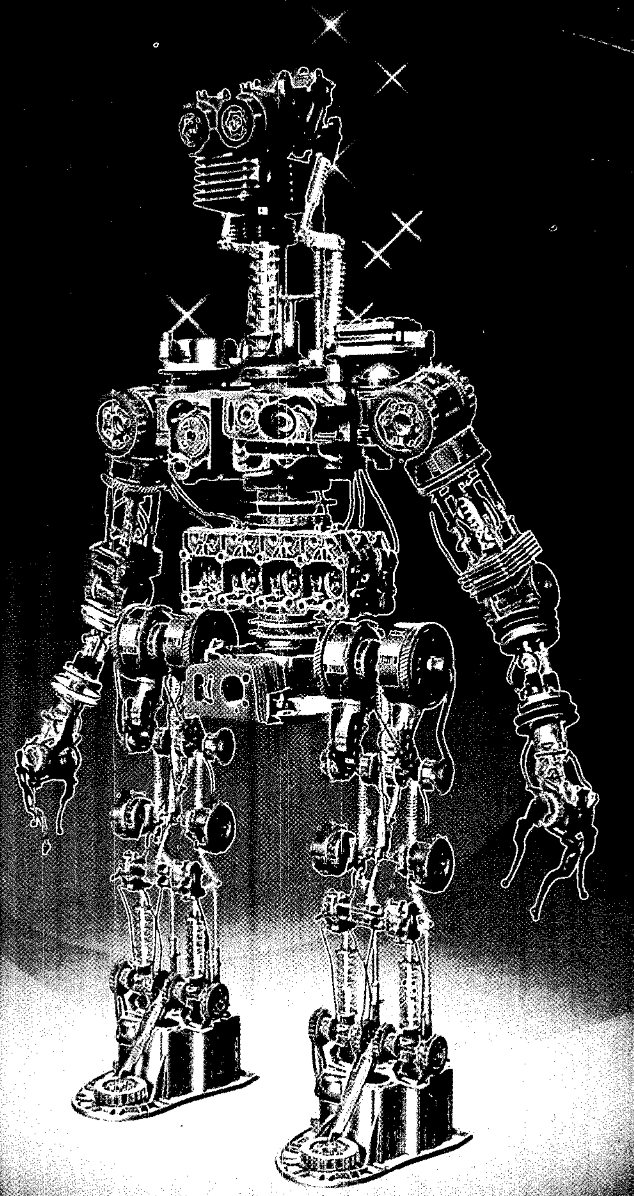
ENDURANCE TECHNOLOGIES LIMITED



11th
Annual Report
2009-10

ENDURANCE

Complete Solutions

ENDURANCE TECHNOLOGIES PRIVATE LIMITED
(Now Known as Endurance Technologies Limited)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Naresh Chandra
Chairman

Anurang Jain
Managing Director

Nainesh Jaisingh
Director

Roberto Testore
Director

Soumendra Basu
Director

Partho Datta
Director

AUDIT COMMITTEE

Partho Datta

Nainesh Jaisingh

Soumendra Basu

REMUNERATION COMMITTEE

Soumendra Basu

Nainesh Jaisingh

Roberto Testore

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Soumendra Basu

Nainesh Jaisingh

Partho Datta

MANAGEMENT

Satrajit Ray
Group Chief Financial Officer

V. Subramanian
Sr. Vice President (Casting Division)

Ramesh Gehaney
Sr. Vice President (Proprietary Business)

Biswajit Choudhury
Vice President (After Market and Exports)

Anmoalak Singh Bhalla
Vice President
(Operations of SBU Castings Pune)

Sunil Kolhe
Vice President
(International Trade & Corporate Sources)

Yogi Krishnan
Vice President
(Marketing and Business Development & Projects)

Mohan Godse
Vice President (Product Development)

Ramchandra Marlapalle
Vice President (Strategic HR and Admin)

COMPANY SECRETARY

Vivek Achwal
DGM (Legal) and Company Secretary

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

BANKERS

Bank of India
Bank of Maharashtra
Citibank N. A.
Corporation Bank
ICICI Bank Ltd.
IDBI Bank Ltd.
Indian Overseas Bank
Standard Chartered Bank

REGISTERED OFFICE

Plot No. K 228, MIDC Industrial Area,
Waluj, Aurangabad - 431 136

PLANTS

Aurangabad
Plot Nos. B-2, E-92, K-120,
K - 226/2, 228 and 229
L - 6/3 , MIDC Industrial Area
Waluj Aurangabad - 431 136

Pune
Plot Nos. B- 1/2 , B- 1/3 , B-20, B-22,
MIDC Area, Chakan, Village Nighoje,
Taluka Khed, Dist Pune - 410 501

Gat No. 416, Village Takve Budruk,
Taluka Vadgaon Maval, Pune - 412 106

Manesar
Plot Nos. 400,401, Sector 8, IMT,
Manesar, Dist- Gurgaon, Haryana.

