

BOARD OF DIRECTORS

Mr. Abhay Firodia, Chairman

Mr. Prasan Firodia, Managing Director

Mr. Sudhir Mehta

Mr. S. N. Inamdar

Mr. Pratap Pawar

Mr. L. Lakshman

Mrs. Anita Ramachandran

Mr. S. Padmanabhan

Mr. Arun Sheth

Mr. Vinay Kothari

Mr. Atul Chordia

Mr. S. A. Gundecha

Mr. R. B. Bhandari

COMPANY SECRETARY

Mrs. Aparna G. Lambore

AUDITORS

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

COST AUDITORS

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

REGISTERED OFFICE

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

WORKS

- (i) Mumbai-Pune Road,
Akurdi, Pune - 411 035.
- (ii) Pithampur,
District Dhar - 454 775.

I N D E X

1. Notice of Annual General Meeting	3 - 4
2. Directors' Report	5 - 6
3. Management Discussion and Analysis	7 - 9
4. Report on Corporate Governance	10 - 15
5. Auditors' Certificate on Corporate Governance	16
6. Auditors' Report with Annexure	17 - 19
7. Balance Sheet	20
8. Profit & Loss Account	21
9. Schedules & Notes to Accounts	22 - 40
10. Balance Sheet Abstract	41 - 42
11. Cash Flow Statement	43

NOTICE

Notice is hereby given that the 52nd Annual General Meeting of the Members of Force Motors Limited will be held on **Saturday, the 24th day of September, 2011 at 11.30 a.m.**, at the Registered Office of the Company at Mumbai - Pune Road, Akurdi, Pune – 411 035 to transact the following business :-

ORDINARY BUSINESS

- 1) To consider and adopt Audited Balance Sheet and Profit & Loss Account for the year ended on 31st March, 2011 together with the Directors' Report and Auditors' Report thereon.
- 2) To declare a dividend.
- 3) To appoint a Director in place of Mr. S. N. Inamdar, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Mr. L. Lakshman, who retires by rotation and being eligible, offers himself for reappointment.
- 5) To appoint a Director in place of Mr. Pratap Pawar, who retires by rotation and being eligible, offers himself for reappointment.
- 6) To appoint a Director in place of Mr. S. Padmanabhan, who retires by rotation and being eligible, offers himself for reappointment.
- 7) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

- 8) To appoint Mr. Arun Sheth as a Director of the Company. Mr. Arun Sheth was appointed as an Additional Director of the Company w.e.f. 25th September, 2010. As per the provisions of Section 260 of the Companies Act, 1956, he holds office up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice, in writing, from a member proposing his candidature for the office of Director and signifying intention to move the following resolution as an Ordinary Resolution:-

“RESOLVED that Mr. Arun Sheth be and is hereby appointed as a Director of the Company.”

NOTES

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The Explanatory Statement setting out the material facts concerning the Special Business as mentioned at Item No. 8 of the Notice, as required by Section 173 of the Companies Act, 1956, is annexed hereto.
- 3) The requisite information about the Directors,

retiring by rotation, is included in the Report on Corporate Governance.

- 4) The Register of Members and Share Transfer Books of the Company will be closed from Thursday, the 22nd day of September, 2011 to Saturday, the 24th day of September, 2011 (both days inclusive) for the purpose of ascertaining entitlement to the dividend that may be declared at the ensuing Annual General Meeting.
- 5) The payment of dividend, if declared, at the ensuing Annual General Meeting will be made after Saturday, the 24th day of September, 2011 to those members holding shares in physical form and whose names appear in the Register of Members of the Company on Saturday, 24th day of September, 2011, and who hold shares of the Company in dematerialized form and whose name is entered as a beneficial owner in the records of the Depositories on that date.
- 6) Members holding shares in physical form are requested to intimate immediately any change in their address / details of their bank account / details for transfer of dividend, if declared, through Electronic Clearance Service (ECS) before 19th September, 2011. These details may kindly be intimated to the Company at the Registered Office or to the Registrar & Share Transfer Agents of the Company, Link Intime India Private Limited, Block no. 202, 'A' Wing, 2nd floor, Akshay Complex, Near Ganesh Temple, Off. Dhole Patil Road, Pune – 411 001.

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

- 7) **GREEN INITIATIVE : As a step for paperless communication with the members of the Company, Company has decided to forward all notices, circulars and other documents to be served on Members by email.**

Members of the Company are requested to communicate their email id on which they would like to have these communications. The email id can be communicated by a letter addressed to the Secretarial Department, Force Motors Limited, Mumbai - Pune Road, Akurdi, Pune - 411 035 and should be signed as per the specimen signature recorded with the Company.

- 8) **Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Company Secretary of the Company, so as to reach at least 15 days before the date of the meeting so that the information required may be made available at the meeting.**
- 9) Equity shares of the Company are listed on the Pune Stock Exchange Limited, Shivleela Chambers, 752, Sadashiv Peth, R. B. Kumbhkar Marg, Pune – 411 030 and the Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. The Company has paid the annual listing fees to each of the Stock Exchanges.

10) Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed/unpaid for a period of seven years from the date it became due for payment shall be credited to the Investor Education and Protection Fund (Fund) set up by the Central Government. Members who have so far not claimed the dividend that was declared for the financial year 2003-2004 or thereafter are requested to make claim with the Company

immediately, as no claim shall lie against the Fund or the Company in respect of amount once credited to the said Fund.

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

Pune - 411 035
9th August, 2011

APARNA G. LAMBORE
Company Secretary

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

Item No.8

In exercise of the powers vested by Article 115 of the Articles of Association of the Company, the Board of Directors of your Company appointed Mr. Arun Sheth as an Additional Director w.e.f. 25th September, 2010.

As per the provisions of Section 260 of the Companies Act, 1956, Mr. Arun Sheth holds office till the date of ensuing Annual General Meeting. The Company has received a notice from a member proposing the candidature of Mr. Arun Sheth for the office of Director.

Mr. Arun Sheth, 63 years, is a Commerce Graduate and is the Chairman and Managing Director of Prabhudas Lilladher Private Limited, leading member of Bombay Stock Exchange Limited and of National Stock Exchange Limited. Mr. Sheth has pioneered numerous ventures like

portfolio advisory services and a full-fledged equity research division.

The requisite information required to be provided, as per the provisions of Clause 49 of the Listing Agreement, in case of appointment of Mr. Arun Sheth is included in the Report on Corporate Governance.

None of the Directors of the Company, except Mr. Arun Sheth, is interested in the business mentioned at Item No.8.

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

Pune - 411 035
9th August, 2011

APARNA G. LAMBORE
Company Secretary

DIRECTORS' REPORT

To

The Members,

The Directors present the 52nd Annual Report, together with the audited accounts for the financial year ended on 31st March, 2011.

1. Financial Results

	2010-11 (₹)	2009-10 (₹)
Gross Sales	1691,84,66,907	1075,32,09,626
Other Income	93,59,92,643	96,30,68,334
Gross Profit	126,94,93,453	84,88,03,627
Depreciation	44,81,72,112	41,99,55,157
Provision for Taxes (Net)	23,51,42,386	(17,53,77,456)
Profit After Tax	58,61,78,955	60,42,25,926
Proposed Dividend	6,58,81,310	3,95,28,786
Provision for Tax on Distributed Profit	1,06,87,596	67,19,894
Transfer to General Reserve	182,46,33,784	6,04,22,593
Balance in Profit & Loss Account Carried Forward	7,00,00,000	138,50,23,735

The gross sales for the year under report increased to ₹ 1,691.85 crores against the previous year's sale of ₹ 1,075.32 crores representing a significant growth of 57.33 %.

2. Dividend

The Board of Directors has recommended a dividend of ₹ 5 per share on 1,31,76,262 equity shares of ₹ 10 each fully paid up.

3. Name Change

The Writ Petition in respect of the change in the name of the Company, filed by one of the Member of the Company was allowed by the Hon'ble High Court of Judicature at Bombay. The Hon'ble Court held that the order passed, as per the provisions of Section 22 of the Companies Act, 1956, based on which the name of the Company was changed in the year 2005, is not sustainable in law. The Company's Petition challenging this decision, has been admitted for hearing by the Hon'ble Supreme Court of India on 1st August, 2011. The operation of the order of the Hon'ble High Court has been stayed.

4. Market Situation

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

5. Exports

The export turnover for the year under report was ₹ 27.17 crores against the previous year's export of ₹ 26.96 crores.

6. Research & Development

The expenditure on Research & Development for new products, including the expenditure on Projects and Tool Engineering, was 2.26 % of the operational turnover of the Company. The Company has maintained its emphasis on research, development and tool engineering activities.

7. Foreign Collaborations

The Company continues to have the benefit of technical assistance from Dr. Rolf Bacher, Germany. The Company also obtained technical consultancy from Mercedes Benz Project Consultation GmbH, Germany and MB Technology GmbH, Germany, for ongoing technical developments.

8. Industrial Relations

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

9. Foreign Exchange

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

10. Environment and Conservation of Energy

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

11. Fixed Deposits

50 deposits amounting to ₹ 17,63,000 matured for repayment on or before 31st March, 2011 but remained unclaimed on that date. Out of these, 13 deposits amounting to ₹ 5,75,000 have since been repaid / renewed.

12. Orders for Machinery

Since the close of the Accounting Year the Company has placed orders for new machinery, equipment and other capital assets of value of ₹ 35.83 crores.

13. Directors

The Board of Directors in its meeting held on 25th September, 2010 appointed Mr. Arun Sheth as an Additional Director of the Company. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Arun Sheth holds office till the date of ensuing Annual General Meeting. The Company has received a notice proposing candidature of Mr. Arun Sheth for the directorship of the Company.

Mr. Bharat V. Patel resigned from the directorship of the Company w.e.f. 31st January, 2011. The Board places on record its appreciation of the services rendered by Mr. Patel during his association with the Company.

Mr. S. N. Inamdar, Mr. L. Lakshman, Mr. Pratap Pawar and Mr. S. Padmanabhan, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment.

14. Audit Committee

The Board in its meeting held on 23rd April, 2011, reconstituted the Audit Committee. Now, Mr. Vinay Kothari, Mr. Pratap Pawar, Mr. S. Padmanabhan, Mr. Arun Sheth, Independent Directors, and Mr. S. A. Gundecha, Non-Executive Director, are the Members of the Audit Committee.

15. Corporate Governance

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

16. Directors' Responsibility Statement

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

- (a) in the preparation of Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit / loss of the Company for that period;

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the Annual Accounts are prepared on a going concern basis.

17. Other

Under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the Members of the Company excluding the aforesaid annexure. The Members interested in obtaining a copy of the said annexure may write to the Company at the Registered Office of the Company. The Company had, no employees who were in receipt of remuneration exceeding ₹ 5,00,000 per month and employed throughout the financial year and one employee who was in receipt of remuneration exceeding ₹ 5,00,000 per month and employed for part of the financial year.

