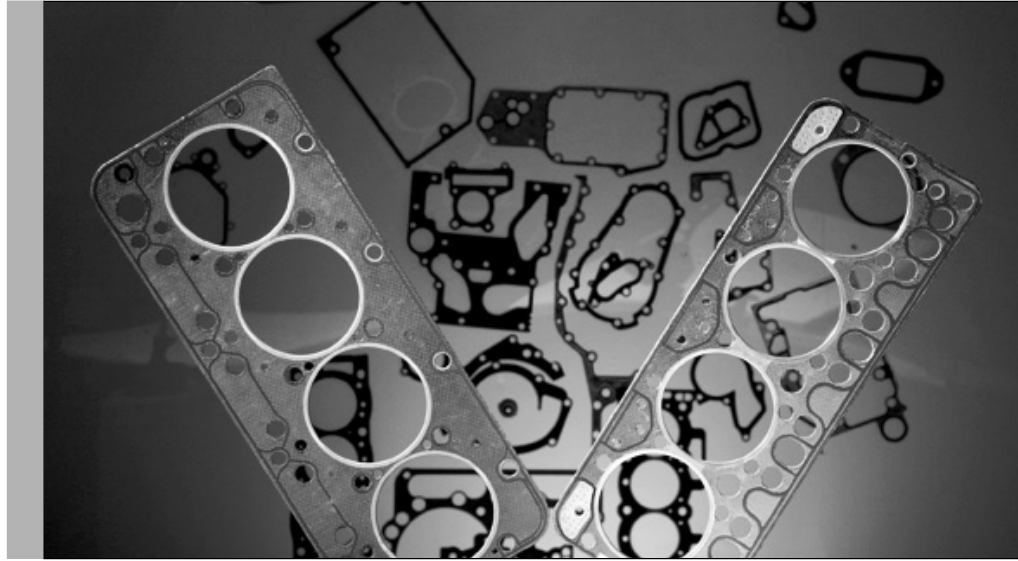
	2009-10	2008-09
Sales	496.2	386.8
Exports	30.9	26.6
Profit Before Interest Depreciation & Tax (PBIDT)	58.0	24.0
Net Interest	2.0	3.4
Profit Before Tax	31.8	5.1
Profit After Tax	20.8	2.7
Net Worth	145.1	134.1
Dividend Payout	8.3	5.0
Export as a % to Sales	6.2	6.9
PBIDT as a % to Sales	11.7	6.2
PBT as a % to Sales	6.4	1.3
PAT as a % to Sales	4.2	0.7
Return on Avg. Net Worth % *	14.9	2.0
Dividend %	100.0	60.0
Dividend Cover	2.5	0.5
Earnings Per Share (Rs)	2.5	0.3
Book Value per Share ** (Rs)	16.8	16.3

Explanatory Notes :

* Profit divided by average net worth

** Average Net worth divided by no. of shares

Company Highlights



- Awarded status of Green by MPCB
- Sales growth YOY 34%
- Profit (PBT) growth YOY 520%
- Earning per Share Rs 2.5



Cummins Stationary Diesel Engine to a 85 CC TVS -2 Wheeler Engine. These critical gaskets seal hot combustion gases, high temperature coolants and oils, even heat and sound used in diverse applications like automotive, industrial, agricultural, refrigeration and stationery engines.

India's first 'Asbestos-Free' Gasket Company

Victor Gaskets India is India's first ASBESTOS FREE Company. It pioneered the usages of non-asbestos based material to replace asbestos based material in the replacement market.

Technology and Quality Systems

The Company's focus on developing a new range of products, resulted in

various business wins. The Product Engineering team worked closely with customers to complete the development of Heat shields, independent of any overseas technology support. This helped in protecting components outside the engine in the engine compartment, from the high heat developed near exhaust manifolds and turbochargers, in high performance engines. Focus was also given to providing sealing solutions on secondary gaskets with advanced materials.

The company has been certified to the ISO/TS 16949 model of quality systems, and the ISO 14001 model of the Environment Control System. The Company has been recognized by leading OEMs as a supplier with Zero PPM supplies.

The range of applications for servicing of engines and vehicles in the Indian After market, was expanded with upgraded products, for critical applications like cylinder head gaskets in 'Graphite Composites' and Secondary Gaskets in 'Metal Carrier with Molded Edge' construction, besides improved grades of non-asbestos material.

The Company concentrated its efforts on developing Cylinder head gaskets, improving performance of non-asbestos material grades and testing alternate material grades for cost effective performance.

Company Profile

Victor Gaskets India, a major market player in sealing automotive engines, is an original equipment supplier to leading automotive manufacturers in India as well as in the replacement and export markets.

The Company provides a variety of sealing solutions - Cylinder head gaskets, Exhaust manifold gaskets, Valve cover gaskets, Oil pan gaskets, Timing gear gaskets and numerous secondary gaskets – from the 32 litre



TOP: Victor Gaskets facility in Chakan, Pune

BOTTOM CENTRE: Preferred Quality Supplier— Ford Q1 Certification

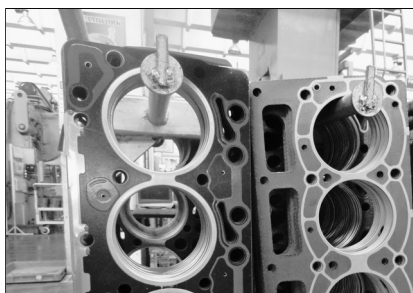
Marketing Strategy

The Company has gained a competitive edge in its field by focusing on product development with upgraded technology, quality and a customer centric approach resulting in increase in market share. Additionally, the Company's all-India distribution network serviced by trained sales personnel, helps in identifying emerging opportunities, assessing customer preferences and market potential.

Besides adding new customers, the Company executed supply contracts from customers of International repute like Cummins Inc, USA and Lister Petter Ltd, UK and USA.

Exports

The Company's effort to provide a thrust to the exports resulted in an increase of its overseas customer base.



Victor Gaskets has established a strong presence through its After market distributors in Dubai, Sri Lanka, and Singapore. The Company commenced supplies to the Audi plant in Slovakia as a new overseas customer.

Shareholders

The Company's commitment to maximise shareholder value is reflected in its consistent approach to achieve high performance. The Company has developed strategies to leverage growth opportunities as well as combat the situation of rising input costs. It takes a leading part in the 'Visionary Leaders of Small & Medium Enterprises' Initiative - a joint effort of the Anand Group, Confederation of Indian Industry & Japan International Co-operation Agency. This Initiative helps the Company, help its key vendors transform into lean manufacturing companies, alongside

the Company which is focusing on improving value in the supply stream.

The Company organises annual visits of shareholders to visit its manufacturing facility and the operations.

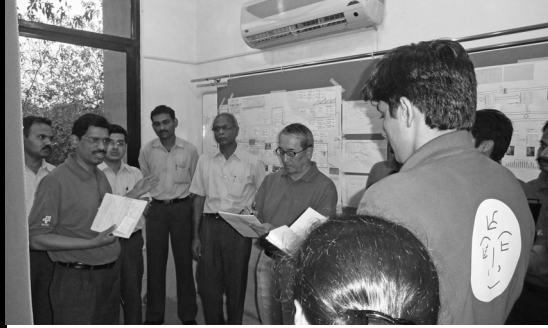
People Orientation

Believing that business is 90% people and that an efficient and dedicated work force is more productive, Victor Gaskets provides various skill enhancement opportunities to employees at all levels.



TOP: Shareholders with Board of Directors at the 8th Annual General Meeting
 BOTTOM LEFT: Head Gaskets at Final Inspection

BOTTOM RIGHT: Victor Engineer Explaining Quality Management & Production System



from 'Traditional or Learning' to 'World Class' and aim at becoming 'Best in Class'. Extensive training has been provided to the young engineers. Employees at all levels in the Company were detailed for specialised training and nurturing of talent, like 'Visionary Leaders For Manufacturing', 'Anand Leadership Initiative For Value Enhancement', 'APS', Lean Manufacturing Coach and Young Talent.

The Company organises Hub level cultural, sports activities and competitions to build a culture of bonhomie and camaraderie. The Company also organises regular functions and activities, involving families of employees to create a sense of belonging and trust.

Specialised training programmes are conducted for employees to better their knowledge and skills. Anand 'U' - the technical and management institute of Anand - conducts various programmes tailor-made as per the Company's requirements.

The implementation of the Anand Production System provides an increased level of empowerment to the Operating Engineers, who work in Teams, and focus on raising the levels of the 20 keys of work unit excellence



Corporate Social Responsibility

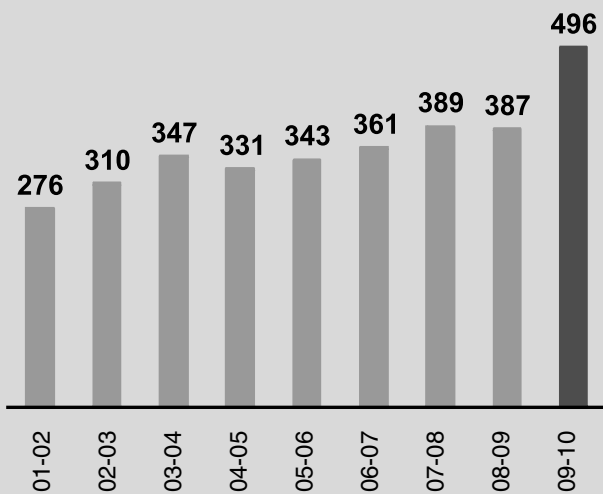
The Company continues to attach importance to the pursuit of excellence as a responsible corporate citizen in its operations. The Company supports social initiatives through field level activities which helps in fostering among other corporates/partners in the neighbourhood, the 'spirit of giving'. SNS Foundation, a charitable Trust supports such activities.

TOP: Dlip Palve shares work done on Model Line at Victor with Mr Furuhashi from JICA a coach on Lean Manufacturing Practice

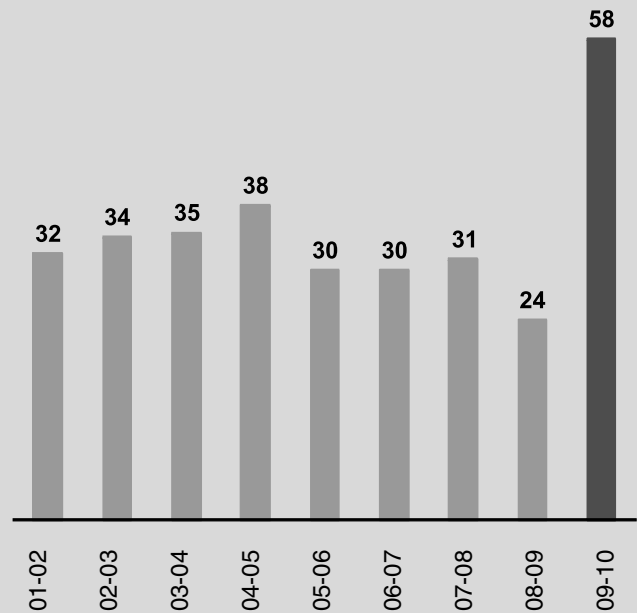
BOTTOM LEFT: SNS Foundation team giving awareness on Swine Flu to School Children

Working Results at a Glance

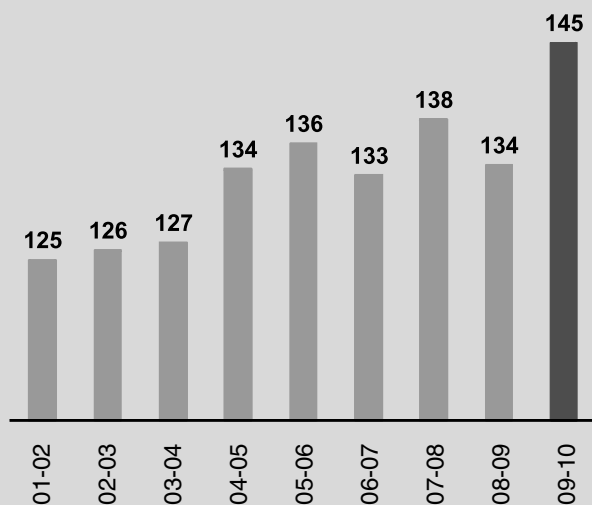
Sales (Rs. Million)