Pantnagar
Plot No. 3 , Sector 10, I.I.E. Pantnagar,
Dist. Udham Singh Nagar, Uttaranchal.

Chennai
Plot No. F-82, SIPCOT Industrial Park,
Irungattukottai, Pennaur Post,
Sriperumpudur Taluka,
Dist. Chennai.

Contents — **Page**

To,
The Members,

The Directors present their 11th Annual Report with the audited statement of accounts of Endurance Technologies Private Limited (now known as "Endurance Technologies Limited") (hereinafter referred to as "ETPL" or "the Company") for the year ended 31st March, 2010.

CONVERSION OF COMPANY TO PUBLIC LIMITED COMPANY

The shareholders of the Company in the Extraordinary General Meeting held on 28th June, 2010 passed necessary Special Resolutions for conversion of Endurance Technologies Private Limited to a Public Limited Company, for change of name from Endurance Technologies Private Limited to Endurance Technologies Limited, by deleting the word 'Private' and for alteration of Articles of Association. Accordingly, with effect from 28th June, 2010, Endurance Technologies Private Limited ceased to be a private limited company. The Registrar of Companies, Maharashtra, Mumbai has issued a fresh certificate of incorporation dated 9th July, 2010. The change of name of the Company to Endurance Technologies Limited has become effective from 9th July, 2010.

It is pertinent to note that as the financial year of the Company ended on 31st March, 2010, the annual accounts, schedules thereto and Notes to the Accounts etc. pertained to Endurance Technologies Private Limited as a private limited company.

FINANCIAL RESULTS

	2009-2010 (Rupees in Million)	2008-2009 (Rupees in Million)
Net Sales	**15573.49**	14223.62
Total Income	**16325.49**	14756.06
Gross Profit before Interest, Depreciation and Extraordinary Expenses	**2680.86**	1618.72
Interest	**677.43**	672.21
Profit before Depreciation, Amortization and Extraordinary Expenses	**2003.43**	946.51
Depreciation & Amortization	**1107.57**	1012.67
Profit/(Loss) before Taxation & Extraordinary Expenses	**895.86**	(66.16)
Profit/(Loss) before Taxation	**839.41**	(66.16)
Provision for Taxation	**148.25**	0.03
Provision for Deferred Tax	**159.66**	(358.16)
Provision for Fringe Benefit Tax	**–**	5.12
Profit for the Year	**531.50**	286.84
Add: Profit brought forward from last year	**793.56**	200.57
Appropriation: Dividend on Preference Shares	**12.47**	–
Dividend Tax on Preference shares	**2.12**	–
Acquired under Scheme of arrangement		306.15
Balance Carried Forward to Balance Sheet	**1310.47**	793.56

DIVIDEND

The Directors recommend dividend on Preference Shares for the financial year ended 31st March, 2010 as under:

-Dividend amounting to Rs. 12,449,315 @ 8% per annum on 40,000,000 Compulsorily Convertible Preference Shares ("CCPS") of Rs. 10 each fully paid-up for the period from 10th November, 2009 to 31st March, 2010 for payment to Standard Chartered Private Equity (Mauritius) II Limited.

-Dividend amounting to Rs. 22,093, @ 8% per annum on 1,680,000 Redeemable Preference Shares ("RPS") of Rs. 10 each fully paid for the period from 26th March, 2010 to 31st March, 2010 for payment to holders of the RPS.

The Directors have decided to plough back the profits and do not recommend dividend on equity shares.

PERFORMANCE OF MARKETS

During the Financial year 2009-10, India achieved GDP growth rate between 7.2% to 7.5%.