- 18. You are requested to appoint Auditors for the current year and fix their remuneration. M/s. P. G. Bhagwat, Chartered Accountants, Pune, Auditors to the Company, who retire at the ensuing Annual General Meeting, are eligible for reappointment.
- 19. The Central Government has directed to conduct audit of the cost records of the Financial Year 2010-11 and accordingly M/s. Joshi Apte & Associates, Cost Accountants, Pune, were appointed as the Cost Auditors, for that year. The Cost Audit Report is under preparation.
- 20. The Directors express their grateful thanks to the Dealers, Suppliers and Banks for their support, and express their warm appreciation of the sincere co-operation and dedicated work by a majority of the employees of the Company.

For and on behalf of the Board of Directors



ABHAY FIRODIA
Chairman

Pune - 411 035
9th August, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The growth story for the auto Industry in India, from the year 2009-10, continued vigorously in the year 2010-11. The segments in which your Company operates witnessed sound all-round growth.

Enhanced competition, uprated technologies, heightened performance standards for environmental protection and safety - are a beneficial force causing the automobile industry to modernize, adapt newer technologies and processes and, in its own way, march towards market maturity.

II. PERFORMANCE OF THE COMPANY

During the year under report the Company achieved higher turnover and sold 19,822 numbers of Light Commercial Vehicles, (including Small Commercial Vehicles), 6,215 numbers of Multi Utility Vehicles and 1,013 numbers of Tractors and thus achieved a growth of 55% in the sales turnover, which stood at ₹ 1,480.45 crores compared to the previous year's sales turnover of ₹ 955.55 crores.

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

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

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

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

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

The new SUV developed by the Company has been named 'Force One'. The testing and certification activities for the vehicle have been completed. A completely new Sales Channel comprising of 30 dealers pan-India, with independent and dedicated Show Rooms, separate Service

Facilities, as also importantly - fully dedicated and well trained Sales and Service Staff teams - are created, to support the sales of these SUVs. This sales' vertical will focus on the Personal Vehicles, as distinct from the Company's traditional product-line of Light Commercial Vehicles, or of Agricultural Vehicles (tractors). Thus there are now three independent sales verticals in the Company.

The technical collaboration arrangement with Daimler AG will facilitate the introduction of a 6 to 8-seater 'People Carrier', a high end, high performance vehicle; the introduction of which is expected towards the end of the next financial year. The Company is considering setting up an independent facility for the same at the Pithampur plant location, subject to satisfactory conclusion of interactions with the Government of Madhya Pradesh.

It is planned that new additions in the Personal Vehicles Category - like the MPV (Multi Purpose Vehicle) for which a technical collaboration agreement is signed with Daimler AG, will also be sold through the new channel, catering to the sophisticated and premium end of the market.

The Company has entered into agreement with MBtech (a company of the Daimler Group) for technical support in respect of refinement - of electronic architecture, installation of aggregates and systems, and build quality of the coach work, interiors, etc. - of the Company's products.

There is a separate technical support agreement entered into with Lotus Engineering, UK, for technical assistance in refinement of ride handling, driving comfort, etc. of the Company's products.

The introduction of the above products, and the fine-tuning of Company's product lineup, in interaction with the consultants, is expected to result in substantially refining the Company's product lineup - in keeping with evolving market expectations and the emerging state of the art.

The cathodic paint shop installed at Pithampur was capitalized during the period under review by taking it over from MAN FORCE TRUCKS Pvt. Ltd. during the period under review. This is a fifth generation CED paint shop incorporating the latest technologies, and is expected to result in significant benefits in product quality and cost optimisation.

The Company has embarked on a project to install a robotized top coat painting line at Pithampur. Also ordered is a high capacity pressline. Both these are expected to be commissioned in early 2012.

III. HEAVY COMMERCIAL VEHICLES AND JOINT VENTURE OF THE COMPANY - MAN FORCE TRUCKS PRIVATE LIMITED

As reported earlier, the Company's joint venture with MAN Truck & Bus AG (earlier MAN Nutzfahrzeuge AG), Germany, i.e. MAN FORCE TRUCKS Private Limited (MFTPL), manufacturers of Heavy Commercial Vehicles is a 50:50 joint venture.

The revenue achieved by MFTPL, during the relevant period is ₹ 929,08,05,073. The total number of trucks sold in the domestic market was 3161 and in the export market 809. This represents 115.49 % increase in sales value over the previous year.

As at 31st of March 2010, the Company had an accumulated book loss of ₹ 268,06,79,368. The performance of the JV Company during the relevant period also, was not as expected.

Your Company is in discussion with the joint venture partner MAN, to resolve issues which arise from two aspects:

On the one hand, the need to offer vehicles with appropriate technology, and to specially develop such products for the Indian market - more so in regard to haulage vehicles, and on the other hand, regarding the need to increase export sales.

Export of vehicles via the MAN global network was an important consideration for the very formation of the joint venture. Your Company had completed the project for Heavy Commercial Vehicles independently. For this project technology for engines, gearboxes, cabs, etc. was purchased on full payment from MAN and ZF, etc. The joint venture was created with equity participation from MAN, considering their offer to export upto 10,000 vehicles per annum.

While the above basic issues relating to strategic alignment are being resolved, the partners are working to find solutions for the success of the project.

The financial results of MFTPL are being audited, and are expected to be finalized and adopted in the near future.

IV. OPPORTUNITIES, THREATS AND RISK FACTORS

The year under review was a year of impressive growth for the automobile industry in India generally. On this background your Company too registered a revenue increase of 57.33 %.

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

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

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

While the fundamentals of the Indian economy and the market in India for commercial and utility vehicles continues to remain sound, the constant increases in fuel prices, the rise in general inflation as also the hiking up of interest rates in retail finance, could dampen the growth of the industry in the near future. On the other hand, the rural economy of India continues to be a strong force. The macro economic scenario on the global scale continues to be less comforting than hoped for. The effects of the global financial uncertainties, on the Indian business environment, are not easy to assess.

V. FINANCIAL PERFORMANCE

As stated above, the Company sold 27050 numbers of vehicles during the financial year 2010-11 compared to 20595 vehicles in the previous year 2009-10. However the proportion of LCVs & UVs have increased in relation to the Small Commercial Vehicles (SCV).

The Profit before Interest and Tax from operations was ₹ 104.85 crores compared to operating profit for the previous year 2009-10 amounting to ₹ 38.00 crores.

The net profit of the Company after interest, depreciation and tax items was ₹ 58.62 crores for the year 2010-11 as compared to ₹ 60.42 crores for the year 2009-10, in which year exceptional item/gain accounted for ₹ 21.66 crores in the profit.

Considering the improved operating performance of the Company, the Board of Directors of the Company has recommended a dividend of ₹ 5 per share on 1,31,76,262 equity shares of ₹ 10 each for the consideration of the Members.

A sum of ₹ 182,46,33,784 is transferred to the General Reserve Account. The Reserves & Surplus of the Company as on 31st March, 2011 stood at ₹ 321,09,83,498.

VI. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

VII. HUMAN RESOURCE DEVELOPMENT

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

VIII. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be forward

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

REPORT ON CORPORATE GOVERNANCE

STATEMENT ON COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

2. The Board of Directors of the Company (as of 31st March, 2011) ('the Board' for brevity) consisted of **13** Directors. **12** Directors were Non-Executive Directors and only **1** Director was Executive Director. **8** Directors were Independent Directors.

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

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

3. The details of other directorships of the Directors (as of 31st March, 2011) of the Company are as under: -

Sr. No.	Name of the Director	Number of other Companies in which Directorships held*	Number of Companies of which Chairman
1	Mr. Abhay Firodia	10	1
2	Mr. Prasan Firodia	3	-
3	Mr. Sudhir Mehta	4	1
4	Mr. S. N. Inamdar	11	1
5	Mr. Pratap Pawar	16	2
6	Mrs. Anita Ramachandran	7	-
7	Mr. S. Padmanabhan	15	-
8	Mr. L. Lakshman	11	1
9	Mr. Arun Sheth	12	10
10	Mr. Vinay Kothari	7	-
11	Mr. Atul Chordia	38	-
12	Mr. S. A. Gundecha	3	-
13	Mr. R. B. Bhandari	1	--

* includes directorship in private companies.

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

Name of the Director	Number of Audit Committee Memberships	Number of Remuneration Committee Memberships	Number of Shareholders' Grievance Committee Memberships	Number of Chairmanships
Mr. S. N. Inamdar	6	4	1	7
Mr. Pratap Pawar	2	1	2	1
Mrs. Anita Ramachandran	4	5	--	3
Mr. S. Padmanabhan	6	2	1	-
Mr. L. Lakshman	7	--	3	5
Mr. Arun Sheth	--	1	--	1

5. During the Financial Year 2010-11, six meetings of the Board were held on 17th April, 2010, 21st May, 2010, 24th July, 2010, 25th September, 2010, 23rd October, 2010, 29th January, 2011. The attendance of Directors during the Financial Year 2010-11 for Board Meetings and General Meeting are as under:-

Name of the Director	Number of Board Meetings attended	Whether present at Annual General Meeting
Mr. Abhay Firodia	5	No
Mr. Prasan Firodia	6	Yes
Mr. Sudhir Mehta	5	No
Mr. S. N. Inamdar	3	No
Mr. Bharat V. Patel *	4	No
Mr. Pratap Pawar	6	Yes
Mrs. Anita Ramachandran	3	No
Mr. S. Padmanabhan	4	Yes
Mr. L. Lakshman	5	Yes
Mr. Arun Sheth #	2	No
Mr. Vinay Kothari	6	Yes
Mr. Atul Chordia	1	No
Mr. S. A. Gundecha	6	Yes
Mr. R. B. Bhandari	6	Yes

* Resigned as Director w.e.f. 31st January, 2011.

Appointed as an Additional Director w.e.f. 25th September, 2010.

6. The Board is presented with all the relevant information in various matters affecting the working of the Company and which requires deliberation at the highest level. Besides key operational and financial information, the Board is presented with information relevant to strategy formulation, for deliberations. This includes information as per annexure to Clause 49 of the Listing Agreement. At each meeting, the Managing Director presents an elaborate report on the operations of the Company, including an assessment of the market, operational issues and operating profitability. Also presented are assessments of the strategic and technological issues enabling a discussion on the strategy, projects and tactics employed in the management of the Company's affairs.

7. The Directors made all disclosures as per the requirement of the Companies Act, 1956 from time to time to the Board of Directors regarding their financial interest in the transactions with the Company. The related party disclosure forms part of the notes to accounts as per the disclosure requirement of Accounting Standard No.18 issued by the Institute of Chartered Accountants of India and of the Companies (Accounting Standards) Rules, 2006. The Directors have informed the Company about the Committee positions occupied by them in other Companies and changes therein.
8. The details of remuneration paid to the Executive Director during the financial year 2010-11 is as under :-

Name of the Director	Salary (₹)	Value of Perquisites (₹)
Mr. Prasan Firodia	24,00,000	8,57,982

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

9. The details of sitting fees paid to Non-Executive Directors during the financial year 2010-11 are as under: -

Name of the Director	Sitting fees paid for attending Board Meetings and Committee Meetings (₹)
Mr. Abhay Firodia	50,000
Mr. Sudhir Mehta	50,000
Mr. S. N. Inamdar	30,000
Mr. Bharat V. Patel *	40,000
Mr. Pratap Pawar	1,10,000
Mrs. Anita Ramachandran	30,000
Mr. S. Padmanabhan	70,000
Mr. L. Lakshman	50,000
Mr. Arun Sheth #	20,000
Mr. Atul Chordia	10,000
Mr. Vinay Kothari	1,10,000
Mr. S. A. Gundecha	1,10,000
Mr. R.B. Bhandari	60,000

* Resigned as a Director w.e.f. 31st January, 2011.