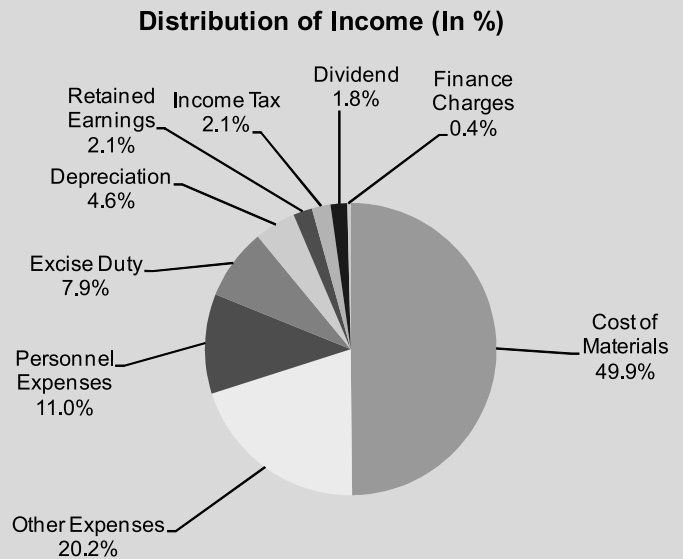
Gross Profit (Rs. Million)



Shareholder's Funds (Rs. Million)



Distribution of Income (In %)



Working Results at a Glance

Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
	Rs Million								
Share Capital	8	8	8	8	8	8	8	8	8
Reserves & Surplus	117	118	119	126	128	125	130	126	137
Shareholders Fund	125	126	127	134	136	133	138	134	145
Loans	89	99	93	104	91	98	95	125	132
Deferred Tax Liability	11	13	15	15	15	13	12	10	7
Funds Employed	225	238	235	253	242	244	245	269	284
Fixed Assets (Gross)	253	239	243	251	260	264	267	269	285
Depreciation	73	69	82	98	113	126	141	152	177
Net Block	180	170	161	153	147	138	126	117	108
Net Current Assets	45	68	74	100	95	106	119	152	176
Net Assets Employed	225	238	235	253	242	244	245	269	284
	Rs Million								
Sales	276	310	347	331	343	361	389	387	496
Gross Profit	32	34	35	38	30	30	31	24	58
Interest	12	11	7	3	0	0	0	3	2
Depreciation	15	17	16	17	15	16	15	16	24
Profit/ (Loss) Before Tax	5	6	11	18	15	14	16	5	32
Tax	2	3	4	7	7	7	6	2	11
Profit/ (Loss) After Tax	3	3	7	11	8	7	10	3	21
	Rs								
Dividend per Share *	0.4	0.3	0.5	0.6	0.6	0.6	0.6	0.6	1.0
Earning per Share *	0.4	0.4	0.8	1.4	1.0	0.8	1.2	0.3	2.5
	Million Nos								
Production:									
Gaskets	22	23	27	23	26	26	27	26	32

*There is a split in the face value of share from Rs 2.0 to Rs 1.0 during the year 2004-05. The figures for the previous years have been calculated on the number of share after giving effect to the split.

Notice

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of VICTOR GASKETS INDIA LIMITED will be held on Tuesday, July 27, 2010 at the Registered Office of the Company at 152/223, Mahalunge, Chakan Talegaon Road, Taluka Khed, Pune 410501, Maharashtra at 2:30 p.m. to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended as on that date and the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2010.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

4. To consider, and if thought fit to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Sunil Kaul, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 with effect from 8th February 2010, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice, in writing, along with the requisite deposit, under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company.”

5. To consider, and if thought fit to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. M K Goyal, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 with effect from 8th February 2010, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice, in writing, along with the requisite deposit, under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company.”

6. To consider, and if thought fit to pass, with or without modification(s), the following Resolution as an Ordinary Resolution

“RESOLVED THAT Mr. Satish Sekhri, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 with effect from 19th May 2010 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice, in writing, along with the requisite deposit, under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company”

7. To consider, and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 372A of the Companies Act and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with approval of the Board of Directors given at their meeting held on 8th February 2010, members of the Company do hereby confirm extension of Corporate Guarantee on behalf of Asia Investments Private Limited (AIPL) in favour of Tata Capital Limited of an amount aggregating Rs 215.70 Million at a commission of 0.75%, for the purpose of enabling AIPL to secure an additional Term Loan from Tata Capital Limited.”

“RESOLVED FURTHER THAT the Company be and is hereby authorized to extend additional funds, as may be available from time to time, in form of Inter Corporate Deposits to Anfilco Limited, such that the aggregate amount of inter corporate deposits/loans or guarantee or investments, together with the Company's existing loans and investments or guarantee or security so far made/provided in all other bodies corporate shall not exceed Rs. 400 million, notwithstanding that the same is in excess of the limits prescribed under the aforementioned section of the Companies Act, 1956.”

8. To consider, and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT approval be and is hereby accorded for payment of commission to the Non Executive Director(s) of the Company of an amount up to 1% of the company's net profit for a period of five years, effective financial year

2009-10 and that the commission so computed be distributed amongst such Non Executive Director(s) of the Company in such manner as the Board may decide annually after taking into account all the relevant circumstances.”

By Order of the Board

Registered Office:

152/223, Mahalunge
Chakan Talegaon Road
Tal. Khed, Pune 410 501

Sunil Kaul
Chairman

Place: Mumbai

Date: May 19, 2010

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND 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 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. An Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in relation to Item Nos. 4, 5, 6, 7 & 8 of the Notice is annexed hereto.
4. Record Date for the purpose of payment of final dividend has been fixed as Monday 26th July, 2010.
5. Members are requested to notify the change of their address, if any, to the Company's Registrar and Share Transfer Agent – Karvy Computershare Private Limited, Plot No 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081.
6. The Company will be providing Electronic Clearing System facility to the shareholders whereby they will be able to receive their dividend by direct electronic credit to their bank account. However, the Company has received a very poor response from shareholders for ECS requests. Shareholders are requested to fill in the form provided by the Company vide separate communication and send it to the Company's Registrar and Share Transfer agent in case of shares held in physical form and to respective Depository Participant (DP) in case the shares are held in demat form.
7.
 - a. Members are also requested to note that unclaimed deposits, interest on debentures and unclaimed/unpaid dividends up to the financial year ended March 31, 2002, have been transferred to the Investor Education and Protection Fund pursuant to Section 205 A of the Companies Act, 1956.
 - b. Pursuant to the provisions of Section 205 A(5) and 205 (c) of the Companies Act, 1956, the amount of dividend for the financial year ended March 31, 2003, 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 March 31, 2003 or any subsequent years are requested to lodge their claim with the Company's share transfer agents, Karvy Computershare Private Limited.

Explanatory Statement Pursuant to Section 173(2) of The Companies Act, 1956.

ITEM NO. 4

Mr. Sunil Kaul was appointed as an Additional Director of the Company by the Board of Directors with effect from February 8, 2010. Under Section 260 of the Companies Act, 1956, Mr. Sunil Kaul holds office up to the date of this meeting of the Company.

Notice has been received by the Company, along with requisite deposit from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Sunil Kaul as a candidate for the office of the Director.

Mr. Sunil Kaul is a Mechanical Engineer and MBA from Germany. Presently he is the Managing Director of Behr India Limited. Mr. Kaul has a wide and varied experience in setting up new projects and general management.

Your Directors feel that the Company would benefit from the wide experience possessed by Mr. Sunil Kaul in the areas of Engineering, Production and General Administration and recommend his appointment.

None of the Directors, except Mr. Sunil Kaul is interested in the resolution.

ITEM NO. 5

Mr. M K Goyal was appointed as an Additional Director of the Company by the Board of Directors with effect from February 8, 2010. Under Section 260 of the Companies Act, 1956, Mr. M K Goyal holds office up to the date of this meeting of the Company.

Notice has been received by the Company along with requisite deposit from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. M K Goyal as a candidate for the office of the Director.

Mr. M K Goyal is a Chartered Accountant and Company Secretary and is on Board of several Public Limited Companies and is presently the Managing Director of Anand Automotive Limited. He has rich and varied experience in Financial Management, Direct and Indirect Taxes and Corporate Laws.

Your Directors feel that the Company would benefit from the wide experience possessed by Mr. M K Goyal in the areas of Corporate and allied laws and financial management and recommend his appointment.

None of the Directors, except Mr. M K Goyal is interested in the resolution.

ITEM NO. 6

Mr. Satish Sekhri was appointed as an Additional Director of the Company by the Board of Directors with effect from May 19, 2010. Under Section 260 of the Companies Act, 1956, Mr. Satish Sekhri holds office up to the date of this meeting of the Company.

Notice has been received by the Company, along with requisite deposit from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Satish Sekhri as a candidate for the office of the Director.

Mr. Satish Sekhri has a wide experience in the areas of Operation, HR and general management

Your Directors feel that the Company would benefit from the wide experience possessed by Mr. Satish Sekhri and recommend his appointment.

None of the Directors, except Mr. Satish Sekhri is interested in the resolution.

ITEM NO. 7

With approval of the Board of Directors in their meeting held on 8th February 2010, the Company had extended a Corporate Guarantee of an amount aggregating to Rs 215.70 Million in favour of Tata Capital Limited on behalf of Asia Investments Private Limited, to enable it to secure an additional loan from Tata Capital Limited. With the extension of this Corporate Guarantee, the Company has exceeded the limits prescribed under Section 372A of the Companies Act, 1956 which require prior approval of the Members of the Company by way of a Special Resolution. Asia Investments Private Limited, being the holding Company required this guarantee to raise funds for its business needs. Keeping in view the exceptional circumstance and the urgency with which Asia Investments Private Limited required the loan, the Board decided to obtain confirmation of members in the ensuing Annual General Meeting.

In addition to the above, the Board has proposed that in future, Company's surplus funds may be given as inter company deposits, from time to time, to Anfilco Limited, such that the aggregate amount of deposits or loans or investments or guarantee/ security proposed to be made, together with the Company's existing loans and investments, deposits, guarantees or securities provided do not exceed an aggregate of Rs. 400 million.

As the Company has exceeded the limits prescribed under Section 372A of the Companies, prior approval of the Members of the Company is sought by way of a Special Resolution for extending of further loan or deposits by the Company.

Directors recommend passing of the above resolution as a Special Resolution.

None of the directors of the Company are interested in this resolution.

ITEM NO. 8

To avail the benefits of professional expertise and business exposures of the eminent personalities on the Board of the Company, it is proposed to pay commission up to one percent of net profits of the Company computed in the manner laid down under Section 198 of the Companies Act, 1956, in each year to the Directors of the Company, other than the Directors who are in the whole time employment, for a period of 5 years commencing from the financial year ending March 31, 2010. As per the provisions of Section 309 (4) of the Companies Act, 1956, such payment requires approval of members of the Company by way of a Special Resolution. Directors recommend passing of the above resolution as a Special Resolution.

All the directors of the Company are deemed to be interested in the Resolution set out in item No. 8 of the Notice to the extent of the commission, if any that may be received by them.

By Order of the Board

Registered Office:
152/223, Mahalunge
Chakan Talegaon Road
Tal. Khed, Pune – 410 501

Sunil Kaul
Chairman

Place: Pune
Date : May 19, 2010

Report of the Board of Directors

Your Directors are pleased to present the Ninth Annual Report, together with the Audited Accounts for the year ended March 31, 2010.