Appointed as an Additional Director w.e.f. 25th September, 2010.

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

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

Name of the Director	Nature of Payment	Amount Paid (₹)
Mr. S. N. Inamdar	Professional fees	70,000
	Interest paid on fixed deposits placed with the Company.	74,258
Mr. S. A. Gundecha	Interest paid on fixed deposits placed with the Company.	3,06,329
Mr. R.B. Bhandari	Interest paid on fixed deposits placed with the Company.	4,41,182

No Stock Options are granted to any of the Directors.

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

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

12. The value of purchases and sales from / to Jaya Hind Industries Limited, which is a company deemed to be a Promoter as per the provisions of the Securities & Exchange Board of India (Substantial Acquisition of Shares) Regulations, 1997 were ₹ 61,65,78,848 and ₹ 4,98,48,565 respectively. The Company accepted fresh deposits of ₹ 6,00,00,000 from Jaya Hind Investments Private Limited, a Promoter of the Company as per the above referred Regulations. The Company paid interest of ₹ 6,57,39,383 on these deposits. The total amount of these deposits outstanding as on 31st March, 2011 was ₹ 77,50,00,000.
13. Mr. Arun Sheth was appointed as an Additional Director by the Board of Directors w.e.f. 25th September, 2010. As per the provisions of Section 260 of the Companies Act 1956, Mr. Arun Sheth holds office up to the date of ensuing Annual General Meeting. The Company has received notice proposing candidature of Mr. Arun Sheth for the directorship.
14. Mr. S. N. Inamdar, Mr. L. Lakshman, Mr. Pratap Pawar, and Mr. S. Padmanabhan, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment.

15. The requisite information about these Directors is as under :-

Mr. S. N. Inamdar

Mr. S. N. Inamdar, 66 years, is a First Class Commerce Graduate, Law Graduate and a Gold Medalist. He is an authority on Direct Taxes. He is a leading advocate with wide experience of over 42 years as Corporate Finance Consultant and Director.

Mr. Inamdar holds directorships in the following Companies: -

Kirloskar Brothers Limited, Kirloskar Ferrous Industries Limited, Kirloskar Industries Limited, Kirloskar Proprietary Limited, Finolex Industries Limited, Ugar Sugar Works Limited, Servalakshmi Papers Limited, Kulkarni Power Tools Limited, Sakal Papers (P) Limited, Finolex Infrastructure Limited, Sudarshan Chemical Industries Limited and Apple Hospitals & Research Institute Limited.

The Committee positions held by Mr. Inamdar are as under: -

Name of the Company	Committee Positions
Kirloskar Brothers Limited	(i) Audit Committee - Chairman (ii) Remuneration Committee - Member
Ugar Sugar Works Limited	(i) Audit Committee – Chairman (ii) Remuneration Committee - Chairman
Kirloskar Ferrous Industries Limited	(i) Audit Committee- Chairman (ii) Remuneration Committee - Chairman
Finolex Industries Limited	(i) Audit Committee - Chairman (ii) Shareholders Grievance Committee - Member (iii) Remuneration Committee – Chairman
Sudarshan Chemical Industries Limited	(i) Audit Committee - Member (ii) Finance Committee – Member
Servalakshmi Papers Limited	(i) Audit Committee – Member
Kirloskar Industries Limited	(i) Audit Committee – Member

Mr. Inamdar holds 800 equity shares of ₹ 10 each of the Company.

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

Mr. Pratap Pawar

Mr. Pratap Pawar, 66 years, is a Bachelor of Engineering from Birla Institute of Technology and Science, Pilani. He has over 40 years of experience as a Technocrat and Industrialist. He specializes in

marketing and finance. At present he is the Chairman of Sakal Papers (P) Limited, a leading Marathi daily.

Mr. Pawar holds directorships in the following Companies: -

P. P. Holdings Limited, Finolex Cables Limited, Kirloskar Oil Engines Limited, Sakal Papers (P) Limited, Bharat Forge Limited, ASK Chemicals Foundry Solution India Private Limited (Formerly Ajay Metachem Sud Chemie Private Limited), Sakal Printers Private Limited, Karha Infrastructure Private Limited, United Metachem Private Limited, Panhala Investments Private Limited, International Conventions India Private Limited, Karha Developers & Miners Private Limited, Rajgad Agro Farms Private Limited, Pasle Agro Farms Private Limited, Bhimthadi Developers & Miners Private Limited, Ojas Engineering Private Limited and World Association of Newspapers.

The Committee positions held by Mr. Pawar are as under: -

Name of the Company	Committee Positions
Finolex Cables Limited	(i) Share Transfer cum Investor's Grievances Committee - Member (ii) Remuneration Committee - Member (iii) Audit Committee - Member
Kirloskar Oil Engines Limited	(i) Share Transfer cum Shareholders'/Investors' Grievance Committee -Chairman (ii) Audit Committee – Member
Bharat Forge Limited	(i) Audit Committee - Member

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

Mr. L. Lakshman

Mr. L. Lakshman, 64 years, is B.E., Executive M.B.A. from London Business School. He is a prominent Industrialist with over 38 years experience in the automotive industry. Mr. Lakshman is currently the Chairman of Rane Holdings Limited, the apex company of the Rane Group.

He is the past President of ASSOCHAM, ACMA, Madras Chamber of Commerce & Industry and is an active member of various industry forums.

Mr. Lakshman holds directorships in the following companies:-

Rane Holdings Limited, Rane Brake Lining Limited, Rane (Madras) Limited, Rane Engine Valve Limited, Rane TRW Steering Systems Limited, Rane NSK Steering Systems Limited, JMA Rane Marketing Limited, Kar Mobiles Limited, DCM Engineering Limited, Automotive Stampings and Assemblies Limited, Tata AutoComp Systems Limited.

The Committee positions held by Mr. Lakshman are as under: -

Name of the Company	Committee Positions
Kar Mobiles Limited	(i) Audit Committee - Chairman
Rane Engine Valve Limited	(i) Audit Committee - Member (ii) Investors Service Committee - Chairman
Rane (Madras) Limited	(i) Audit Committee - Member (ii) Investors Service Committee - Chairman
Automotive Stampings & Assemblies Limited	(i) Audit Committee - Member
Rane TRW Steering Systems Limited	(i) Audit Committee - Chairman
Rane NSK Steering Systems Limited	(i) Audit Committee - Chairman
Tata AutoComp Systems Limited	(i) Audit Committee - Member
Rane Holdings Limited	(i) Investors Service Committee - Member

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

Mr. S. Padmanabhan

Mr. S. Padmanabhan, 71 years, is an I.A.S. (R). He has had a distinguished career as a bureaucrat. Subsequent to his retirement, he is associated with several leading companies as Director, Management Consultant and Advisor.

Mr. Padmanabhan holds directorships in the following companies:-

Videocon Industries Limited, Applicomp (India) Limited, Videocon Power Limited, KAIL Limited, Videocon Energy Holdings Limited, Sudarshan Chemical Industries Limited, Desai Brothers Limited, Premier Limited, Rajkumar Forge Limited, Sanghvi Movers Limited, Next Retail India Limited, Aquapharm Chemicals Private Limited, Goa Energy Private Limited, Pipavav Energy Private Limited and Chattisgarh Power Ventures Private Limited.

The Committee positions held by Mr. Padmanabhan are as under: -

Name of the Company	Committee Positions
Videocon Industries Limited	(i) Shareholders' & Investors' Grievance Committee - Member (ii) Finance & General Affairs Committee - Member (iii) Rights Issue Committee - Member (iv) Re-Organisation Committee - Member
Videocon Power Limited	(i) Audit Committee - Member
Applicomp (India) Limited	(i) Audit Committee - Member
KAIL Limited	(i) Audit Committee - Member

Name of the Company	Committee Positions
Premier Limited	(i) Audit Committee - Member (ii) Remuneration Committee - Member
Sanghvi Movers Limited	(i) Audit Committee - Member (ii) Remuneration Committee - Member
Pipavav Power Private Limited	(i) Audit Committee - Member

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

Mr. Arun Sheth

Mr. Arun Sheth, 63 years, is a Commerce Graduate and is the Chairman and Managing Director of Prabhudas Lilladher Private Limited, leading member of Bombay Stock Exchange Limited and of National Stock Exchange Limited.

Mr. Sheth has pioneered numerous ventures like portfolio advisory services and a full-fledged equity research division.

Mr. Sheth holds directorships in the following companies:-

Prabhudas Lilladher Advisory Services Private Limited, Prabhudas Lilladher Private Limited, PL Capital Markets Private Limited, PL Commodity Markets Private Limited, PL Fund Advisors Private Limited, PL Insurance Broking Services Private Limited, PL Distribution Company Private Limited, MajorGainz Online Trading Private Limited, Sheth Financial Services Private Limited, PL Global B.V. (Registered at Netherlands.), Champion Electronics Private Limited and Samya Consulting Private Limited.

The Committee positions held by Mr. Arun Sheth are as under: -

Name of the Company	Committee Positions
Prabhudas Lilladher Advisory Services Private Limited	(i) Compensation Committee - Chairman
Prabhudas Lilladher Private Limited	(i) Operation Committee - Chairman

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

COMMITTEES

- The Remuneration Committee of the Board consists of two Non-Executive Independent Directors viz. Mr. S. N. Inamdar, Chairman of the Committee and Mr. Pratap Pawar. During the Financial Year under Report there was no change in the managerial remuneration and therefore no meeting of this committee was required to be convened and held.

17. The Board in its meeting held on 23rd April, 2011, reconstituted the Audit Committee. Now this Committee consists of five Directors - Mr. Vinay Kothari, Mr. Pratap Pawar, Mr. S. Padmanabhan, Mr. Arun Sheth and Mr. S. A. Gundecha. Mr. Pratap Pawar, Mr. Vinay Kothari, Mr. S. Padmanabhan and Mr. Arun Sheth are Non-Executive Independent Directors, whereas Mr. S. A. Gundecha is a Non-Executive Director. Mr. Vinay Kothari, Chairman of the Audit Committee, has majored in finance and accounts in his MBA degree.

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

The Audit Committee met on 17th April, 2010, 21st May, 2010, 24th July, 2010, 23rd October, 2010, and 29th January, 2011. Mr. S. Padmanabhan attended three meetings and Mr. Vinay Kothari, Mr. Pratap Pawar and Mr. S.A. Gundecha attended all the five meetings.

The Audit Committee reviewed the Unaudited Financial Results (Provisional) for the three quarters and Audited Annual Accounts for the financial year 2010-11 in its meetings.

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

18. The Board has appointed a Committee as Shareholders'/Investors' Grievance Committee consisting of two Non - Executive Directors, viz. Mr. Sudhir Mehta and Mr. Vinay Kothari. Ms. Ruchi Agarwal, Assistant Company Secretary, was the

designated Compliance Officer. During the year under report 12 investor's grievances were received and all these grievances were resolved to the satisfaction of the concerned member. As of 31st March, 2011, no grievance was pending. As of date of report, one request for transmission of shares held in physical form is pending. During the year under report, the Company processed 276 share transfers and requests for dematerialization of shares. As of date, no shareholder's grievance is pending.

SHAREHOLDERS

19. As members are aware, the Company has appointed Registrar & Transfer Agent- Link Intime India Private Limited, Block No. 202, 'A' Wing, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune - 411 001, to handle demat and physical share transfers as well as other shares related activities of the Company.
20. The Unaudited Financial Results for the first, second and third quarters and audited results for the last quarter were made available to the Stock Exchanges where the shares of the Company are quoted on the same day on which they were approved and taken on record by the Board. The Unaudited Financial Results for the quarter ended on 30th June, 2010, 30th September, 2010, 31st December, 2010 were published in The Economic Times, Maharashtra Times and Times of India and Audited Results for the Financial Year 2010-11 was published in The Economic Times, Maharashtra Times, Times of India, DNA and The Hindu Business Line after the information was made available to the Stock Exchanges in the prescribed format. The working results of the Company are available on the Company's website www.forcemotors.com. The Quarterly Unaudited Financial Results were subject to limited review by the Statutory Auditors of the Company. The appropriate certificates for each quarter were filed with the Stock Exchanges on 24th July, 2010, 23rd October, 2010 and 29th January, 2011.
21. **General Body Meetings** : The details of the last three Annual General Meetings are as under: -

Annual General Meeting Held On	Time	Location	Number of Special Resolution	Subject of Special Resolution
27th September, 2008	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411 035.	--	--
26th September, 2009	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411 035.	--	--
25th September, 2010	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411 035.	--	--

22. There was no matter, required to be dealt by the Company, by passing a resolution through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001.
23. No penalties were imposed by the Stock Exchanges or SEBI on the Company in any manner related to capital markets.

24. No presentation was made to any institutional investors or analyst during the year 2010-11.

25. Annual General Meeting

Time : 11.30 a.m.

Date : 24th September, 2011.

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

26. Financial Calendar

Unaudited Financial Results will be published on or before

For Quarter 1 : 14th August

For Quarter 2 : 14th November

For Quarter 3 : 14th February

Audited Results : 30th May

27. **Period of book closure** : Thursday, 22nd September, 2011 to Saturday, 24th September, 2011 (both days inclusive).

28. The Board has recommended a payment of dividend of ₹ 5 per share on 1,31,76,262 equity shares of ₹ 10 each fully paid up. The Dividend, if declared, by the members of the Company will be paid after 24th day of September, 2011.

29. Shares of the Company are listed on the Pune Stock Exchange Limited and Bombay Stock Exchange Limited. Annual Listing fee for the financial year 2011-12 has been paid to both the Exchanges.

30. The Stock Code allotted by Bombay Stock Exchange Limited is 500033.

31. Market price data during the financial year 2010-11 is as under:-

Month	Share Price		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April 2010	394.90	341.50	18047.86	17276.80
May 2010	378.70	306.20	17536.86	15960.15
June 2010	424.40	345.20	17919.62	16318.39
July 2010	458.70	324.00	18237.56	17395.58
August 2010	509.95	406.00	18475.27	17819.99
September 2010	791.90	503.10	20267.98	18027.12
October 2010	1045.00	752.00	20854.55	19768.96
November 2010	1014.00	721.10	21108.64	18954.82
December 2010	975.00	820.00	20552.03	19074.57
January 2011	923.00	800.00	20664.80	18038.48
February 2011	858.95	626.00	18690.97	17295.62
March 2011	900.00	716.00	19575.16	17792.17

32. Distribution of shareholding as on 31st March, 2011 was as under:-

Category (Shares)	Number of shareholders	Percentage to total shareholders	Number of shares	Percentage to total number of shares held
1 to 500	5933	88.38	576381	4.37
501 to 1000	377	5.62	276210	2.10
1001 to 2000	186	2.77	261868	1.99
2001 to 3000	65	0.97	159134	1.21
3001 to 4000	33	0.49	118772	0.90
4001 to 5000	13	0.19	61394	0.47
5001 to 10000	43	0.64	311229	2.36
10001 & above	63	0.94	11411274	86.60
Total	6713	100	13176262	100

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

As of 31st March, 2011, the number of equity shares of the Company held through depositories were 55,31,492.

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

35. The Company's plants are located at Mumbai - Pune Road, Akurdi, Pune – 411 035 and Plot No.3, Sector No.1, Pithampur Industrial Estate, Pithampur, District Dhar – 454 775, Madhya Pradesh.

The address for correspondence is –

Ms. Aparna G. Lambore
Company Secretary & Compliance Officer
Secretarial Department,
Force Motors Limited,
Mumbai - Pune Road, Akurdi,
Pune – 411 035.
Phone - (020) 27476381
e-mail : compliance-officer@forcemotors.com

or

Link Intime India Private Limited
202, 'A' Wing,
2nd Floor, Akshay Complex,
Off Dhole Patil Road,
Pune-411 001.
Phone : (020) 26051629 / 26050084
e-mail : pune@linkintime.co.in

36. COMPLIANCES

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of Force Motors Limited

We have examined the compliance of conditions of Corporate Governance by Force Motors Limited, for the year ended 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

Place : Pune
Date : 9th August, 2011

S. S. Athavale
Partner
Membership No. 83374

AUDITORS' REPORT

To The Members of Force Motors Limited

We have audited the attached Balance Sheet of Force Motors Limited as at 31st March 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Further to our comments in the Annexure referred to above, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet and the Profit and Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Pune
Date : 28th May, 2011

S. S. Athavale
Partner
Membership No. 83374

ANNEXURE TO THE AUDITORS' REPORT

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off major part of the fixed assets.
2. (a) The inventory has been physically verified during the year by the management, which is, in our opinion, at reasonable intervals.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
3. (a) The Company has not granted any loans to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- (b) The Company has not taken any loans from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, except unsecured loans from one party, balance outstanding of which is ₹ 77.50 crores.
- (c) The rate of interest and other terms and conditions of loans taken by the Company, secured or unsecured, are *prima facie* not prejudicial to the interest of the Company.
- (d) The payment of the principal amount and interest are also regular.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom-duty, Excise-duty, Cess, Service-tax and other statutory dues applicable to it.
According to the information and explanations given to us, no undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise-duty, Cess, Service tax and other statutory dues applicable to it were outstanding, as at the balance sheet date for a period of more than six months from the date they became payable.

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

Type of the dues	Amount outstanding (₹ In Lakhs)	Forum
Customs Duty	0.80	Asst. Commissioner of Customs, Mumbai, CESAT, Mumbai
Sales Tax	308.18	Sr. Dy. Commissioner of Sales Tax, Pune, Maharashtra Sales Tax Tribunal, Mumbai, Joint Commissioner of Sales Tax (Appeal) 1, Pune, Dy. Commissioner (Appeals) III Commercial Taxes, Jaipur, Dy. Commissioner of Commercial Tax (Coimbatore, Indore & Sitarampur), Additional Commissioner, Commercial Tax, Indore and M. P. Commercial Tax Appellate Board, Bhopal.
Excise Duty	153.88	CESAT, New Delhi, CESAT, West Regional Bench, Mumbai, Commissioner of (Appeals), Indore and Commissioner of Central Excise (Appeals), Pune I Commissionerate, Pune
TOTAL	462.86	

10. There are no accumulated losses as at the Balance Sheet date. The Company has not incurred cash losses during the financial year covered by our audit, nor in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit funds are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The term loans have been applied for the purpose for which they were raised.
17. The funds raised on short-term basis have not been used for long term investment.
18. The Company has not made preferential allotment of shares during the year.
19. No money has been raised by debenture issues during the year.
20. No money has been raised by public issues during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Place : Pune
Date : 28th May, 2011

S. S. Athavale
Partner
Membership No. 83374

Balance Sheet as at 31st March, 2011

	Schedule	₹	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
I SOURCES OF FUNDS :				
1. Shareholders' Funds				
(a) Share Capital	1	13,17,90,383		13,17,90,383
(b) Reserves and Surplus	2	321,09,83,498		270,13,73,449
			334,27,73,881	283,31,63,832
2. Loan Funds				
(a) Secured Loans	3	119,07,77,698		62,00,27,100
(b) Unsecured Loans	4	130,42,94,652		85,82,83,000
			249,50,72,350	147,83,10,100
			15,72,96,300	8,80,29,164
3. Deferred Tax Liability (Net)				
			Total	599,51,42,531
II APPLICATION OF FUNDS :				
1. Fixed Assets				
(a) Gross Block	5	1089,31,57,435		937,73,26,862
(b) Less : Depreciation		696,78,45,300		653,42,28,681
(c) Net Block		392,53,12,135		284,30,98,181
(d) Capital Work-in-progress		14,31,15,502		12,23,14,061
			406,84,27,637	296,54,12,242
2. Investments				
	6		56,74,46,559	56,74,46,559
3. Current Assets, Loans and Advances				
(a) Inventories	7	311,30,75,417		193,72,67,974
(b) Sundry Debtors		161,36,55,615		150,22,72,898
(c) Cash and Bank Balances		14,75,73,894		25,70,91,800
(d) Other Current Assets		56,741		3,02,005
(e) Loans and Advances		96,64,39,986		64,75,48,346
			584,08,01,653	434,44,83,023
4. Less : Current Liabilities & Provisions				
(a) Liabilities	8	395,56,34,485		303,79,10,538
(b) Provisions		52,58,98,833		43,99,28,190
			448,15,33,318	347,78,38,728
Net Current Assets			135,92,68,335	86,66,44,295
			Total	599,51,42,531
				439,95,03,096

As per our separate report of even date attached

For **M/s. P. G. Bhagwat**
Chartered Accountants

Prasan Firodia Managing Director
Sudhir Mehta Director

S. S. Athavale
Partner
Membership No. 83374

Aparna G. Lambore
Company Secretary

Place : Pune
Date : 28th May, 2011

Pune
Date : 28th May, 2011

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

	Schedule	₹	For the year ended 31st March, 2011 ₹	For the year ended 31st March, 2010 ₹
INCOME				
Sales including Excise Duty		1692,83,11,757		1075,80,46,970
Less : Excise duty		<u>211,39,37,658</u>		119,77,07,008
Net Sales		1481,43,74,099		956,03,39,962
Less : Commission on Sales		<u>98,44,850</u>		48,37,344
Other Income	9		1480,45,29,249	955,55,02,618
			<u>93,59,92,643</u>	96,30,68,334
			1574,05,21,892	1051,85,70,952
EXPENDITURE				
Materials	10	1105,81,65,240		732,85,61,527
Other Expenses	11	362,18,16,382		240,88,90,963
Depreciation		<u>44,81,72,112</u>		41,99,55,157
		1512,81,53,734		1015,74,07,647
Less : Expenditure included in above items, capitalised.		<u>20,89,53,183</u>		6,76,85,165
			1491,92,00,551	1008,97,22,482
PROFIT FOR THE YEAR			82,13,21,341	42,88,48,470
Less : Provision for Taxation - Current Tax		16,61,89,000		7,47,60,000
- Deferred Tax		<u>6,92,67,136</u>		(25,01,99,555)
[Current Tax includes ₹ 16,89,000/- (₹ 16,60,000/-) for Wealth Tax]			23,54,56,136	(17,54,39,555)
Less : Taxation provision in respect of earlier year			<u>(3,13,750)</u>	62,099
PROFIT AFTER TAX			58,61,78,955	60,42,25,926
Add : Balance of Profit as per last account			<u>138,50,23,735</u>	88,74,69,082
Amount available for appropriation			197,12,02,690	149,16,95,008
APPROPRIATIONS				
Proposed Dividend			6,58,81,310	3,95,28,786
Provision for Tax on Distributed Profits			1,06,87,596	67,19,894
Transfer to General Reserve			<u>182,46,33,784</u>	6,04,22,593
Balance carried forward			7,00,00,000	138,50,23,735
Basic and Diluted Earnings per share (₹) (Nominal value per share ₹ 10/-)			44.49	45.86