Financial Highlights

	Year ended March 31, 2010 (Rs in Million)	Year ended March 31, 2009 (Rs in Million)
Sales	496.2	386.8
Profit before Depreciation & Interest (EBITDA)	58.0	24.0
Depreciation	24.2	15.5
Profit before Interest & Tax (EBIT)	33.8	8.5
Net Interest	2.0	3.4
Profit before Tax (PBT)	31.8	5.1
Provision for Tax	11.0	2.5
Profit after Tax (PAT)	20.8	2.7
Balance Profit brought forward from Last Balance Sheet	35.0	38.5
Profit available for appropriation	55.8	41.1
Appropriation		
Transfer to General Reserve	3.3	0.3
Interim Dividend	4.2	
Tax on Interim Dividend	0.7	
Final Dividend	4.2	5.0
Tax on Final Dividend	0.7	0.8
Profit Carried forward to Balance Sheet	42.7	35.0

Analysis of Results for 2009-2010

Performance and Operations

Your Company registered sales turnover during the year at Rs. 496.2 Million as compared to Rs. 386.8 Million in the previous year, which represents an increase of 28.3%. Profit before Depreciation, Interest and Taxation was Rs. 58.0 Million as compared to Rs. 24.0 Million in the previous year, which represents an increase of 142%. This was because of increase in sales, reduction in overheads and finance costs. Profit before Tax was Rs.31.8 Million, as compared to Rs. 5.1 Million last year, which represents an increase of 520%. Profit after Tax was Rs.20.8 Million as compared to Rs. 2.7 Million last year, which represent an increase of 682%.

Increased competition and demand for price reduction on the part of the OE customers resulted in the Company not getting compensated fully for increase in raw material costs. However, the Company was able to work on value engineering projects to reduce costs by use of alternate grades and negotiations on volume based purchases to improve the margins. Launch of a new range of products in the Aftermarket having graphite composites gave increased contribution.

Dividend

Your Company has declared an interim dividend of Rs. 0.5 per equity share during the financial year under review. Your Directors recommend final dividend of Rs 0.5 per Equity Share for the financial year 2009-10, making total dividend of Rs.1.0 per Equity Share, which is totaling to 100% and is 40% more as compared to the previous year.

Exports

Exports during the financial year under review amounted to Rs. 30.9 million as compared to Rs. 26.6 million in the previous year. Your Company has thus registered a growth of 16% in the exports segment during the financial year under review. Exit from asbestos business has attracted OEMs in India to recommend sourcing from your Company to their respective parent companies overseas. New opportunities are constantly being identified to take export sales to a new high.

During the financial year under review, your Company has focused its efforts on a few key customers and on developing the entire range required by these customers, so that the export range is broad based.

Your Company is confident of successively growing exports in the next two years period.

Collaborators

Your Company has a technical license agreement with Hamamatsu Gaskets Corporation of Japan for coating Fluoroelastomer coatings on stainless steel. This technology has helped your Company in developing rubber coated steel locally in India for both two wheeler gasoline engine and four wheeler diesel engines.

Pollution and Environmental Control

During the financial year under review, your Company continued its efforts towards conservation of energy, laying emphasis on adoption of new technology apart from elimination of waste, optimum utilisation of power and preventive maintenance of equipments and machineries to keep them in a good condition.

Your Company is ISO 14001:2004 certified.

The safety and health of people working in and around the manufacturing facilities continues to receive utmost priority in your Company. During the financial year under review, your Company organized various training programmes for employees for providing safety and in usage of equipments.

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.

Fixed Deposits

Fixed deposits were not invited by the Company during the year. The total fixed deposits of Rs 0.004 Million which remained unclaimed with the Company have been transferred to Investor Education and Protection Fund during the year.

Directors

Mr. K N Subramaniam resigned and ceased to be the Chairman & Executive Director of the Company with effect from 31st December 2009. M/s C S Patel and Deepak Chopra also resigned and ceased to be the Directors of your Company with effect from 15th October 2009 and 8th February 2010, respectively.

Mr. H R Prasad resigned and ceased to be a Director of your Company with effect from 10th April 2010.

The Board of Directors of your Company expresses its sincere appreciation for the contributions made by them during their tenure as Directors of the Company.

M/s Sunil Kaul and M K Goyal were appointed as Additional Directors of the Company with effect from 8th February 2010.

Mr. Shekhar Sekhri has been appointed as an Additional Director of your Company with effect from 19th May 2010.

Compliance Certificate from Company Secretary in Whole time Practice

Pursuant to proviso to Section 383 A(1) of the Companies Act, 1956, the Company has obtained a Certificate of Compliance from the Company Secretary in Whole time Practice. The Certificate is annexed and forms part of this Report.

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently, and they have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the Profit and Loss Account for the year ended March 31, 2010;
- (iii) 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;
- (iv) the annual accounts have been prepared on a going concern basis.

Your Company's Internal Auditors have conducted periodic audit to provide reasonable assurance that your Company's established policies and procedures have been consistently followed. The Members of the Audit Committee of the Board meet once in a quarter with the Internal Auditors to review internal control and financial reporting issues.

Corporate Governance

Your Company is committed to good corporate governance practices. The Company conforms with the norms of Corporate Governance. As a measure of good corporate governance, a report on the Corporate Governance is annexed and forms part of this Report.

Auditors

M/s B K Khare & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a Certificate to the effect that their re-appointment, if made, will be in accordance with provisions of sub-section (1B) of Section 224 of the Companies Act, 1956.

Employees Relation

Relation with employees at all levels were cordial and responsive during the year under review. Your Company attaches great importance and value to its human resources and their development.

Your Directors wish to express their appreciation to all the employees of the Company for their contribution to the operations of the Company during the year.

Particulars of Employees

The information required under Section 217(2A) of the Companies Act, 1956 and the rules framed there under is annexed hereto and forms part of the report.

Acknowledgement

Your Directors wish to sincerely thank government agencies, financial institutions, bankers, suppliers, esteemed customers, shareholders and employees for their continued support and co-operation.

For and on behalf of the Board

Place : Pune
Date : May 19, 2010

Sunil Kaul
Chairman

Annexure to Directors' Report

Information as per 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 and forming part of the Directors' Report for the year ended March 31, 2010.

A) Conservation of Energy

- The electrical equipments used by your Company are constantly monitored to ensure that consumption of power is at peak efficiency level.
- Capacitors have been installed for improvement in variation of input voltage, which is resulting in optimum utilisation of power.
- The power factor has been maintained at 100 resulting in considerable savings in energy bill.

B) Technology Absorption

(I) Research and Development (R&D)

- | | | | |
|----|---|---|---|
| 1. | Areas in which R&D has been carried out by the Company | : | <ul style="list-style-type: none"> a) Development of three layer composite for heat shield application in diesel engine. b) Development of three layer/four layer Multi Layered Steel Cylinder Head Gaskets for Diesel Engines. c) Development of Elastomer on metal carrier for secondary gaskets of high power diesel engine. |
| 2. | Benefits derived as a result of the above R&D | : | Opportunity to increase sale to OE in India and branded spares customers, Recognition by OEs as technologically capable, Motivation to young engineers. |
| 3. | Future plan of action | : | Future R&D plans include : <ul style="list-style-type: none"> a) Multi Layered Steel Cylinder Head Gaskets for gasoline engines and heavy duty diesel engines. b) Edge Molded Construction for Cylinder Head and Secondary Gaskets. c) Cylinder Head Gaskets for Two wheelers (4 stroke engines) d) Heat Shields in aluminum. |
| 4. | Expenditure on R&D | : | Rs/million |
| | (a) Capital | : | 0.0 |
| | (b) Recurring | : | 0.2 |
| | (c) Total | : | 0.2 |
| | (d) Total R&D Expenditure as percentage of total turnover | : | 0.04% |

(II) Technology Absorption, Adaptation and Innovation

Your Company has a technical assistance agreement with Hamamatsu Gaskets Corporation of Japan.

The benefits derived are continuous up-gradation of technology, quality, cost reduction, import substitution and it has helped the Company to achieve the following:

- Capability to develop head gaskets with coated steel independent of technology partner and specialty material supplier
- Development of new range of Gaskets

- (a) Technology Assistance : Technical Assistance Agreement for coating fluoroelastomer rubber on stainless steel sheet.
- (b) Year of Import : September 2005
- (c) Has technology been fully absorbed : Technology of coating has been absorbed fully to the extent of manufacturing prototypes in house. Bulk production would commence on making requisite investment in Capital Equipments on receipt of LOI from customers, which is likely to happen in the current financial year.
- (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action. : The Company is in the process of negotiating business where the basic technology can be used to develop higher performance characteristic required by diesel engines.

C) Foreign Exchange Earnings and Outgo

- (a) Activities relating to exports initiatives taken to increase exports; development of new export markets for products export service; and export plans. : The Company is giving emphasis on activities to increase exports and on developing of new markets for exports. During the year under review your Company's senior executives travelled to various countries to explore new market for its products.
- With the continued thrust on exports, it is expected that exports will form significant proportion of Company's revenues in coming years.
- (b) Total foreign exchange used and earned : Earnings Rs 30.5 million (Previous year : Rs 25.4 million)
Outgo Rs 91.1 million (Previous year : Rs 57.5 million)

For and on behalf of the Board

Place : Pune
Date : May 19, 2010

Sunil Kaul
Chairman

Annexure to Directors' Report

Information required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2010.

Name	Age (Years)	Remuneration Rs Million	Designation	Nature of Duties	Qualification	Experience (Years)	Date of Joining	Last Employment Designation	Name of Employerf
*Mr. K N Subramaniam	57	5.14	Executive Director	Partnership & Strategic Planning	B. Tech, PGDBM, Ahmedabad	32	May 2008	Managing Director	Gabriel India Limited
Mr. M S Shankar	50	4.43	Vice President	Operation of the Company	B.E. (Mech.), AICWA	28	January 1988	Asst Engineer Production	Tata Motors Ltd.
Mr. Sachin Puri	52	3.5	Vice President	Marketing	B.Sc. (Mech. Engg.)	30	September 1997	Chief Manager	Escorts Ltd.
Mr. Sandeep Balooja	53	5.5	Business Director	On Deputation to Group Company	B.Com, MBA	30	September 1979	—	—

* For part of the financial year, 1st April 2009 to 31st Dec 2009.

- Notes:**
- (1) The nature of employment is contractual.
 - (2) Remuneration as shown above included salary, allowances, commission, leave travel allowance, Company's Contribution to Provident Fund and Superannuation Fund, expenditure incurred by the Company on accommodation, transport, insurance, medical, club membership, Contribution to Gratuity Fund on the basis of actuarial valuation as separate figures are not available. Wherever the actual costs are not ascertainable, the monetary value of the perquisites as per Income Tax Rules 1962 has been considered.

Report on Corporate Governance

As a measure of good Corporate Governance, a Report on Corporate Governance is given below:

A. MANDATORY REQUIREMENTS

1. Company's philosophy on Code of Governance

Your Company strongly believes that good Corporate Governance is essential for enhancing value to stake holders. Your Company has always striven to incorporate appropriate standards for good corporate governance. Your Company's business philosophy and beliefs are aimed at attaining leadership in technology, developing excellence in people, distribution, manufacturing and environment, transparency in all dealings and clear communication of information regularly to all stake holders, adequate return on investments and to provide better value for money to customers.

2. Board of Directors

The present strength of the Board is 3 Directors. The Board comprises of 3 Non-Executive Directors.

The information on the composition of the Board during the year, category of Directors, attendance at the Board Meetings held during the year and at the last Annual General Meeting, Directorships in other public companies and Committees of other public companies of which the Director is the Chairman/Member is as under:

Directors	Category	Attendance particulars		No. of other Directorships and Committee Member/Chairmanships held		
		Board Meetings	Last AGM	Director-ships	Committee Memberships (including Chairmanships)	Committee Chairmanships
* Mr. K N Subramaniam	Chairman & E.D.	3	Yes	1	-	-
** Mr. C S Patel	N.E.D., I	1	No	5	-	-
*** Mr. Deepak Chopra	N.E.D., I	3	Yes	10	6	3
**** Mr. H R Prasad	N.E.D., I	4	Yes	4	2	3
# Mr. Sunil Kaul	N.E.D., I	1	NA	1	-	-
# Mr. M K Goyal	N.E.D., I	1	NA	6	5	-

* Ceased to be the Chairman & Executive Director w.e.f. 31.12.2009.

** Ceased to be a Director w.e.f. 15.10.2009.

*** Ceased to be a Director w.e.f. 08.02.2010.

**** Ceased to be a Director w.e.f. 10.04.2010.

Appointed as an Additional Director w.e.f. 08.02.2010.

E.D. - Executive Director; N.E.D - Non Executive Director; I - Independent Director

The Directorships held by the directors, as mentioned above; do not include the directorships held in foreign companies, private limited companies and companies under Section 25 of the Companies Act, 1956.

Membership/Chairmanship of only Audit Committee and Shareholders'/ Investors' Grievance Committee of public companies have been considered.

Number of Board Meetings held and the dates of the Board Meetings:

Four Board Meetings were held in the year 2009-10. The dates on which the said meetings were held are as follows:-

27th May 2009, 27th July 2009,
28th October 2009 and 8th February 2010.

Information Presented to the Board:

- Annual operating plans, budgets and any update therein;
- Capital budgets and any updates therein;
- Quarterly results for the Company;
- Minutes of meetings of Audit Committee and other committees of the Board;

- Information on recruitment /remuneration of senior officers just below the Board level;
- Material Show cause, demand, prosecution notices and penalty notices, if any;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any;
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, if any;

Code of Conduct:

The Board has laid down a Code of Conduct for all directors and senior management staff of the Company, which is also available on the website of the Company www.victorgasketsindia.com. All directors and members of senior management, that includes executives who report directly to the Chairman, have affirmed their compliance with the said Code. A declaration signed by the Vice President of the Company to this effect is appended as Annexure A at the end of the report. Employees of the Company also confirm compliance with the Code of Conduct that is applicable for all employees.

3. Audit Committee

The terms of reference of the Audit Committee include inter-alia the following:

- 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 and policies and practices.

Meetings and the attendance during the year

During the financial year under review, the Audit Committee functioned under the Chairmanship of Mr. H R Prasad. M/s Deepak Chopra and K N Subramaniam were the other members of the Committee. M/s K N Subramaniam and Deepak Chopra ceased to be members of the Audit Committee w.e.f. 31st December 2009 and 8th February 2010, respectively. Consequent upon the resignation of these two members, the Committee was reconstituted with the appointment of M/s Sunil Kaul and M K Goyal on 8th February 2010. Consequent upon resignation of Mr. H R Prasad with effect from 10th April 2010, Mr. Satish Sekhri has been appointed on 19th May 2010 as member of the Committee.

During the year under review, four meetings of the Committee were held on 27th May 2009, 27th July 2009, 28th October 2009 and 8th February 2010. Composition of the Audit Committee and attendance at various meetings during the financial year under review is given below:

Name of the Member	No. of Meetings attended	No. of Meetings during tenure
* Mr. H R Prasad	4	4
** Mr. Deepak Chopra	4	3
*** Mr. K N Subramaniam	3	3
# Mr. Sunil Kaul	1	1
# Mr. M K Goyal	1	1

* Ceased to be a member w.e.f. 10th April 2010.

** Ceased to be a Member w.e.f. 8th February 2010.

*** Ceased to be a Member w.e.f. 31st December 2009.

Appointed as Members w.e.f. 8th February 2010.

The Audit Committee meetings are attended by the representatives of Internal Auditors, Statutory Auditors, Finance and Operational Heads.

4. Remuneration to Directors:

A) Remuneration Committee:

The Remuneration Committee of the Board of Directors of your Company comprises of:

Mr. Sunil Kaul	Member
Mr. M K Goyal	Member
Mr. Satish Sekhri	Member

The Chairman of the Committee, Mr. Sunil Kaul is a Non-Executive Director.

No meeting of the members of Remuneration Committee of the Board was held during the financial year under review.

The broad terms of reference of the Remuneration Committee include recommendation to the Board of the salary, perquisites, commission and retirement benefits payable to the Company's Executive Director and commission payable to the Non-Executive Directors.

Remuneration Policy:

Payment of remuneration to the Executive Director is governed by the Letter of appointment issued to the Executive Director by the Company, the terms and conditions of which are approved by the Board and members. 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 such commission payable to such Non Executive Directors as may be determined by the Chairman. Non Executive Directors have waived recovery of any sitting fees.

(B) Details of remuneration paid to Executive Director during the year 2009-10 is given below:

Name of the Executive Director	All elements of remuneration package i.e salary benefits bonuses, pension etc (Rs Million)	Service contracts notice period, severance fees	Stock Option with details, if any.
* Mr. K N Subramaniam, Ex-Chairman & Executive Director	5.14	PI see Note 'a' as under	PI see Note 'b' as under

* ceased to be the Chairman & Executive Director of the Company w.e.f. 31st December 2009.

Notes:

- a) The term of the Executive Director was for three years, which could be terminated earlier by any party after giving not less than six months notice, in writing to the other party.
- b) Your Company does not have Stock Option Scheme for grant of stock options either to the Executive Director or its Employees.

5. Investors'/Shareholders' Grievance Committee:

Details of Members, No. of Complaints received and pending and pending transfers as on close of the financial year 2009-10:

During the year under review, the Committee functioned under the Chairmanship of Mr. H R Prasad. M/s Deepak Chopra and K N Subramaniam were the other members of the Committee. M/s K N Subramaniam and Deepak Chopra ceased to be members of the Committee w.e.f. 31st December 2009 and 8th February 2010, respectively. Consequent upon the resignation of these two members, the Committee was reconstituted on 8th February 2010 and M/s Sunil Kaul and M K Goyal were appointed as members of the Committee. Consequent upon resignation of Mr. H R Prasad w.e.f. 10th April 2010, Mr. Satish Sekhri has been appointed as member of the Committee on 19th May 2010.

During the year under review, four meetings of the Committee were held on:

27th May 2009, 27th July 2009,
28th October 2009 and 8th February 2010.

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

Number received during the year	10
Number resolved	10
Number pending	Nil
Number pending transfers as on 31/3/2010	Nil

Your Company has attended to most of the investors' grievances/ correspondence within a period of 10 days from the date of receipt of the same. While almost all the rest were attended to within maximum period of 30 days. All transfers were completed within 30 days.

6. General Body Meetings

Details of location of the last three AGMs and the details of the resolution passed or to be passed by postal ballot.

6th Annual General Meeting	152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Dist. Pune -410 501	July 24, 2007 at 2.30 p.m
7th Annual General Meeting	152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Dist. Pune -410 501	August 13, 2008 at 2.30 p.m
8th Annual General Meeting	152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Dist. Pune -410 501	July 27, 2009 at 2.30 p.m

All the resolutions set out in the respective notices were passed by the members.

One special resolution relating to appointment of Mr. K N Subramaniam as Chairman & Executive Director of the Company was proposed at the Annual General Meeting held on 13th August 2008 and was unanimously passed by the members.

One special resolution relating to approval of inter company transactions entered into by the Company during the financial year ended March 31, 2009, which could not be approved by the Board of Directors in their meetings held during the year under review due to lack of disinterested quorum at such meetings was proposed at the Annual General Meeting held on 27th July 2009 and was unanimously passed by the members.

No resolution requiring postal ballot has been placed for members' approval at the meeting.

7. Notes on Directors seeking appointment / re-appointment

Mr Sunil Kaul:

Mr. Sunil Kaul is a Mechanical Engineer and MBA from Germany. Presently he is the Managing Director of Behr India Limited. Mr. Kaul has a wide and varied experience in setting up new projects and General Management.

Mr M K Goyal:

Mr. M K Goyal is a Chartered Accountant and Company Secretary and is on Board of several Public Limited Companies and is presently the Managing Director of Anand Automotive Limited. He has rich and varied experience in Financial Management, Direct and Indirect Taxes and Corporate Laws.

Mr Satish Sekhri:

Mr. Satish Sekhri is a Engineer and MBA. He has over 30 years of experience in renowned Companies. He has rich and varied experience in Operation, HR and General Management.

8. 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.

The related party transactions have been disclosed under Note 18, in Schedule 18, forming part of the accounts.

- **Details of non-compliance by the Company**, penalties, and 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.

Company's shares are not listed on any of the stock exchanges.

- **Public funding during last three years:**

Company has not obtained any public funding during last three years.

- **Disclosure of accounting treatment:**

There is no deviation in following the treatments prescribed in any Accounting Standard (AS) in the preparation of financial statements of the Company.

- **CEO and CFO Certification:**

Certificate duly signed by the Chief Operating Officer and the Financial Controller has been given to the Board and the same is annexed as Annexure B.

9. Means of Communication

- Half-yearly report sent to each household of shareholders? No,
- Quarterly Results. No,
- Whether it also displays official news released and an presentations made to Institutional Investors or to Analysts? No
- Whether Management Discussion & Analysis is a part of Annual Report or not. Yes, Management Discussion and analysis forms part of Annual Report and is appended.

10. General Shareholder Information

- AGM: Date, Time and Venue 27th July 2010 at 2:30 p.m. at 152/223. Mahalunge, Chakan Talegaon Road, Tal: Khed, Dist: Pune 410 501.
- Financial Calendar
 - a) Financial Year April 1 to March 31.
 - b) 1st Quarter Results } Quarterly unaudited results are taken on record by the Board, in
 - c) 2nd Quarter Results } the first meeting held after the end of the respective quarter.
 - d) 3rd Quarter Results }
 - e) Results for the year ending March 31, 2011 Audited Financial results are taken on record by the Board, within two months of the end of the financial year.
- Record date 26th July 2010
- Dividend Payment date(s) Before 25th August 2010
- Listing on Stock Exchange The Company's shares are not listed on Stock Exchanges.
- Market Price Data: High, Low during each month in the last financial year Company's securities are not listed on exchanges.
- Registrar and Transfer Agent Karvy Computershare Private Limited. Plot No 17 to 24 Vittalrao Nagar, Madhapur Hyderabad 500 034
- Share Transfer System All the transfer requests, received are processed and approved by the Share Transfer Committee which normally meets twice in a month.
- Distribution of Shareholding and Share holding pattern as on 31.03.2010 Details are given below
- Dematerialisation of Shares The Company's shares can be converted in demat form.
- Outstanding GDRs/ADRs/ The Company has not issued any GDR/ADR or convertible instruments.
- Plant Location The Company's plant is located at Chakan, Pune.
- Address for correspondence Shareholders' correspondence should be addressed to the Registrar & Transfer Agent at the address given above.

Distribution of shareholdings as on 31.3.2010:

No. of equity shares held	No. of Folios	%	No. of Shares	%
Upto 100	2464	72.60	152634	1.83
101 to 500	773	22.78	180116	2.16
501 to 1000	82	2.42	62542	0.75
1001 to 10000	62	1.83	159908	1.92
10000 and above	13	0.37	7778942	93.34
Grand Total	3394	100.00	8334142	100.00
No. of Shareholders in Physical Mode	1971	58.07	539958	6.48
No. of shareholders in Electronic Mode	1423	41.93	7794184	93.52
Total	3394	100.00	8334142	100.00

Shareholding pattern as on 31.03.2010:

Category	No. of shareholders	No. of shares	%
Indian Promoters	11	7701698	92.41
Insurance Cos and Banks, Trusts and Clearing Members	3	800	0.01
Mutual Funds & UTI	2	700	0.01
FII's & NRIs	16	12010	0.15
Domestic Companies	47	72516	0.87
Resident Individuals	3315	545818	6.55
Total	3394	8334142	100.00

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 expenses and also allowed reimbursement of expenses incurred in performance of his duties.?
- The Chairman does not have a separate office for the Company. Expenses incurred by the Chairman on Official duties for the Company are met/reimbursed by the Company.
- b) Remuneration Committee**
During the year under review Committee did not held any meetings. Consequent upon resignation of the members of the Committee, the Committee has been reconstituted on 19th May 2010.
- c) Shareholder Rights**
The half yearly/ quarterly declarations on financial performance including summary of the significant events in last six months should be sent to each household of shareholders.
- Same are not sent to shareholders.
- d) Postal Ballot**
The Company has not made any use of Postal Ballot yet.