As per our separate report of even date attached

For **M/s. P. G. Bhagwat**
Chartered Accountants**Prasan Firodia** Managing Director
Sudhir Mehta Director**S. S. Athavale**
Partner
Membership No. 83374**Aparna G. Lambore**
Company SecretaryPlace : Pune
Date : 28th May, 2011Pune
Date : 28th May, 2011

Schedules forming part of the Balance Sheet
SCHEDULE 1 : SHARE CAPITAL

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
Authorised :		
2,00,00,000 (2,00,00,000) Shares of ₹10/- each	20,00,00,000	20,00,00,000
Issued :		
1,32,13,802 (1,32,13,802) Equity Shares of ₹10/- each	13,21,38,020	13,21,38,020
Subscribed and paid up :		
1,31,76,262 (1,31,76,262) Equity Shares of ₹10/- each fully paid up [of the above 2,00,918 (2,00,918) Equity Shares are allotted as fully paid Shares pursuant to a contract without payment being received in cash and 57,29,934 (57,29,934) Equity Shares are allotted as fully paid Bonus Shares by capitalisation of reserves]	13,17,62,620	13,17,62,620
Add : Amount paid on Forfeited Shares	27,763	27,763
Total	13,17,90,383	13,17,90,383

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

SCHEDULE 2 : RESERVES AND SURPLUS

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
1. Capital Reserve :		
As per last account	25,00,000	25,00,000
2. Share Premium :		
As per last account	59,19,77,215	59,19,77,215
3. General Reserve :		
As per last account	72,18,72,499	66,14,49,906
Add : Transfer from Profit & Loss Account	182,46,33,784	6,04,22,593
	<u>254,65,06,283</u>	<u>72,18,72,499</u>
4. Balance as per Profit and Loss Account	7,00,00,000	138,50,23,735
Total	<u>321,09,83,498</u>	<u>270,13,73,449</u>

SCHEDULE 3 : SECURED LOANS

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
1. Loans & Advances from Banks on Cash Credit Accounts	85,17,77,698	5,50,27,100
2. Term Loan from Banks	33,90,00,000	56,50,00,000
[Due in next 12 months ₹ 22,60,00,000/- (₹ 22,60,00,000/-)]		
Total	<u>119,07,77,698</u>	<u>62,00,27,100</u>

Item No. 1 is secured by hypothecation of Company's stock of raw materials, stock-in-process, stores, finished goods, tools and book debts, present and future, situated at Akurdi, District Pune and Pithampur, District Dhar (M.P.). Charges created in favour of bankers to the Company rank pari passu inter se.

Item No. 2 is secured by first charge on all fixed assets (including equitable mortgage over land and buildings) and second charge on all current assets of the Company, both present and future, situated at Akurdi, District Pune and Pithampur, District Dhar (M.P.). Charges created in favour of bankers to the Company rank pari passu inter se.

SCHEDULE 4 : UNSECURED LOANS

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
1. Fixed Deposits	33,01,73,000	14,32,83,000
[Due in next 12 months ₹ 2,57,93,000/- (₹ 9,55,83,000/-)]		
2. Inter Corporate Deposits	77,50,00,000	71,50,00,000
3. Short Term Loans from Banks	19,91,21,652	--
Total	<u>130,42,94,652</u>	<u>85,82,83,000</u>

SCHEDULE 5 : FIXED ASSETS

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
1. Net Fixed Assets, as per Annexure	392,53,12,135	284,30,98,181
2. Capital Work-in-progress :		
(i) Buildings under construction	2,66,88,703	1,05,65,605
(ii) Machinery under installation / in transit	3,55,85,134	5,80,63,421
(iii) Other Assets	8,08,41,665	5,36,85,035
	<u>14,31,15,502</u>	<u>12,23,14,061</u>
Total	<u>406,84,27,637</u>	<u>296,54,12,242</u>

SCHEDULE 6 : INVESTMENTS (Long Term)

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
1. Trade Investments :		
Unquoted		
6,48,000 (6,48,000) Equity Shares of ₹10/- each, fully paid, in Tempo Finance (West) Private Limited	65,29,049	65,29,049
5,57,97,101 (5,57,97,101) Equity Shares of ₹ 10/- each, fully paid, in MAN FORCE TRUCKS Private Limited	55,79,71,010	55,79,71,010
25,000 (25,000) Equity Shares of ₹ 10/- each, fully paid, in Tempo Finance (North) Private Limited	2,50,000	2,50,000
2. Other Investments :		
Quoted		
63,125 (63,125) Equity Shares of ₹ 10/- each, fully paid, in ICICI Bank Limited	26,96,250	26,96,250
Unquoted		
5 (5) Shares of ₹ 50/- each, fully paid, in Mittal Tower Premises Co-Operative Society Limited	250	250
Total	<u>56,74,46,559</u>	<u>56,74,46,559</u>

Aggregate amount of Investments :

	As on 31-03-2011		As on 31-03-2010	
	Cost ₹	Market Value ₹	Cost ₹	Market Value ₹
Quoted	26,96,250	7,03,21,250	26,96,250	6,01,39,188
Unquoted	56,47,50,309	--	56,47,50,309	--

SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES

	₹	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
A. CURRENT ASSETS :			
1. Inventories :			
(i) Stores and Spares	15,16,24,865		17,18,96,398
(ii) Finished Goods	46,35,24,487		25,00,81,269
(iii) Excise Duty on Inventory of Finished Goods	4,03,09,538		2,14,93,254
(iv) Work-in-progress	38,29,67,973		31,26,55,921
(v) Raw Materials and Components, including ₹ 39,29,79,563/- (₹ 17,87,22,645/-) in transit	207,46,48,554		118,11,41,132
		311,30,75,417	193,72,67,974
2. Sundry Debtors :			
Unsecured			
(i) Debts outstanding for a period exceeding six months :			
- Considered Good	4,28,43,143		38,49,25,489
- Considered Doubtful	4,17,26,034		4,17,26,034
	8,45,69,177		42,66,51,523
(ii) Other Debts	157,08,12,472		111,73,47,409
	165,53,81,649		154,39,98,932
Less : Provision for Doubtful Debts	4,17,26,034		4,17,26,034
		161,36,55,615	150,22,72,898
3. Cash and Bank Balances :			
(i) Cash balance and cheques on hand	13,77,11,817		24,18,77,448
(ii) Balance with scheduled banks in current accounts	78,94,946		66,06,321
(iii) Balance with scheduled banks in deposit accounts	19,67,131		86,08,031
		14,75,73,894	25,70,91,800
4. Other Current Assets :			
Interest accrued on deposits		56,741	3,02,005

	₹	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
B. LOANS AND ADVANCES :			
Unsecured, Considered good			
1. Advances recoverable in cash or in kind or for value to be received			
- Considered Good	34,54,76,427		16,11,16,061
- Considered Doubtful	1,08,13,700		77,50,200
	<hr/>		<hr/>
	35,62,90,127		16,88,66,261
Less : Provision for Doubtful Advances	1,08,13,700		77,50,200
	<hr/>		<hr/>
	34,54,76,427		16,11,16,061
2. Sundry Advances			
- Considered Good	1,08,12,150		79,88,812
- Considered Doubtful	14,82,945		10,82,945
	<hr/>		<hr/>
	1,22,95,095		90,71,757
Less : Provision for Doubtful Advances	14,82,945		10,82,945
	<hr/>		<hr/>
	1,08,12,150		79,88,812
3. Sundry Deposits	10,77,73,605		6,67,40,746
[including Govt. Securities of ₹ 1,79,600/- (₹ 1,79,600/-), cost ₹ 1,73,995/- (₹ 1,73,995/-) deposited with Govt. Authorities]			
4. Advances against capital expenditure	45,17,50,136		33,48,20,065
5. Advance payment of Tax (Net of provision) [Contra Refer Schedule 8 item (B)-8]	5,06,27,668		7,68,82,662
	<hr/>		<hr/>
		96,64,39,986	64,75,48,346
	<hr/>		<hr/>
Total		584,08,01,653	434,44,83,023
		<hr/> <hr/>	<hr/> <hr/>

SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

	₹	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
(A) CURRENT LIABILITIES :			
1. Sundry Creditors	361,07,26,191		235,72,99,922
2. Advances and Deposits against Orders	23,12,57,891		63,01,44,810
3. Unclaimed Dividend	6,36,988		10,64,782
4. Interest accrued but not due on loans, advances and deposits	69,83,316		1,19,19,054
5. Other Liabilities	10,60,30,099		3,74,81,970
		395,56,34,485	303,79,10,538
(B) PROVISIONS :			
6. For Product Warranties and Service Charges	7,30,24,065		6,21,61,203
7. For Gratuity and Leave Encashment	37,63,05,862		33,15,18,307
8. For Taxation :			
Taxation provision for the earlier years	32,01,73,305		25,27,60,605
Taxation provision for the year	16,61,89,000		7,47,60,000
	48,63,62,305		32,75,20,605
Less : Advance payment of tax	53,69,89,973		40,44,03,267
[Contra Refer Schedule 7 Item B-5]	(5,06,27,668)		(7,68,82,662)
9. Proposed Dividend	6,58,81,310		3,95,28,786
10. Provision for Tax on distributed Profit	1,06,87,596		67,19,894
		52,58,98,833	43,99,28,190
	Total	448,15,33,318	347,78,38,728

Schedules forming part of the Profit & Loss Account

SCHEDULE 9 : OTHER INCOME

	₹	For the year ended 31st March, 2011 ₹	For the year ended 31st March, 2010 ₹
Machining and Processing charges		36,99,773	1,79,08,871
Miscellaneous receipts :			
Refunds	11,43,832		58,64,325
Service Charges received	43,03,84,820		30,64,10,760
Other receipts	44,57,88,167		35,94,73,830
		<u>87,73,16,819</u>	<u>67,17,48,915</u>
Interest :			
On Short Term Deposits with Banks	3,30,101		7,61,456
Others	1,33,47,711		2,23,89,228
[Income-tax deducted at source ₹ 82,524/- (₹ 1,96,757/-)]		<u>1,36,77,812</u>	<u>2,31,50,684</u>
Rent		2,48,03,226	-
[Income Tax deducted at source ₹ 27,52,352/- (₹ Nil)]			
Income from Investments		7,57,500	6,94,375
Excess provision in previous year written back		1,13,29,941	2,70,20,622
Profit on sale of Assets		44,07,572	59,48,217
Profit on sale of Investments in Subsidiary Company		-	54,86,650
Gain arising out of Licence arrangement		-	21,11,10,000
		<u>93,59,92,643</u>	<u>96,30,68,334</u>