Annexure A

Declaration

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and the senior management and the same is available on the Company's website.

I confirm that the Company has in respect of financial year ended March 31, 2010, received from the senior management team of the Company and the members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

for Victor Gaskets India Limited
MS Shankar
COO

May 19, 2010

Annexure B

Chief Operating Officer(COO)/Chief Financial Officer (CFO) Certification

We hereby certify that:

- a) We have reviewed the financial statements for the year ended March 31, 2010 and that to the best of our knowledge and belief: -
 - i) these statements do not contain any materially untrue statement or omit 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 year which are fraudulent, illegal or violate of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee -
 - i) significant changes in internal control during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

for **Victor Gaskets India Limited.**

May 19, 2010

S Patel
Financial Controller

MS Shankar
COO

Management Discussion and Analysis

Industry Structure and Development

The automotive industry in India was one of the first ones to come out of global recessionary trends seen in the previous year. Two wheelers, Passenger Cars, Utility Vehicles, Light Commercial Vehicles and Tractors grew significantly during the second half of the year. The heavy duty commercial vehicles and the stationary engine segment started recovery during the last quarter of the year.

The Original Equipment Manufacturers continued their drive to reduce costs of purchased parts through various programs including exploring new suppliers.

The Aftermarket showed a higher consumption with owners trying to maintain older vehicles more efficiently.

Sustainable growth opportunities

The Company's focus on development of gaskets for new introduction of engines during the previous year, paid dividends, when automotive manufacturers in the small and medium commenced sealing of in line with the global trends. The partial postponement by OEMs of development in previous year was brought on track thus giving new opportunities.

Your Company was re classified as GREEN by the Maharashtra Pollution Control Board, in recognition of the transformation by exiting out of asbestos in the year 2008, as also efforts to reduce pollutants, waste and consumption of water.

This in turn helps your Company to be a preferred choice of global OEMs who have identified the Company in their Indian Sourcing Programs.

Your Company is part of the Initiative of Visionary Small and Medium Enterprises, a joint effort of the Confederation of Indian Industry, Japan International Co-Operation Agency and the Anand Group, which focuses on helping our Tier 2 suppliers-small and medium enterprises- to transform into Lean Manufacturing Units. The uniqueness of this initiative is first transform a model line in the Company, share the process with the vendor and then work closely with vendor. This initiative shall help your Company implement Lean Manufacturing Concepts during the ensuing financial year.

Business Outlook

Your Company continued its vigorous efforts to win new business from overseas customers. The upward trend of exports are likely to continue because of the developments completed during the year under review.

The forecasts for the first quarter predict a healthy growth during the current year. Barring unforeseen circumstances, the performance for the current year is expected to show significant improvement over the performance of the year under review.

Cost control / Cost management

Your Company maintains an adequate and effective internal control system commensurate with its size and complexity. We believe that these internal control systems provide among other things, a reasonable assurance that transactions are executed with Management authorisation and are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that assets of the Company are adequately safe-guarded against any mis-use or loss.

An independent internal audit function is an important element of the Company's internal control system. The internal control systems are supplemented through extensive review by the Audit Committee about the adequacy and effectiveness of the internal control environment and monitored implementation of audit recommendations. It is also actively engaged in overseeing financial disclosures and risk management policies.

Your company worked with special focus on the project of "reduction in Cost of Poor Quality", which aims at reducing waste at each stage of the manufacturing of the product - from receipt of raw material to acceptance of product at the customer end. Every employee in the company had extra responsibility to various costs, which were reviewed at frequent intervals of a week and a month.

Risks and Concerns

The Company is a manufacturer of automotive components. Its well being is largely dependent on the growth of the domestic automotive market. Global auto component manufacturers have set up wholly owned companies to meet expectations of auto majors in India of both Indian and Overseas origin. Thus competition is now not restricted only to Indian gasket companies. It extends to global gasket majors as well. The Company has put in place various strategic action plans and R & D activities to develop products, materials and processes in house to become self sufficient.

The gasket business is a material oriented business. Cost of raw material is a major contributor to the cost of gaskets which compels the Management to keep the other costs at minimum level to protect margins.

A major portion of gasket replacement business in India is with the unorganised sector. Due to lower cost of production, there is huge difference in pricing of gaskets between organised and unorganised sector.

Human Resources/Industrial Relations

Your Company has a total strength of 166 employees as on March 31, 2010, consisting of persons well qualified in technical and managerial skills and having the requisite competence required for their tasks. The Company's HR processes ensure availability of a competent and motivated team of employees, who are encouraged to enrich and update their competency by attending regular training programmes, both external and in-house. Your Company follows a philosophy of fair compensation to its employees. In addition, to recognize and reward good performance, your Company has a performance based variable compensation structure, which ensures proper reward for those employees who excel in relation to their performance targets.

The employee relations during the year under review were harmonious, and the productivity has improved in all areas.

Cautionary Statement

Statements in the Management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual result could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations, include, among others, economic conditions affecting demand/supply and price conditions in the domestic market in which Company operates mainly, changes in Government regulations, tax laws and other statute and incidental factors.

For and on behalf of the Board

Place : Pune
Date : May 19, 2010

MS Shankar
Vice President & COO

Compliance Certificate Under Sec 383 A of the Companies Act, 1956

Company No. 25-18092

Nominal Capital Rs 1,50,00,000/-

To the Members of Victor Gaskets India Limited
152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Dist. Pune 410 501

We have examined the registers, records, books and papers of Victor Gaskets India Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure `A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure `B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time mentioned in the said Annexure.
3. The Company being a public limited Company, comments that a Private Limited Company has minimum prescribed capital, maximum number of members, invitation to public to subscribe for shares and acceptance of deposits from persons other than its members, directors or their relatives, are not required.
4. The Board of Directors duly met 4 (Four) times on 27.05.2009, 27.07.2009, 28.10.2009 and 08.02.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members and Share transfer books during the year. However, the Company had fixed 27th July 2009 and 12th November 2009 as record date for the purpose of payment of dividend and interim dividend respectively.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 27th July 2009 after giving notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extra ordinary meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in Section 295 of the Act during the financial year.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or the previous approval of the Central Government.
12. The duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. (i) The Company has delivered all the certificates on lodgment of securities for transfer/ transmission or any other purpose in accordance with the provisions of the Act. There was no allotment of securities during the financial year.

- (ii) The Company has deposited the amount of final dividend and interim dividend declared in a separate bank account on 27th July 2009 and 29th October 2009 respectively, which is within five days from the dates of declaration of such dividends.
 - (iii) The Company has posted warrants for dividends and interim dividends to all the members on 31st July 2009 and 19th November 2009 respectively which is within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/ unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Axis Bank Chakan Branch, Pune on 31st August 2009 and on 2nd December 2010 respectively.
 - (iv) The company has transferred the amounts in Unpaid dividend account, matured debentures and interest on debentures and public deposits which have remained unclaimed or unpaid for a period of seven years to Investors Education and Protection Fund.
 - (v) The company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of additional directors have been duly made. However, strength of the Board was below statutory minimum during the period 31.12.2009 to 08.02.2010.
 15. The Company has not appointed any Managing Director/Whole Time Director/Manager during the financial year.
 16. The Company has not appointed any sole selling agents during the financial year.
 17. During the year under review, the company has obtained the approval of the Central Government in respect of appointment of Mr. K N Subramaniam as Wholetime Director and payment of remuneration to him. Payment made to him during the year includes payments of professional fee on behalf of fellow subsidiary, which has been recovered.
 18. All the directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has not issued any shares, debentures or other securities during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. The Company did not issue any debentures or preference shares and hence the question of its redemption does not arise.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited/accepted/renewed any deposits falling within the purview of Section 58A during the financial year.
 24. The amounts borrowed by the Company from financial institutions, banks and others during the financial year ended 31.03.2010 are within the borrowing limits of the Company and that necessary resolutions as per section 293 (1) (d) of the Act have been passed in the duly convened annual general meeting.
 25. The Company has made loans/ investments with other bodies corporate in compliances with the provisions of the Act and made necessary entries in the register kept for the purpose.
 26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
 27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the

year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There were no prosecutions initiated against the Company or show cause notices received by the Company for alleged offences under the Act during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For **Parikh Parekh & Associates**

Place : Mumbai
Date : May 19, 2010

J. U. Poojari
Partner
C. P No 8187

Annexure 'A' to the Compliance Certificate

Statutory Registers as maintained by the Company:

1. Register of charges u/s 143 of the Act.
2. Register of Members u/s 150 and Index of Members u/s 151 of the Act.
3. Register of Debenture holders and Index of Debenture holders u/s 152 of the Act.
4. Minutes Book of Board Meetings u/s 193 of the Act.
5. Minutes Book of General Meetings u/s 193 of the Act.
6. Minutes Book of Audit Committee Meetings.
7. Minutes Book of Shareholders Grievance Committee Meetings.
8. Minutes Book of Share Transfer Committee Meetings.
9. Books of Accounts u/s 209 of the Act are being audited by the Statutory Auditors of the Company.
10. Register of Contracts u/s 301 of the Act.
11. Register of disclosure of interest u/s 301 of the Act.
12. Register of Particulars of Directors etc. u/s 303 of the Act.
13. Register of Directors' Shareholding u/s 307 of the Act.
14. Register of loans/ Investments u/s 372A of the Act.

Other Registers:

1. Register of transfers, transmission of shares.
2. Attendance Register of Board Meetings.
3. Attendance Register of General Meetings.
4. Attendance Register of Audit Committee Meetings.
5. Attendance Register of Shareholders Grievance Committee Meetings.

For **Parikh Parekh & Associates**

Place : Mumbai
Date : May 19, 2010

J. U. Poojari
Partner
C. P No 8187

Annexure 'B' to the Compliance Certificate

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March 2010.

Sr. No.	Form No/ Return/Document	Filed Under Section	For	Date of Filing	Whether filed within prescribed time	If delay in filing, whether requisite additional fee paid
1.	Form 62 (Return of Deposit)	58A	Financial Year 2008-09	25.06.2009	Yes	NA
2.	Form 23	192 and 293 (1)(e)	Registration of Resolution passed In AGM held on 27.07.2009.	24.09.2009	No	Yes
3.	Form No 23AC- Balance Sheet as on 31.03.2009	220	Adopted at the AGM held on 27.07.2009	26.08.2008	Yes	NA
4.	Form No 66 Compliance Certificate	383A	In respect of financial year 2008-09	12.08.2009	Yes	NA
5.	Form No 20B Annual Return made as on 27.07.2009	159	A G M held on 27.07.2009	04.12.2009	No	Yes
6.	Form 32	303(2)	Resignation of Mr C S Patel as Director of the Company w e f 15.10.2009.	02.11.2009	Yes	NA
7.	Form 32	303(2)	Resignation of Mr K N Subramaniam as Director of the Company w e f 31.12.2009	31.03.2010	No	Yes
8.	Form 32	303(2)	Appointment of Mr Sunil Kaul and Mr Mahendra Goyal as Additional Directors & Resignation of Mr Deepak Chopra as Director of the Company w e f 08.02.2010.	17.03.2010	No	Yes

For Parikh Parekh & Associates

Place : Mumbai
Date : May 19, 2010

J. U. Poojari
Partner
C. P No 8187

Auditors' Report

TO THE MEMBERS OF VICTOR GASKETS INDIA LIMITED,

1. We have audited the attached Balance Sheet of Victor Gaskets India Limited as at 31st March 2010 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, on the said date.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as Directors in terms of clause (g) of sub section (1) of Section 274 of the Companies, 1956, on the said date.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Company's Accounting Policies and the Notes thereon give the information required by the Companies Act, 1956, in the manner so required, 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 31st March, 2010,
 - ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date, and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
B K Khare & Company
Chartered Accountants
Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Pune
Dated : May 19, 2010

Annexure to the Auditors' Report

(Referred to in paragraph 1 of our Report of even date)

- i. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the assets have not been physically verified by the management during the year. However, there is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on last physical verification of fixed assets as compared to book records have been properly dealt with in the books of accounts.
(c) During the year, Company has not disposed of any substantial/major part of fixed assets.
- ii. (a) As explained to us, the inventory has been physically verified during the year by the management. Confirmations have been obtained in respect of inventories lying with third parties. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The system of maintaining records for work in progress needs to be strengthened. The discrepancies noticed on physical verification of inventory as compared to the book records were not material, and have been properly dealt with in the books of accounts.
(c) The discrepancies noticed on physical verification of inventory as compared to the book records are not material and have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us and to the best of our knowledge, the Company has neither granted nor taken any loans, whether secured or unsecured to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- v. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956,
 - (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements have been entered in the register required to be maintained under Section 301.
 - (b) According to the information given to us and excluding certain transactions in pursuance of contracts or arrangements mentioned above of purchase of services of specialised nature for which alternate quotations are not available, in our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956.
- vii. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company relating to the manufacture of Gaskets pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing 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 with the appropriate authorities during the year. According to information and

explanations given to us, there are no arrears of outstanding statutory dues as mentioned above as at 31st March 2010 for a period of more than six months from the date they became payable.

- (b) As on 31st March 2010, according to the records of the Company and information and explanations given to us, following are particulars of disputed dues on account of Sales Tax and Income tax that have not been deposited.

Name of statute	Nature of dues	Amount in Rs Lacs	Period to which amount relates	Forum where pending
Bombay Sales Tax Act	Tax, Interest thereon	6.82	2002-03	Jt. Commissioner of Sales Tax (Appeal)
Central Sales Tax Act	Tax, Interest thereon	6.69	2002-03	
Central Sales Tax Act	Tax, Interest thereon	9.48	2003-04	
Central Sales Tax Act	Tax, Interest thereon	1.75	2004-05	Appeal is being filed
Bombay Sales Tax Act	Tax, Interest thereon	8.48	2004-05	Appeal is being filed

- x. The Company does not have accumulated losses, as at the end of the year. The company has not incurred cash losses in the current year and the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies.
- xiv. The company is not dealing or trading in shares, securities or any other investments. Accordingly the provisions of clause 4(xiv) are not applicable to the company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi. To the best of our knowledge and belief and according to the information and explanation given to us, company has not raised any term loan during the year.
- xvii. According to information and explanation given to us, on an overall examination of the balance sheet and the Cash Flow Statement of the company, we report that funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii. The Company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year and the question of whether the price at which the shares have been issued is prejudicial to the interest of the company does not arise.
- xix. According to the information and explanations given to us, there are no debentures outstanding during the year and hence provisions of clause xix are not applicable.
- xx. The Company has not raised money by making any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **B K Khare & Company**
Chartered Accountants
Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Pune
Date : May 19, 2010

Balance Sheet as at March 31, 2010

Particulars	Schedule	March 31, 2010		March 31, 2009	
		(Rs '000)	(Rs '000)	(Rs '000)	(Rs '000)
Sources of Funds					
Shareholders' Funds					
Share Capital	1	83,34		83,34	
Reserves & Surplus	2	13,67,89	14,51,23	12,57,68	13,41,02
Loan Funds					
Secured Loans	3	4,28,08		3,51,87	
Unsecured Loans	4	8,94,23	132,231	8,94,23	12,46,10
Deferred Tax (See note 3 Schedule 18)			6,909		98,89
Total Funds Employed			<u>28,42,63</u>		<u>26,86,01</u>
Application of Funds					
Fixed Assets	5				
Gross Block		28,31,52		26,91,28	
Less Depreciation		17,68,63		15,27,10	
Net Block		10,62,89		11,64,18	
Capital Work-in-progress		16,18	10,79,07		11,64,18
Current Assets, Loans & Advances					
Inventories	6	6,96,54		5,47,47	
Sundry Debtors	7	7,47,42		6,35,59	
Cash and Bank Balances	8	1,48,01		1,08,20	
Loans and Advances	9	13,91,67		11,13,09	
		<u>29,83,64</u>		<u>24,04,35</u>	
Less: Current Liabilities & Provisions					
Liabilities	10	10,99,06		7,71,43	
Provisions	11	1,21,02		1,11,09	
		<u>12,20,08</u>		<u>8,82,52</u>	
Net Current Assets			17,63,56		15,21,83
Total Funds Employed			<u>28,42,63</u>		<u>26,86,01</u>
			-		-
Statement of Significant Accounting Policies	17				
Notes to the Accounts	18				

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date.

For B K Khare & Company
Chartered Accountants
Registration No. 105102 W

MS SHANKAR
Vice President

SUNIL KAUL
Chairman

Padmini Khare Kaicker
Partner
Membership No : 44784
Pune, May 19, 2010

S PATEL
Financial Controller

MK GOYAL
Director

Pune, May 19, 2010

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

Particulars	Schedule	(Rs '000)	2009-2010 (Rs '000)	(Rs '000)	2008-2009 (Rs '000)
Income					
Sales (less returns)			49,62,31		38,68,07
Less : Excise Duty			4,15,43		4,81,07
Sales (Net of Excise)			45,46,88		33,87,00
Other Income	12		3,11,58		2,12,82
			<u>48,58,46</u>		<u>35,99,82</u>
Expenditure					
Cost of Materials	13		26,29,18		19,33,42
Personnel Expenses	14		5,81,75		5,91,80
Other Expenses	15		10,67,07		8,34,71
Finance Charges	16		20,14		33,63
Depreciation			2,42,40		1,55,03
			<u>45,40,54</u>		<u>35,48,59</u>
Profit before tax			3,17,92		51,24
Provision For Tax					
Current year Tax		1,47,35		41,19	
Previous year Tax		(7,33)			
Deferred Tax		(29,81)		(23,25)	
Fringe Benefit Tax (See Note 3, Schedule 18)		0	1,10,21	6,74	24,68
Profit After Tax			2,07,71		26,56
Add : Surplus Brought Forward from last Balance Sheet			3,49,75		3,84,39
Profit available for appropriation			<u>5,57,46</u>		<u>4,10,95</u>
Appropriations					
Transfer to General Reserve			33,40		2,70
Interim Dividend			41,67		-
Tax on Interim Dividend			7,08		-
Proposed Dividend -Equity			41,67		50,00
Tax on Proposed Dividend			7,08		8,50
Balance carried to Balance Sheet			4,26,56		3,49,75
			<u>5,57,46</u>		<u>4,10,95</u>
Statement of Significant Accounting Policies	17				
Notes to the Accounts	18				
Earnings Per Share (in Rs.) Basic / Diluted (See note 7 , in Schedule 18)			2.49		0.32
Number of Shares used in computing EPS Basic / Diluted			8,33,41,42		8,33,41,42

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our report of even date.

For B K Khare & Company
Chartered Accountants
Registration No. 105102 W

MS SHANKAR
Vice President

SUNIL KAUL
Chairman

Padmini Khare Kaicker
Partner
Membership No : 44784
Pune, May 19, 2010

S PATEL
Financial Controller

MK GOYAL
Director

Pune, May 19, 2010

Schedules forming part of the Balance Sheet as at March 31, 2010

Schedule 1 : Share Capital

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Authorised 1,50,00,000 Equity Shares of Rs 1 each	<u>1,50,00</u>	<u>1,50,00</u>
Issued, Subscribed & Paid up 83,34,142 Equity Shares of Rs.1 each fully paid up (The above shares are issued for consideration other than cash pursuant to the Scheme of Arrangement for Demerger of Gaskets division of Perfect Circle Victor Limited. Out of these 72,53,538 equity shares of Rs.1 each fully paid up are held by Asia Investments Private Limited, the holding company)	<u>83,34</u>	<u>83,34</u>

Schedule 2 : Reserves and Surplus

Particulars	(Rs '000)	March 31, 2010 (Rs '000)	(Rs '000)	March 31, 2009 (Rs '000)
Security Premium (As Per Last Balance Sheet)	<u>3,75,32</u>	<u>3,75,32</u>	<u>3,75,32</u>	<u>3,75,32</u>
General Reserve Opening Balance	5,32,61	5,66,01	52,991	5,32,61
Transfer from P & L Account	<u>33,40</u>	<u>4,26,56</u>	<u>2,70</u>	<u>3,49,75</u>
Balance in Profit and Loss Account		<u>13,67,89</u>		<u>12,57,68</u>

Schedule 3 : Secured Loans

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Working Capital Loan from Bank Cash Credit	4,28,08	3,51,87
	<u>4,28,08</u>	<u>3,51,87</u>
(See Note 1, Schedule 18)		

Schedule 4 : Unsecured Loans

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Sales Tax Deferral	8,94,23	8,94,23
(Repayable within one year Rs. 1,01,132 previous year Rs. Nil)	<u>8,94,23</u>	<u>8,94,23</u>

Schedule 5 : Fixed Assets

(Refer Note 2, Schedule 17)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as on April 1, 2009 (Rs '000)	Additions/ Adjustments during the year (Rs '000)	Deletions/ Adjustments during the year (Rs '000)	Balance as on March 31, 2010 (Rs '000)	Balance as on April 1, 2009 (Rs '000)	Depreciation for the year (Rs '000)	Deletions/ Adjustments during the year (Rs '000)	Balance as on March 31, 2010 (Rs '000)	As on March 31, 2010 (Rs '000)	As on March 31, 2009 (Rs '000)
Freehold Land	65,04	-	-	65,04	-	-	-	-	65,04	65,04
Roads	53,53	-	-	53,53	8,84	2,36	-	11,20	42,33	44,69
Buildings	6,99,04	-	-	6,99,04	2,29,42	23,22	-	2,52,64	4,46,40	4,69,62
Plant & Machinery	16,23,39	1,25,79	-	17,49,18	11,43,20	1,61,94	-	13,05,14	4,44,04	4,80,19
Furniture, Fittings & Equipments	91,27	81	1,86	90,22	46,51	30,24	87	75,88	14,34	44,76
Motor Vehicles	55,79	8,15	-	63,94	11,95	19,85	-	31,80	32,14	43,84
Intangible & Technical Know-how	1,03,22	7,35	-	1,10,57	87,18	4,79	-	91,97	18,60	16,04
Total	26,91,28	1,42,10	1,86	28,31,52	15,27,10	2,42,40	87	17,68,63	10,62,89	11,64,18
Capital Work-in-Progress *	-	-	-	-	-	-	-	-	16,18	-
Total	26,91,28	1,42,10	1,86	28,31,52	15,27,10	2,42,40	87	7,68,63	10,79,07	11,64,18
Previous Year	26,64,52	66,84	40,07	26,91,28	14,05,15	1,55,03	33,08	15,27,10	11,64,18	12,59,37

(See Note 2, Schedule 17)

(See Note 9, Schedule 18)

* Includes Capital Advances Rs. 15,49,000 /- (Previous Year Rs. NIL)

Schedule 6 : Inventories

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
(Valued at Cost or Net Realisable Value which ever is lower)		
Raw & Packing Materials	3,23,67	2,34,09
Work-in-Progress	1,22,49	1,05,55
Finished Goods	2,50,38	2,07,83
	<u>6,96,54</u>	<u>5,47,47</u>
(See Note 3, Schedule 17)		

Schedule 7 : Sundry Debtors - Unsecured

Particulars	(Rs '000)	March 31, 2010 (Rs '000)	(Rs '000)	March 31, 2009 (Rs '000)
Debts outstanding over six months				
– Considered good	13,50		61	
– Considered doubtful	<u>4,79</u>		<u>44,43</u>	
	18,29		45,03	
Less: Provision for doubtful debts	<u>4,79</u>	13,50	<u>44,43</u>	61
Other Debts				
– Considered good		7,33,92		6,34,98
		<u>7,47,42</u>		<u>6,35,59</u>

Schedule 8 : Cash and Bank Balances

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Cash in hand	1,10	1,20
Balance with Scheduled Banks :		
– On Current Accounts	1,03,36	63,45
– On Fixed Deposit Account	<u>43,55</u>	<u>43,55</u>
	<u>1,48,01</u>	<u>1,08,20</u>

Schedule 9 : Loans and Advances

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
(Unsecured, Considered Good) Advances recoverable in cash or kind or for value to be received		
Unsecured - Considered good	13,19,05	10,25,79
Income Tax & Wealth Tax (Net of Provision)	23,41	42,38
Balance with Central Excise, Customs & Sales Tax Authorities	49,21	44,92
	<u>13,91,67</u>	<u>11,13,09</u>

Schedule 10 : Current Liabilities

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Sundry Creditors (See Note 2, Schedule 18)		
– Total Outstanding dues of Micro & Small Enterprises	–	–
– Total Outstanding dues of other than Micro & Small Enterprises	6,43,03	4,90,44
Advance from Customers	31,05	30,10
Other Current Liabilities	4,20,06	2,46,24
Unclaimed Dividend *	4,14	3,61
Unclaimed Debenture Interest *	78	1,04
	<u>10,99,06</u>	<u>7,71,43</u>

* The figure does not include any amount due & outstanding to be credited to the Investor Education and Protection Fund.