SCHEDULE 10 : MATERIALS

		For the year ended 31st March, 2011 ₹	For the year ended 31st March, 2010 ₹
Raw material and Components consumed		1045,32,71,775	670,60,45,748
Stores consumed		66,73,58,409	44,03,57,823
Fabrication and processing charges		7,35,93,334	4,48,17,202
Freight, octroi, entry tax etc.		14,76,96,992	6,71,58,961
Increase (-) / Decrease (+) in Stock-in-Trade		(28,37,55,270)	7,01,81,793
		<u>1105,81,65,240</u>	<u>732,85,61,527</u>

SCHEDULE 11 : OTHER EXPENSES

	₹	For the year ended 31st March, 2011 ₹	For the year ended 31st March, 2010 ₹
Power and Fuel		28,12,07,286	19,71,06,775
Repairs :			
Buildings	3,10,00,150		1,55,03,454
Machinery	9,00,46,571		4,43,04,959
Others	2,27,31,098		1,68,81,326
		14,37,77,819	7,66,89,739
Warranty Claims and Service charges		10,03,47,275	6,84,84,246
Publicity and Sales promotion		20,58,98,553	10,72,42,770
Salaries, Wages, Bonus, Leave encashment etc.		172,13,74,837	110,64,80,540
Contribution to Provident Fund and other Funds & Schemes		17,40,05,868	9,77,55,899
Staff and Labour Welfare Expenses		7,49,21,130	5,59,70,874
Insurance		3,28,78,082	2,48,03,023
Rent		65,47,371	43,26,853
Rates, Taxes and duties		2,80,85,593	2,55,60,991
Forwarding charges		16,92,33,271	11,75,91,630
Miscellaneous Expenses		35,62,22,279	20,61,52,557
Prior year expenses		58,03,297	10,01,218
Guarantee Commission to Banks		60,28,333	10,81,247
Audit Fees, Legal and Professional charges		7,72,45,826	14,78,24,726
Directors' Fees		7,40,000	8,20,000
Interest :			
On Fixed Loans	14,04,94,133		14,11,84,971
On Bank and Other accounts	8,66,88,091		2,66,17,513
		22,71,82,224	16,78,02,484
Royalty and Technical Know-how fees		55,66,075	21,77,629
Loss on sale of Assets		12,87,763	17,762
Provision for Doubtful Advance		34,63,500	--
		Total	
		362,18,16,382	240,88,90,963

Annexure to Schedule 5 — Fixed Assets

	Intangible Assets	Free Hold Land	Lease Hold Land	Buildings	Plant, Machinery & Equipment	Dies and Jigs	Electric Installation	Furniture & Fixtures	Electric Fittings	Vehicles	Aircraft	Total	Previous Year Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
GROSS BLOCK													
Cost as at 31st March, 2010	46,87,75,958	4,45,85,613	1,60,53,256	83,72,24,654	528,61,85,990	199,38,99,391	11,55,48,574	6,36,47,828	2,06,40,750	21,29,68,625	31,77,96,223	937,73,26,862	901,20,36,268
Additions	51,69,142	--	--	10,12,83,727	107,30,77,340	32,00,12,073	1,22,82,816	40,05,202	10,32,367	1,74,16,748	--	153,42,79,415	38,02,00,290
Deductions	--	--	--	9,44,660	45,09,965	--	--	2,64,532	--	1,27,29,685	--	1,84,48,842	1,49,09,696
Cost as at 31st March, 2011	47,39,45,100	4,45,85,613	1,60,53,256	93,75,63,721	635,47,53,365	231,39,11,464	12,78,31,390	6,73,88,498	2,16,73,117	21,76,55,688	31,77,96,223	1089,31,57,435	937,73,26,862
DEPRECIATION													
Up to 31st March, 2010	35,99,29,579	--	15,11,475	28,59,34,931	429,93,83,408	120,58,37,769	7,55,94,500	4,23,29,804	1,09,27,171	13,23,46,824	12,04,33,220	653,42,28,681	611,94,86,122
This Year	3,36,70,169	--	4,29,835	2,82,09,889	19,15,34,515	15,17,02,436	47,70,350	35,26,615	10,58,223	1,54,73,492	1,77,96,589	44,81,72,112	41,99,55,157
Deductions	--	--	--	2,27,793	40,63,545	--	--	53,640	--	1,02,10,513	--	1,45,55,493	52,12,598
Depreciation as at 31st March, 2011	39,35,99,748	--	19,41,310	31,39,17,026	448,68,54,378	135,75,40,205	8,03,64,850	4,58,02,779	1,19,85,394	13,76,09,803	13,82,29,809	696,78,45,300	653,42,28,681
Net Block as at 31st March, 2011	8,0345,352	4,45,85,613	1,41,11,946	62,36,46,695	186,78,98,987	95,63,71,259	4,74,66,540	2,15,85,719	96,87,723	8,00,45,885	17,95,66,414	392,53,12,135	284,30,98,181
Net Block as at 31st March, 2010	10,88,46,379	4,45,85,613	1,45,41,781	55,12,89,723	98,68,02,582	78,80,61,621	3,99,54,075	2,13,18,024	97,13,579	8,06,21,802	19,73,63,002	284,30,98,181	289,25,50,146

Intangible assets include cost of software, implementation cost and technical know how fees.

* Out of above, 2700 Sq. Mtrs. Land given on lease to M.S.E.B. for 99 years w.e.f. 1-8-1989.

** Includes office premises on ownership basis ₹ 5,00,000/-.

@ Certain Buildings completed are capitalised - pending finalisation of Contractors' bills, adjustment in cost, if any required, will be carried out during the financial year in which the same is finalised.

*** Amortisation charges for one year in respect of software, implementation cost, technical know how and leasehold land.

As per our separate report of even date attached

For M/s. P. G. Bhagwat
Chartered Accountants

S. S. Athavale
Partner
Membership No. 83374

Place : Pune
Date : 28th May, 2011

Prasan Firodia
Sudhir Mehta
Managing Director
Director

Aparna G. Lambore
Company Secretary

Pune
Date : 28th May, 2011

Notes forming part of the Accounts for the Year Ended 31st March, 2011.
1. Accounting Policies :
A. Depreciation :
(a) Tangible Assets :

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

(b) Intangible Assets :

(i) Software and their implementation costs are written off over the period of 5 years.

(ii) Technical Know-how acquired and internally generated are amortised over the useful life of the assets, not exceeding ten years.

(c) Lease hold land is amortised over the period of lease.

B. Investments (Long Term) :

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

C. Valuation of Inventory :

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

D. Employees Retirement Benefit :

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

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

E. Research and Development Expenses:

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

F. Foreign Currency Transactions:

(a) Foreign Currency transactions are recorded at the rate of exchange on the date of the transaction.

(b) Monetary items of Assets and Liabilities booked in foreign currency are translated in to rupee at the exchange rate prevailing at the Balance Sheet date.

(c) Exchange difference resulting from settlement of such transaction and from translation of monetary items of Assets and Liabilities are recognised in the Profit and Loss account.

(d) The premium or discounts arising on Forward Contracts is amortized over the life of the Contract.

(e) Exchange difference arising on translation of foreign currency liabilities for acquisition of fixed assets are adjusted to the Profit and Loss account.

G. Cost of borrowings incurred for acquisition, construction or production of qualifying asset is capitalised as per the Accounting Standard No. AS 16 issued by the Institute of Chartered Accountants of India.

H. Leases :
(a) Where the Company is the Lessee :

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

(b) Where the Company is the Lessor :

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

2. Estimated amounts of contracts remaining to be executed on	31-3-2011	31-3-2010
Capital Accounts not provided for. (₹)	47,98,62,487	15,97,36,074

3. (a) The Company's Income-tax and Wealth-tax assessments have been completed upto the accounting year 2007-2008.
- (b) The Company is registered as a dealer under various State Sales Tax Laws. The Company's Sales-tax assessments have been completed upto the accounting year 2004-2005 of Akurdi Plant & 2008-2009 of Pithampur Plant.

4. Payment to Auditors: (Net of service tax)	31-3-2011	31-3-2010
	₹	₹
(a) As Auditors	12,00,000	9,00,000
(b) For Tax Audit	75,000	40,000
(c) For Certificates	1,72,500	1,83,000
(d) For Expenses and others	20,930	27,731
(e) Provident Fund Audit Fees	--	15,000

5. Managerial Remuneration :

	To the Chairman & Managing Director		To the Managing Director	
	For the year 01.04.10 to 31.03.11	For the period 01.04.09 to 05.11.09	For the year 01.04.10 to 31.03.11	For the period 06.11.09 to 31.03.10
	₹	₹	₹	₹
(a) Salary	--	14,33,333	24,00,000	9,66,667
(b) Leave Encashment	--	24,33,334	--	--
(c) Contribution to Provident Fund, Superannuation Scheme and Gratuity Scheme	--	4,64,833	8,57,982	1,71,000
(d) Gratuity Paid	--	25,38,462	--	--

Salaries and perquisites paid for are included in the appropriate heads of accounts.

6. Contingent Liability in respect of :	31-3-2011	31-3-2010
	₹	₹
(a) Letters of Credit and Bank Guarantees outstanding	28,64,21,365	16,77,31,479
(b) Taxes and Duties	19,89,82,542	17,70,06,859
(c) Others	21,75,49,955	20,86,22,597

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

7. As of 31st March, 2011, the Company has not received any intimation as to the status as a Micro, Small & Medium Enterprises from any of the suppliers, with a copy of the Memorandum filed as per the provisions of Section 8 of the Micro, Small and Medium Enterprises Development Act, 2006.

8. Details of Intangible Assets are as under :

Class of Intangible Assets	Software	Technical Know-how acquired on or after 1-4-2003	Technical Know-how acquired upto 1-4-2003	Technical Know-how internally generated
	₹	₹	₹	₹
(a) Useful life of the asset	5 years	10 years	6 years	6 years
(b) Cost as at the beginning of the year	8,97,30,052 (8,66,02,005)	20,45,05,354 (20,45,05,354)	8,22,00,834 (8,22,00,834)	9,23,39,718 (9,23,39,718)
(c) Additions during the year	51,69,142 (31,28,047)	-- (--)	-- (--)	-- (--)
(d) Deduction during the year	-- (--)	-- (--)	-- (--)	-- (--)

Class of Intangible Assets	Software	Technical Know-how acquired on or after 1-4-2003	Technical Know-how acquired upto 1-4-2003	Technical Know-how internally generated
	₹	₹	₹	₹
(e) Cost as at the end of the year	9,48,99,194 (8,97,30,052)	20,45,05,354 (20,45,05,354)	8,22,00,834 (8,22,00,834)	9,23,39,718 (9,23,39,718)
(f) Amortisation upto 31-3-2010	8,54,90,782 (8,15,32,743)	12,15,12,427 (10,10,26,504)	8,22,00,834 (8,22,00,834)	7,07,25,536 (5,79,82,513)
(g) Amortisation during the year	23,77,262 (39,58,039)	2,04,85,922 (2,04,85,923)	-- (--)	1,08,06,984 (1,27,43,023)
(h) Amortisation on Deductions	-- (--)	-- (--)	-- (--)	-- (--)
(i) Amortisation upto 31-3-2011	8,78,68,044 (8,54,90,782)	14,19,98,349 (12,15,12,427)	8,22,00,834 (8,22,00,834)	8,15,32,520 (7,07,25,536)
(j) Net carrying cost as at the end of the year	70,31,150 (42,39,270)	6,25,07,005 (8,29,92,927)	-- (--)	1,08,07,198 (2,16,14,182)
(k) Net carrying cost as at the beginning of the year	42,39,270 (50,69,262)	8,29,92,927 (10,34,78,850)	-- (--)	2,16,14,182 (3,43,57,205)

9. Details of Licensed and Installed Capacity, Production, Stocks and Turnover :
(a) Licensed, Installed Capacity and Production :

Class of Goods	Licensed Capacity Per Annum (in Nos.)	Installed Capacity Per Annum (in Nos.)	Production (in Nos.)
(i) On-road automobiles having 4 or more wheels such as Light, Medium and Heavy Commercial Vehicles, Jeep type vehicles and passenger cars covered under sub-heading (5) of heading (7) of First Schedule to IDR Act including Three Wheelers.	60,000* (60,000)	55,000 (55,000)	26,717 (19,881)
(ii) Agricultural Tractors	12,000 (12,000)	12,000 (12,000)	1,097 (616)
(iii) Diesel Engines for other purposes	7,500 (7,500)	6,000 (6,000)	20 (72)
(iv) Moulds, Dies, Press Tools, Jigs & Fixtures	1,000 (1,000)	500 (500)	1,599** (1,498)

* Inclusive of a capacity not exceeding 10,000 **(10,000)** numbers per annum for the manufacture of three wheelers.

** Includes 1,467 **(1,312)** Capitalised for self-use.

Note : Installed Capacity is as estimated by the Managing Director and accepted by the Auditors without verification.

**(b) Stock and Turnover :
Class of Goods**

		Stock at Commencement	Stock At Close	Turnover
(i) On-road automobiles having 4 or more wheels such as Light, Medium and Heavy Commercial Vehicles, Jeep type vehicles and passenger cars covered under sub-heading (5) of heading (7) of First Schedule to IDR Act including Three Wheelers.	Nos.	447 (552)	1,120 # (447)	26,043* (19,986)
	Amount (₹)	13,87,98,637 (17,42,23,507)	27,88,32,160 (13,87,98,637)	1037,83,84,767 (699,78,37,034)
(ii) Agricultural Tractors	Nos.	106 (104)	189 (106)	1,014@ (614)
	Amount (₹)	3,05,37,701 (3,47,18,354)	5,37,85,198 (3,05,37,701)	32,74,64,113 (19,80,21,046)
(iii) Diesel Engines for other purposes	Nos.	5 (3)	3** (5)	19*** (44)
	Amount (₹)	3,58,452 (1,88,651)	1,62,877 (3,58,452)	10,00,070 (22,04,954)
(iv) Moulds, Dies, Press Tools, Jigs & fixtures	Nos.	126 (108)	133 (126)	125 (168)
	Amount (₹)	1,79,31,345 (2,14,67,556)	2,18,14,997 (1,79,31,345)	1,22,16,447 (6,81,87,746)
(v) Other Items	Amount (₹)			409,53,08,702 (229,40,89,182)

* Includes 6 (3) vehicles capitalised and includes Nil (1) vehicles given free of cost.

@ Includes 1 (2) tractor capitalised.

** Excludes 3 (26) Engines transferred to R&D for testing.

*** Includes 3 (2) as service replacement and 5 (Nil) engines given free of cost.

Excludes 1 (Nil) vehicle scrapped.

10 Details of Raw Materials Consumption :

(a) Raw materials including Components Consumed

		QUANTITY		VALUE	
		31-03-2011	31-03-2010	31-3-2011 ₹	31-03-2010 ₹
Steel and other metals	Tons	15,415	9,779 }	89,26,32,237	68,49,26,667
	Mtrs.	1,01,920	77,703 }		
Castings and Forgings	Nos	24,40,403	16,53,357	59,57,50,412	41,33,23,718
Components	--	--	--	896,48,89,126	560,77,95,363
TOTAL				1045,32,71,775	670,60,45,748

(b) Imported and indigenous Raw Materials & Components Consumption (including Spare parts purchased)

	₹		Percentage	
	31-03-2011	31-03-2010	31-03-2011	31-03-2010
Imported	205,36,25,690	137,16,48,109	19.65	(20.45)
Indigenous	839,96,46,085	533,43,97,639	80.35	(79.55)
TOTAL	1045,32,71,775	670,60,45,748	100.00	(100.00)

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

Class of Provisions and brief description	Carrying Amount of provisions as at 1-4-2010 ₹	Additional provisions made during the year ₹	Paid during the year against provisions ₹	Amounts reversed and written back ₹	Carrying Amount of provisions as at 31-3-2011 ₹
(a) Warranty	1,21,47,168 (96,11,042)	2,62,49,480 (1,18,89,282)	1,21,47,168 (93,53,156)	--	2,62,49,480 (1,21,47,168)
(b) Free Service Coupons	5,00,14,043 (6,06,64,808)	3,37,15,549 (2,27,64,966)	3,69,55,007 (3,34,15,731)	--	4,67,74,585 (5,00,14,043)

12 C.I.F. Value of Imports, Expenditure and Earnings in Foreign Exchange :

(a) C.I.F. Value of Imports :	31-03-2011	31-03-2010
	₹	₹
(i) Raw Materials	11,52,92,693	2,67,49,939
(ii) Components	252,59,03,862	105,79,92,828
(iii) Spare Parts for Resale	--	--
(iv) Capital Goods	3,43,65,130	31,13,476
(v) Machinery Spares, Tools & Others	7,19,09,092	1,27,77,344
(b) Expenditure in Foreign Currency (on Payment basis) :	₹	₹
(i) Travelling and Other expenses	47,50,711	52,63,355
(ii) Royalty and Technical know-how fees (net of tax)	2,16,11,259	--
(iii) Technical services and consultation fees (net of tax)	1,67,32,904	1,65,72,974
(c) Earnings in Foreign Currency :	₹	₹
Exports on FOB basis	27,17,09,393	26,96,40,484

13. Remittance of dividend in Foreign Currency :

(a) No. of Non-resident shareholders	(Nos)	2	--
(b) No. of shares held	(Nos)	1,00,079	--
(c) Amount of dividend remitted (net of taxes)	(₹)	3,00,237	--
(d) Accounting year to which dividend relates		2009-10	--

14. The amount of net exchange differences included in the Profit / Loss for the year on revenue account is ₹ 1,51,64,923/- Debit (₹ **1,99,42,964/- Credit**) and on Capital account is ₹ 1,21,17,225/- Credit (₹ **1,80,92,073/- Credit**).

15. The Company's expenditure on its Research and Development activity during the year under report was as follows:

	31-03-2011	31-03-2010
(i) Capital Expenditure (₹)	2,18,34,315	1,23,37,871
(ii) Revenue Expenditure (₹)	33,38,83,059	28,89,23,027

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

16. The Company's liabilities and obligations in foreign currency outstanding as at 31st March, 2011, net of receivables are as under :

Liability	Hedged by forward cover contracts with bankers		Not hedged by forward cover contracts or other derivative instruments	
	Foreign currency	Amount (₹)	Foreign currency	Amount (₹)
In US Dollar	--	--	--	--
In Euro	(--)	(--)	53,78,127	33,98,59,467
In Japanese Yen	(--)	(--)	(42,44,571)	(25,65,54,605)
	--	--	4,77,88,900	2,54,90,599
	(--)	(--)	(1,21,20,945)	(58,56,841)

17. Details of Deferred Tax Assets / (Liabilities) :

Nature of Timing difference	As at 31st March, 2011	As at 31st March, 2010
	₹	₹
(i) Difference between accounting and tax depreciation (cumulative)	(33,64,30,375)	(31,44,45,813)
(ii) Other Timing differences	17,91,34,075	15,95,65,253
(iii) Business / Depreciation Loss	--	6,68,51,396
TOTAL	<u>(15,72,96,300)</u>	<u>(8,80,29,164)</u>

18. Earnings per Share :

Values used in calculating Earnings Per Share :	31-03-2011	31-03-2010
(a) Numerator :		
Profit / (Loss) after tax (₹)	58,61,78,955	60,42,25,926
(b) Denominator :		
Number of Equity Shares	1,31,76,262	1,31,76,262
Weighted average number of Equity Shares	1,31,76,262	1,31,76,262

19. Leases :**Operating Leases :****(a) Assets taken on Lease :**

The Company has taken office / residential premises (including furniture fittings therein as applicable), guest houses and vehicles for the use by its employees / business use, on Operating Lease.

Lease terms in respect of office / residential premises are on the basis of individual agreements entered into with the landlord.

The lease term in respect of vehicles is for 4 years.

Lease rent payments are recognised in the Profit & Loss Account.

(b) Assets given on Lease :

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

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

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

Category	Gross carrying amount of the portion of assets leased, included in Schedule 5 'Fixed Assets'	Amount (₹) Accumulated Depreciation	Depreciation recognised in Profit & Loss Account
Building	7,28,06,364	15,19,000	15,19,000
	(--)	(--)	(--)
Plant & Machinery	1,01,86,499	5,91,670	5,91,670
	(--)	(--)	(--)
Electrical Installation	81,18,045	2,05,664	2,05,664
	(--)	(--)	(--)
Electrical Fittings	4,47,750	10,780	10,780
	(--)	(--)	(--)

20. Disclosure as per Accounting Standard 15 (Revised) is as under :

	Gratuity (₹)		Leave Entitlement (₹) (Long Term)	
	31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010
(a) Amount to be recognised in Balance Sheet				
(i) Present Value of the Obligation	38,98,42,504	36,04,73,462	17,19,52,522	13,50,80,761
(ii) Funded Status	18,69,02,896	16,50,70,780	--	--
(iii) Net Asset / (Liability) recognised in Balance Sheet	(20,29,39,608)	(19,54,02,682)	(17,19,52,522)	(13,50,80,761)
(b) Expenses recognised in the statement of Profit and Loss Account at the end.				
(i) Current Service Cost	2,53,33,405	2,13,95,761	2,25,34,127	1,50,12,577
(ii) Interest Cost	2,82,52,625	2,52,90,345	1,06,90,867	80,75,661
(iii) Expected Return on Plan Assets	(1,57,15,793)	(1,40,37,864)	--	--
(iv) Net actuarial (gain) / loss recognised in the year	75,50,329	(2,90,33,826)	1,30,55,440	39,53,052
(v) Expenses recognised in the statement of Profit and Loss Account at the end	4,54,20,566	36,14,416	4,62,80,434	2,70,41,290

	Gratuity (₹)		Leave Entitlement (₹) (Long Term)	
	31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010
(c) Present value of obligation as at the end				
(i) Present value of obligation as at the beginning	36,04,73,462	37,13,45,247	13,50,80,761	11,94,43,931
(ii) Interest Cost	2,82,52,625	2,52,90,345	1,06,90,867	80,75,661
(iii) Current Service Cost	2,53,33,405	2,13,95,761	2,25,34,127	1,50,12,577
(iv) Benefits paid	(3,18,58,503)	(3,02,86,423)	(94,08,673)	(1,14,04,460)
(v) Actuarial (gain) / loss on obligation	76,41,515	2,72,71,468	1,30,55,440	39,53,052
(vi) Present value of obligation as at the end	38,98,42,504	36,04,73,462	17,19,52,522	13,50,80,761
(d) Actuarial Assumptions :				
(i) Discount Rate	8.20%	8.20%	8.20%	8.20%
(ii) Salary escalation rate	10.00%	10.00%	10.00%	10.00%
(iii) Rate of Return on Plan Assets	9.35%	9.35%	--	--
(iv) Mortality Rate			As per standard table of LIC (1994-95)	

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

The Liability for Earned leave, for Temporary Employees (short term) has been provided on actual basis, amounting to ₹ 14,13,732/- (₹ **10,34,864/-**).