Schedule 11 : Provisions

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Proposed Dividend - Equity	41,67	50,00
Tax on Proposed Dividend	7,08	8,50
For Retirement Benefits	72,27	52,59
	<u>1,21,02</u>	<u>1,11,09</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2010

Schedule 12 : Other Income

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Interest	1,27,03	1,11,34
TDS Rs.15,61,000 (Previous year 22,78,626)		
Balances in respect of earlier years written back	32,92	15,80
Export Incentive	18,53	20,22
Scrap Sales	72,34	53,96
Gain on Exchange Fluctuation	10,56	–
Miscellaneous Income	50,20	11,50
	<u>3,11,58</u>	<u>2,12,82</u>

Schedule 13 : Cost of Materials

Particulars	(Rs '000)	March 31, 2010 (Rs '000)	(Rs '000)	March 31, 2009 (Rs '000)
Raw Materials				
Opening Stock	2,34,09		2,31,80	
Add: Purchases	27,73,02		20,24,60	
Less: Closing Stock	<u>3,23,67</u>		<u>2,34,09</u>	
		26,83,44		20,22,31
(Increase)/Decrease in Work-in-Progress and Finished Goods				
Opening Stock				
Work-in-progress	1,05,55		93,35	
Finished Goods	2,07,83		1,30,55	
	<u>3,13,38</u>		<u>2,23,90</u>	
Less: Closing Stock				
Work-in-progress	1,22,49		1,05,55	
Finished Goods	2,50,38		2,07,83	
	<u>3,72,87</u>	(59,49)	<u>3,13,39</u>	(89,49)
		26,23,95		19,32,82
Increase / (Decrease) of Excise Duty on Closing Stock		5,23		60
Cost of Materials		<u>26,29,18</u>		<u>19,33,42</u>

Schedule 14 : Personnel Expenses

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Salaries, Wages & Bonus	4,87,50	4,94,43
Contribution to Provident, Gratuity and Superannuation Funds (See Note 8 in Schedule 18)	34,40	36,29
Staff Welfare	59,85	61,08
	<u>5,81,75</u>	<u>5,91,80</u>

Schedule 15 : Other Expenses

Particulars	March 31,		March 31,	
	(Rs '000)	2010 (Rs '000)	(Rs '000)	2009 (Rs '000)
Stores, Spare Parts & Tools		12,70		754
Processing Charges		1,59,91		13,269
Repairs & Maintenance				
Plant & Machinery	30,64		2,621	
Building	6,59		167	
Others	20,45	57,68	1,453	42,41
Power & Fuel		41,70		37,15
Travelling		52,39		64,52
Rent		8,80		4,67
Rates & Taxes		29,41		12,10
Insurance		5,05		5,65
Loss on Exchange Fluctuation		-		9,04
Loss on Sales of Fixed Assets		36		1,22
Bad Debts		42,91		3,67
Provision for Doubtful Debts Current Year		(39,61)		7,74
Packing & Forwarding Charges		61,33		50,17
Advertisement & Publicity		1,68,11		96,30
Discount on sales		1,55,12		96,37
Printing & Stationery		7,74		8,46
Communication Expenses		12,56		15,75
Legal & Professional Fees		1,68,61		1,40,36
Research & Development Expenses		2,17		12,29
Tooling Expenses		40,76		26,97
Bank Charges		8,48		11,40
Security Expenses		7,43		10,40
Miscellaneous Expenses		63,46		37,84
		10,67,07		8,34,71

Schedule 16 : Finance Charges

Particulars	March 31,		March 31,	
	(Rs '000)	2010 (Rs '000)	(Rs '000)	2009 (Rs '000)
Interest				
On Cash Credits		18,79		32,55
On Others		1,35		1,08
		20,14		33,63

Schedules forming part of the Accounts for the year ended March 31, 2010

Schedule 17 : Statement of Significant Accounting Policies

1. Accounting Convention:

The financial statements have been prepared in accordance with applicable accounting standards in India and in accordance with historical cost convention.

2. Fixed Assets and Depreciation:

- Fixed Assets are stated at their original cost (net of refundable Taxes and Duties wherever 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.
- Expenditure incurred during the period of construction is carried forward as capital work-in-progress, and on completion the costs are allocated to the respective fixed assets.
- Foreign exchange fluctuations on payment / restatement of long term liabilities related to fixed assets are adjusted to profit and loss account.
- Until Last Year, Depreciation has been charged on straight-line method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956. During the current year, management has reviewed the estimates of useful life of Fixed Assets and revised the same base on detailed assessment of each asset class.

From the current year onward depreciation would be charged at the following rates based on following estimates of useful lives of asset:

Assets Class	Useful Life	Depreciation Rate Used By The Company	Depreciation Rate Prescribed in Sch. XIV
Road	30 Years	3.34%	1.63%
Furniture & Fixtures	7 Years	14.29%	6.33%
Office Equipments	7 Years	14.29%	4.75%
Vehicles	5 Years	20.00%	9.50%
Software & Data processing Unit	3 Years	33.33%	16.21%
Tools & Dies	7 Years	14.29%	11.31%
Measuring Equipment	3 Years	33.33%	7.42%
Technical Knowhow	5 Years	20.00%	16.67%
Plant & Machinery, Electrical Installation	13.5 Years	7.42%	7.42%
Factory Building	30 Years	3.34%	3.34%

- Impairment: Management periodically assesses using external and internal sources whether there is an indication that an asset can be impaired and impairment occurs where the carrying value exceed the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed as determined as the excess of the carrying amount over the higher of the assets net sale price or present value as determined above.

3. Investments

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

4. Valuation of Inventories:

Raw Material and Stores and Spares are valued at weighted average cost, due allowance being made for obsolete and non moving items.

WIP is valued at cost, which includes raw material cost and applicable manufacturing overheads.

Finished Goods are valued at lower of cost or net realisable value. Costs include material costs and applicable manufacturing overheads.

5. Revenue Recognition:

Revenue from sale of goods is accounted for on the basis of despatch of goods.

6. Export Incentive

Export Incentive in respect of exports made under the Duty Drawback Scheme, as per the Import Export Policy, is recognized at a point of reasonable certainty of its ultimate collection, which is, when realized.

7. Foreign Currency Transaction:

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of transaction. Gain/Loss arising out of fluctuation in rate between transaction date and settlement date are recognised in the Profit and Loss Account.

In respect of forward contract, the difference between the forward contract rate and the exchange rate on the date of transaction is spread over the life of the contract.

Foreign currency assets and liabilities other than those covered by forward contract are restated at the exchange rate prevailing at the year end and the overall net gain/loss is adjusted to the Profit and Loss Account.

8. Retirement Benefits:

(i) Defined contribution Plans

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund are recognised in the Profit and Loss Account.

(ii) Defined Benefit Plan

Liability towards gratuity and leave encashment is accrued based on actuarial valuation carried out by an independent actuary by using the projected unit credit method. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

9. Borrowing Costs:

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. Interest on working capital is charged to revenue accounts.

10. Accounting for Taxes on Income

Tax expense (tax benefit) is the aggregate of current year tax, deferred tax and fringe benefit tax charged (or credited) to the Profit and Loss Account for the year. Deferred Tax is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet Date.

(a) Current Year Charge

The provision for taxation is based on assessable profits of the Company as determined under the Income Tax Act, 1961. Provisions are recorded as considered appropriate for matters under appeal due to disallowances or for other reasons.

(b) Deferred Tax

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11. Provisions and Contingent Liabilities:

Liabilities: Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

Schedule 18 : Notes to the Accounts

1. Secured Loans:

Securities against aforesaid loans:

The Working Capital facilities are secured by hypothecation of the Company's inventories and receivables.

2. Suppliers covered under Micro, Small & Medium Enterprises Development Act, 2006, have not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this, information required under Section 22 of the said Act is not given.

3. The Company estimates deferred tax charge/(credit) using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The net deferred tax liability as at March 31,2010 is given below:

(Rs '000)

	March 31, 2010		March 31, 2009	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Timing Differences on account of:				
Depreciation		98,99		1,33,81
Expenses allowable as and when paid	28,27		19,82	
Provision for Doubtful Debts	1,63		15,10	
	29,90	98,99	34,92	1,33,81
Net Deferred Tax Liability		69,09		98,89

4. Segmental Reporting:

a) Primary Segment:

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

b) Secondary Segment (by Geographical Segment)

(Rs '000)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Revenue (Net of Excise)		
Exports	3,08,85	2,66,44
Domestic	42,38,03	31,20,56
Total	45,46,88	33,87,00
Debtors	84,65	50,35
Exports	6,62,78	5,85,23
Domestic		
Total	7,47,43	6,35,58

Note : Assets of the Company except sundry debtors are not identified with the geographical segment as these are used interchangeably and are located in India.

5. Estimated amount of contracts remaining to be executed on Capital Account (net of Capital Advances) and not provided for Rs. **34,15,250** (Previous Year Rs. 12,08,755).

6. Contingent Liability in respect of:

- (i) Bank Guarantees : Rs. **44,68,783** (Previous Year Rs. 43,20,000)
(ii) Service Tax : Rs. **8,01,419** (Previous Year Rs. 3,51,239)
(iii) Sales Tax Claims against which Company has preferred an appeal : Rs. **34,22,459** (Previous Year Rs. 23,99,000)

7. Earnings per Share:

		2009-10	2008-09
Total number of equity shares outstanding during the year	(a)	83,34,142	83,34,142
Net Profit for the year as reported (Rs. '000)	(b)	2,07,71	26,56
Earning per Share (Rs.)			
Basic / Diluted	(b/a)	2.49	0.32
Nominal Value of Shares (Rs.)		1	1

8. Retirement Benefits:

(a) Defined Benefit Plan -

	Gratuity Rs '000	Leave Encashment Rs '000
Expense recognised during the period ended March 31, 2010 (Included in "Schedule 14" Personnel Expenses)		
1 Current Service cost	7,85	6,15
2 Interest Cost	5,10	1,79
3 Expected return on plan assets	(5,12)	-
4 Actuarial Losses/ (Gains)	5,31	9,88
5 Total expense	13,14	17,82
Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the period ended March 31,2010		
1 Net Asset/(Liability) at beginning of period	(13,51)	(26,94)
2 Employee Expense	(13,14)	(17,82)
3 Contributions Paid	1,87	6,10
4 Net Asset/(Liability) at the end of the period	(24,78)	(38,67)
5 Actual Return on plan assets	Not Readily available with the Company	
Actuarial Assumptions		
		As at March 31 2010
1 Discount Rate		8% per annum
2 Expected rate of return on plan assets		7% per annum (Gratuity)
3 Mortality Table		LIC (1994-96) ULTIMATE)

There is no difference between the liability at the beginning of the year as per the unit credit method and the liability as per the books of accounts as on 31st March 2010.

(b) Defined Contribution Plans –

Amount recognized as an expense and included in the Schedule 14 "Contribution to Provident and other funds" of Personnel Expenses Rs 25.36 Lakhs.