21. Related party disclosures (As identified by the Management)

(A) Name of the related parties and nature of related party relationship where control exists are as under :

(a) Joint Venture Company	:	MAN FORCE TRUCKS Private Limited	
(b) Key Management Personnel	:	Mr. Abhay Firodia Chairman	
	:	Mr. Prasan Firodia Managing Director	
(c) Relatives of Key Management Personnel :			
(i) Mr. Abhay Firodia	:	Mr. Prasan Abhay Firodia	: Son
	:	Mrs. Sunanda Sudhir Mehta	: Daughter
	:	Mrs. Kamla Bansilal Bhandari	: Sister
(ii) Mr. Prasan Firodia	:	Mr. Abhay Navalmal Firodia	: Father
	:	Mrs. Sunanda Sudhir Mehta	: Sister
(d) Other Related Parties	:	Jaya Hind Investments Pvt. Ltd.	
	:	Jaya Hind Industries Ltd.	
	:	Pinnacle Industries Limited	

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

Type of Related party	Nature of Transaction	Volume of Transactions during 2010-11	Amount outstanding as on 31-03-2011	
			Receivables	Payables
(i) Joint Venture Company MAN FORCE TRUCKS Private Limited	: Sale of Raw Materials & Components	10,053.92 (5,028.52)	4,107.21 (6,546.54)	-- (--)
	: Sale of Capital Assets	144.19 (183.85)	-- (--)	-- (--)
	: Machinery received on Loan	6,662.28 (1,647.02)	-- (--)	3,317.14 (9,933.97)

Type of Related party	Nature of Transaction	Volume of Transactions during 2010-11	Amount outstanding as on 31-03-2011	
			Receivables	Payables
	: Purchase of Raw Material & Components	859.83 (576.98)	-- (--)	-- (--)
	: Processing Charges recovered	30.49 (--)	-- (--)	-- (--)
	: Reimbursement of Expenses	-- (66.22)	-- (--)	-- (--)
	: Expenses Recovered	179.61 (--)	-- (--)	-- (--)
	: Purchase of Capital Goods	7,185.19 (--)	-- (--)	-- (--)
	: Service Charges	4,747.14 (3,379.71)	3,747.14 (2,555.43)	-- (--)
	: Others	210.67 (3.88)	-- (--)	-- (--)
(a) Key Management Personnel	: Managerial Remuneration	32.58 (80.08)	-- (--)	0.24 (0.24)
(b) Relatives of Key Management Personnel	: Expenditure on Rent	3.00 (2.85)	-- (--)	-- (--)
(c) Other Related Parties	: The Services of Information Systems / Department are shared with one of the related parties	Not quantified	--	--
(ii) Jaya Hind Industries Ltd.	: Purchase of Capital Goods	39.58 (74.88)	41.18 (--)	-- (26.02)
	: Purchase of Raw Materials, Components & Others	6,093.68 (4,078.34)	-- (--)	401.92 (263.44)
	: Sundry Sales	258.61 (177.10)	-- (--)	-- (--)
	: Processing Charges recovered	12.52 (25.77)	-- (--)	-- (--)
	: Material Given on Loan	22.67 (--)	37.45 (14.78)	-- (--)
	: Machinery given on Loan	17.13 (156.13)	3,637.10 (3,619.97)	-- (--)
	: Expenses recovered	227.35 (183.80)	27.31 (--)	-- (--)
	: Expenses reimbursed	32.53 (55.38)	-- (--)	-- (--)
(iii) Jaya Hind Investments Private Limited	: Inter Corporate Deposit	600.00 (2,500.00)	-- (--)	7,750.00 (7,150.00)
	: Interest on Inter Corporate Deposit (Gross)	657.39 (632.04)	-- (--)	-- (--)
	: Sale of Investment in Tempo Finance (West) Pvt. Ltd.	-- (97.07)	-- (--)	-- (--)

Type of Related party	Nature of Transaction	Volume of Transactions during 2010-11	Amount outstanding as on 31-03-2011	
			Receivables	Payables
(iv) Pinnacle Industries Ltd.	: Purchase of Capital Goods	2.45 (8.06)	-- (--)	-- (--)
	: Purchase of Raw Materials, Components & Others	7,506.45 (5,109.21)	-- (--)	205.62 (37.45)
	: Sundry Sales	41.53 (30.24)	-- (--)	-- (--)
	: Processing Charges recovered	-- (0.03)	-- (--)	-- (--)
	: Material Given on Loan	-- (--)	0.30 (0.30)	-- (--)
	: Machinery given on Loan	-- (9.86)	46.73 (46.73)	-- (--)
	: Expenses recovered	29.65 (30.04)	-- (--)	-- (--)
	: Expenses reimbursed	-- (1.08)	-- (--)	-- (--)

22. No amount as on 31st March, 2011, became due for transfer to the credit of the Investors Education and Protection Fund.
23. Sundry Debtors include ₹ 78,54,35,038/- being the amount receivable from MAN FORCE TRUCKS Private Limited.
24. The Company is operating in a Single Segment.
25. Previous year's figures are re-arranged wherever necessary and shown in brackets.

As per our separate report of even date attached

For **M/s. P. G. Bhagwat**
Chartered Accountants

Prasan Firodia Managing Director
Sudhir Mehta Director

S. S. Athavale
Partner
Membership No. 83374

Aparna G. Lambore
Company Secretary

Place : Pune
Date : 28th May, 2011

Pune
Date : 28th May, 2011

PART - IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.

0 1 1 1 7 2

State Code

1 1

(Refer Code List 1)

Balance Sheet Date

3 1 - 0 3 - 2 0 1 1

II Capital raised during the Year (Amount in ₹ Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousand)

Total Liabilities

- - 6 9 7 6 6 0 6

Total Assets

- 1 0 4 7 6 6 7 6

Sources of Funds :

Paid-up Capital

- - - 1 3 1 7 9 0

Reserves & Surplus

- - 3 2 1 0 9 8 3

Secured Loan

- - 1 1 9 0 7 7 8

Unsecured Loan

- - 1 3 0 4 2 9 5

Deferred Tax Liability

- - - 1 5 7 2 9 6

Application of Funds :

Net Fixed Assets

- - 4 0 6 8 4 2 8

Investments

- - - 5 6 7 4 4 7

Net Current Assets

- - 1 3 5 9 2 6 8

Misc. Expenditure

N I L

Accumulated Losses

N I L

Deferred Tax Asset

- - - - - - - -

IV Performance of Company (Amount in ₹ Thousands)

Turnover

- - 1 5 7 4 0 5 2 2

Total Expenditure

- - 1 4 9 1 9 2 0 1

+ - Profit / Loss Before Tax

√ (+) 8 2 1 3 2 1

+ - Profit / Loss After Tax

√ (+) 5 8 6 1 7 9

(Please tick Appropriate box + for Profit - for loss)

Earning per Share in ₹

- - (+) 4 4 . 4 9

Dividend rate %

- 5 0

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,	2011 ₹	2010 ₹
(A) Cash flow from Operating Activities :		
Net Profit / (Loss) before tax and extraordinary items	82,13,21,341	42,88,48,470
Adjustments for :		
Depreciation	44,81,72,112	41,99,55,157
Adjustment for Foreign exchange loss / (gain)	66,82,312	(2,76,47,375)
Interest Income on bank deposits & others	(4,44,471)	(10,22,215)
Profit on sale of Investments	--	(54,86,650)
Dividend / Income from trade investments	(7,57,500)	(6,94,375)
Loss / (Profit) on sale of assets	(31,19,809)	(59,30,455)
Interest expense	22,71,82,224	16,78,02,484
Provision for bad, doubtful debts and debit balances	34,63,500	--
Operating Profit before Working Capital Changes	150,24,99,709	97,58,25,041
(Increase) in Sundry Debtors and Loans & Advances	(34,48,60,871)	(24,52,67,842)
(Increase) / Decrease in Inventories	(117,58,07,443)	2,30,44,309
Increase / (Decrease) in Sundry Creditors and Other Payables	88,64,86,574	(13,26,00,102)
Cash generated from operations	86,83,17,969	62,10,01,406
Direct Taxes paid	(13,96,20,256)	(3,42,77,809)
Net Cash flow from Operating Activities (A)	72,86,97,713	58,67,23,597
(B) Cash flow from investing activities :		
Purchase of fixed assets	(158,52,21,691)	(22,27,59,162)
Proceeds from sale of assets / equipments	70,13,158	1,56,27,554
Interest received	4,44,471	10,22,215
Proceeds from sale of Investments	--	96,06,900
Dividend / Income from trade investments	7,57,500	6,94,375
Net cash flow from Investing Activities (B)	(157,70,06,562)	(19,58,08,118)
(C) Cash flow from financing activities :		
Proceeds of long-term borrowings	9,06,80,000	(4,29,15,000)
Proceeds of short-term borrowings	92,60,82,250	(8,79,97,660)
Interest paid	(23,21,17,962)	(16,88,26,526)
Dividend paid (Including Tax thereon)	(4,62,48,680)	--
Net cash flow from Financing Activities (C)	73,83,95,608	(29,97,39,186)
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	(10,99,13,241)	9,11,76,293
Cash and Cash equivalents as at 01-04-2010	25,75,57,214	16,63,80,921
Cash and Cash equivalents as at 31-03-2011 (excluding unrealised exchange fluctuation gain)	14,76,43,973	25,75,57,214

As per our separate report of even date attached

For **M/s. P. G. Bhagwat**
Chartered Accountants

S. S. Athavale
Partner
Membership No. 83374

Aparna G. Lambore
Company Secretary

Place : Pune
Date : 28th May, 2011

Prasan Firodia Managing Director
Sudhir Mehta Director

Pune
Date : 28th May, 2011