9. During the year, management has revised estimates of useful lives of Fixed Assets resulting in additional depreciation charge of Rs. 82,69,691, for the current year and reduction in profit for the year and reserves by the same amount.

10. In case of accounts receivable and payable where statements of account have been received, book balances have been generally reconciled and adjusted appropriately. In other cases balances have been taken as per books of accounts.

11. Managerial remuneration

(i) Determination of net profit in accordance with Section 349 of the Companies Act , 1956 and Commission payable to non executive Directors

	2009-2010	2008-2009
Profit Before Tax	3,17,92	51,24
Add: Director's Remuneration	51,44	35,21
Depreciation as per book	2,42,40	1,55,03
Loss on Sales of Assets	36	1,22
Provision for doubtful debt	-	7,74
Sub Total	2,94,20	1,99,20
Less: Depreciation U/S 350	2,42,40	1,55,03
Net Profit under Section 349	3,69,72	1,15,41
Commission Payable to Non Executive Director	3,70	Nil

(ii) Remuneration to Executive Director

	2009-2010	2008-2009
Salary	36,29	32,38
Variable performance pay	23,00	13,20
Contribution to Provident fund and Other Funds	6,08	5,51
Perquisite	8,07	4,12
Commission	3,70	
Total	77,14	55,21
Less: Recovered from fellow Subsidiary as a consideration for services rendered by the Executive Director	25,70	20,00
Net(Amount debited to Profit and Loss account)	51,44	35,21

During the year, Company received approval of the Central Government for managerial remuneration w.r.e.f 22nd May, 2008 to 21st May, 2011.

12. Information pursuant to the provisions of paragraph 3 of part II of schedule VI to the Companies Act, 1956.

(a) Opening Stock and Closing Stock of Goods manufactured

Product	Unit	Year	OPENING STOCK		CLOSING STOCK	
			Qty.	Value in Rs ('000)	Qty.	Value in Rs ('000)
Gaskets	Nos.	2009-2010	24,08,596	2,07,83	25,16,603	2,52,56
	Nos.	2008-2009	16,44,301	1,30,55	24,08,596	2,07,83

(c) Turnover

	Unit	Qty	Value in Rs ('000)
Gaskets			
2009-2010	Nos.	3,16,18,464	45,46,88
2008-2009	Nos.	2,49,73,676	33,87,01

(d) Consumption of Raw Materials, Components and Packing Material

Particulars	Unit	2009-2010		2008-2009	
		Qty	Value in Rs ('000)	Qty	Value in Rs ('000)
CAF and Asbestos Materials	Sheets	-	-	6,242	9,12
Cork Materials	Sheets	11,001	13,78	17,125	8,15
Cork frames/Gaskets	Nos.	7,29,432	1,11,66	4,10,755	74,68
Tin	Kgs	2,89,425	1,85,34	2,20,964	1,20,65
Copper	Kgs	8,832	27,29	5,572	23,04
Steel	Kgs	3,71,119	4,70,56	3,05,205	3,74,49
Betaflex/Flexoid	Sq.mtrs	41,930	29,99	35,755	20,17
Semi-Finished Gaskets	Nos.	27,37,739	4,10,90	25,09,642	3,42,12
Moulded Rubber Gaskets	Nos.	12,88,600	1,04,09	7,01,834	77,02
Grommets	Nos.	12,371	4,10	37,203	10,96
Non-Asbestos	Kgs	3,72,768	8,50,92	3,22,032	5,85,71
Others			4,20,55		3,76,20
			26,29,18		20,22,31

13. Information pursuant to the provisions of Paragraph 4C Part II of Schedule VI to the Companies Act, 1956.

Licensed and installed capacities (per annum) and production:

	Year	Licensed Capacity Nos.*	Installed Capacity Nos.**	Actual Production Nos.
Gaskets	2009-2010	-	4,37,23,500	3,17,26,471
	2008-2009	-	4,37,23,500	2,57,37,971

* Licensing requirements for automotive parts have been dispensed w.e.f. July 25,1991.

** Installed Capacity has been accepted by the auditors without verification, this being a technical matter.

14. Value of Imported and Indigenous Raw Materials, Packing Materials and Components and Spares Consumed.

	2009-2010				2008-2009			
	Raw Materials and Packing Materials		Spares		Raw Materials and Packing Materials		Spares	
	Rs ('000)	%	Rs ('000)	%	Rs ('000)	%	Rs ('000)	%
Imported	9,84,31	37.40	4,09	32.20	6,25,29	30.92	64	8.53
Indigenous	16,44,87	62.60	8,61	67.80	13,97,02	69.08	6,90	91.47
	26,29,18	100.00	12,70	100.00	20,22,31	100.00	7,54	100.00

15. Auditor's Remuneration

	2009-2010 Rs ('000)	2008-2009 Rs ('000)
Audit Fees	5,50	4,50
Tax Audit Fees	1,00	80

16. Value of Imports on C.I.F. Basis

	2009-2010 Rs ('000)	2008-2009 Rs ('000)
Raw Materials	9,05,10	5,66,32
Machinery/ Spares	3,69	51

17. Expenditure in Foreign Currency

	2009-2010 Rs ('000)	2008-2009 Rs ('000)
Travelling Expenses	1,99	5,56
Export Commission	76	2,30

18. Earning in Foreign Exchange

	2009-2010	2008-2009
	Rs ('000)	Rs ('000)
FOB Value of export sales	3,05,12	2,54,06

19. Related Party Disclosures

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

Names of Related parties* and description of relationships:

Relationships:

(i) Holding Company and Fellow Subsidiaries:

Asia Investments Pvt.Ltd. is the holding Company and the other Fellow subsidiaries are Anand Automotive Systems Ltd., Anand Products Ltd., Anchemo Ltd., Chang Yun India Ltd., Echlin India Ltd. and Perfect Circle India Ltd.

(ii) Key Management Personnel

Mr. K.N. Subramaniam, Chairman. Mr K.N. Subramaniam ceased to be whole time director and Chairman with effect from 31st December, 2009.

Details of Transaction:

(Rs '000)

Nature of Transaction	2009-2010			2008-2009		
	Holding and Fellow Subsidiaries (AAL@, AIPL# & PCIL!)	Key Management Personnel	Total	Holding and Fellow Subsidiaries (AAS @, AIPL# & PCIL!)	Key Management Personnel	Total
	1. Advisory Services received	1,30,01	-	1,30,01	1,15,77	-
2. Marketing Services rendered	1,67,82	-	1,67,82	1,59,47	-	1,59,47
3. Purchase of Machine	11,01	-	11,01	74	-	74
4. Cost on Deputation recovered	1,32,95	-	1,32,95	1,20,99	-	1,20,99
5. Others	67,13	-	67,13	10,87	-	10,87
6. Amount Receivable	48,33	-	48,33	61,55	-	61,55
7. Amount Payable	-	-	-	5,77	-	5,77
8. Managerial Remuneration	-	51,44	51,44	-	35,21	35,21

@ Anand Automotive Ltd.

Asia Investments Private Ltd.

! Perfect Circle India Limited.

20. Previous Year figures have been regrouped and recast wherever necessary to confirm to the current year's classification.

21. Additional Information pursuant to the Provisions of Part IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.

State Code

Balance Sheet	31	03	2010
	Date	Month	Year

II Capital Raised during the year
(Amount in Rs Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placements

III Position of Mobilisation and Deployment of Funds
(Amount in Rs Thousands)

Total Liabilities

Total Assets

Sources of Funds:

Paid up Capital

Reserves and Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

Application of Funds:

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

IV Performance of the Company
(Amount in Rs Thousands)

Turnover	45,46,88	Total Expenditure	45,40,54
Profit/(Loss) Before Tax	3,17,92	Profit/(Loss) After Tax	2,07,71
Earnings Per Share in (Rs)	2.5	Dividend Rate %	100

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

Item Code No.	848410
Product Description	GASKETS

Signature to Schedule 1 to 18

MS SHANKAR
Vice President

SUNIL KAUL
Chairman

S PATEL
Financial Controller

MK GOYAL
Director

Pune, May 19, 2010

Cash Flow Statement

Pursuant to the Accounting Standard (AS) - 3
issued by the Institute of Chartered Accountants of India for the year ended March 31, 2010

	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)	March 31, 2009 (Rs '000)
A. Cash Flow from Operating Activities			
Net (Loss)/Profit before Tax but after exceptional /extraordinary items	3,17,92		51,24
Adjustment for :			
Depreciation	2,42,40	1,55,03	
Interest Expense	20,14	33,62	
Interest Income	(1,27,03)	(1,11,34)	
Foreign Exchange Loss / (Gain)	(10,56)	9,04	
Excess provision written back	(32,92)	(15,80)	
Profit/Loss on Fixed Assets sold	36	1,21	
Bad Debts	42,91	3,67	
Provision for Doubtful debts	(39,61)	7,74	83,17
Operating profit before working capital changes	4,13,61		1,34,41
Adjustments for changes in working capital :			
- (Increase)/Decrease in Sundry Debtors	(1,15,12)	1,85,03	
- (Increase)/Decrease in Other Receivables	(56,14)	40,18	
- (Increase)/Decrease in inventories	(1,49,07)	(91,78)	
- Increase/(Decrease) in trade and other payables	3,34,95	(92,57)	(40,86)
Cash generated from Operations	4,28,23		1,75,27
- Income Taxes and Wealth Tax Paid	(84,18)	(47,73)	(47,73)
Net Cash from Operating activities	3,44,05		1,27,54
B. Cash Flow from Investing activities			
Purchase of Fixed Assets	(1,58,28)	(65,40)	
Proceeds from Sale of Fixed Assets	63	5,79	
Intercompany deposit given	(2,19,12)	(5,60,00)	
Interest received (Revenue)	1,23,71	1,14,42	
Net Cash used in Investing activities	(2,53,06)		(5,05,20)
C. Cash Flow from Financing activities			
Proceeds from Long Term Borrowings	-	0	
Proceeds From Working Capital Facilities (Net)	76,21	2,95,07	
Interest paid	(20,14)	(33,62)	
Dividend / Dividend Tax Paid	(1,07,25)	(58,50)	
Net Cash used in/from Financing activities	(51,18)		2,02,95
Net Increase/ (Decrease) in cash and cash equivalents	39,81		(1,74,71)
Cash and Cash Equivalents opening balance	1,08,20		2,82,91
Cash and Cash Equivalents closing balance	1,48,01	-	1,08,20
Cash and Cash Equivalents comprises			
Cash In Hand	1,10		1,20
Balance with Scheduled Banks	1,46,91		1,07,00

Notes to the Cash Flow Statement for the year ended March 31, 2010

- 1 The above cash flow has been prepared under the indirect method setout in AS-3 issued by the Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outgo.
- 3 Previous Year figures have been regrouped and recast wherever necessary to confirm to the current year's classification.

As per our report of even date.

For B K Khare & Company
Chartered Accountants
Registration No. 105102 W

MS SHANKAR
Vice President

SUNIL KAUL
Chairman

Padmini Khare Kaicker
Partner
Membership No : 44784
Pune, May 19, 2010

S PATEL
Financial Controller

MK GOYAL
Director

Pune, May 19, 2010

ATTENDANCE SLIP

Victor Gaskets India Limited

Registered Office :
152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Pune 410 501
(To be handed over at the entrance of the Meeting Hall)

Name of the Member (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 9th Annual General Meeting on Tuesday, July 27, 2010 at 152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Pune 410 501.

Member's/Proxy's Signature

To be signed at the time of handing over this slip

Victor Gaskets India Limited

PROXY

I/We of
being a Member of Victor Gaskets 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 9th Annual General Meeting of the Company to be held on Tuesday, July 27, 2010 and at any adjournment thereof.

As witness my/our hand (s) this day of 2010

Signed by the said.....

Affix
Re. 0.30
Revenue
Stamp

Victor Gaskets India Ltd.

152/223, Village Mahalunge,
Chakan Talegaon Road, Tal. Khed,
Pune - 410 501

VICTOR