During the said fiscal, 10,511,415 two-wheelers (Domestic + Exports) were sold as compared to 8,441,793 for the year ended 31st March, 2009. The two-wheeler market witnessed a robust growth of 24% in terms of volume. Motorcycles accounted for over 80% of total two-wheeler sales.

During the said fiscal 613,650 three-wheelers (Domestic + Exports) were sold, as compared to 497,793 three wheelers for the year ended 31st March, 2009, witnessing a growth of 23%.

During the said fiscal, 2,395,922 passenger vehicles (Domestic + Exports) were sold as compared to 1,888,432 passenger vehicle for the year ended 31st March, 2009, witnessing a growth of about 27%.

(Source: Society of Indian Automobile Manufacturers ("SIAM"); website: http://www.siamindia.com/scripts/domestic-sales-trend.aspx, http://www.siamindia.com/scripts/export-trend.aspx)

The demand for automotive components in India has outstripped supply, primarily because of revival of economy, several launches of new vehicle models and slow but steady recovery in demand from overseas.

PERFORMANCE OF THE COMPANY

During the financial year ended 31st March, 2010 (hereinafter referred to as 'the year under review') Endurance Technologies Private Limited posted Net sales of Rs.15,573.49 Million as against Rs. 14,223.62 Million in the corresponding period of the financial year ended 31st March, 2009 (hereinafter referred to as 'the previous year'), representing an increase of about 9.5%. In the year under review, the Material cost has reduced to 62.43% of Net Sales as against 68.86% in the previous year. The Employee cost has also reduced to Rs. 752.29 Million (previous year Rs. 771.24 Million).The Interest cost has virtually remained same at Rs. 677.43 Million (previous year Rs. 672.21 Million). Other expenses were higher at Rs. 3,170.29 Million (previous year Rs. 2,571.73 Million) mainly on account of higher processing charges of Rs. 434.70 Million (previous year Rs. 261.20 Million), higher Labour charges of Rs. 303.31 Million (previous year Rs. 188.18 Million), increase in power, water and fuel Rs. 912.67 Million (previous year Rs. 779.55 Million), increase in Bank charges to Rs. 82.72 Million (previous year Rs. 47.34 Million) and increase in repairs to machinery Rs. 224.16 Million (previous year Rs. 148.44 Million).

For the year under review, the Company earned Profit of Rs. 531.50 Million as against profit of Rs. 286.84 Million in the previous year.

MANAGEMENT'S ANALYSIS OF THE WORKING AND FINANCIAL PERFORMANCE

Sales

The automotive industry in India has gradually come out of recession from July, 2009. The Company's major customer has reported strong growth in the sales of two and three wheelers from existing models as also from launch of new models. This resulted in higher demand for die castings, suspension products and braking components manufactured by the Company. Sales of Die castings increased from Rs. 6,835.83 Million in the previous year to Rs. 7780.07 Million in the year under review. Shock Absorbers including Front fork sales increased from Rs. 4,259.39 Million in the previous year to Rs. 5,348.57 in the year under review and Disc brakes sales increased from Rs.799.28 Million in the previous year to Rs.1,109.77 Million in the year under review. The Aftermarket sales have increased from Rs.592 Million in the previous year to Rs. 701 Million in the year under review.

Materials cost

During the previous year, the Company's margins from assembly of alloy wheels for its major customer were lower on account of high materials cost due to alloy wheel assembly operations. In the year under review, the Company shifted to job work basis as against the Company buying the raw materials on its own for alloy wheel assembly operations. This coupled with control over rejections, improvement of production processes and change in the method of procurement of certain components has resulted into reduction of raw material cost.

Inventory

The Company maintained higher levels of inventory to ensure uninterrupted supply to the customers. The pick up in demand for motorcycles led to higher level of production. The Company's sales in the month of March, 2010 were 30% higher as compared to the sales in the month of March, 2009. This has necessitated maintenance of higher levels of inventory in the month of March, 2010. In the previous year, the economic downturn led to demand slow down and consequently lower inventory levels.

Sundry Debtors and Creditors

Increase in the Debtors was primarily on account of change in payment terms by the major customer. The higher sales during the year under review as against the previous year also resulted into increase in debtors.

Increase in creditors was primarily on account of obtaining additional credit from suppliers and substantial increase in production schedules requiring higher procurement of raw materials. In the previous year, the economic downturn led to slow down in demand and consequently lower level of suppliers' outstanding.

Other Expenses

The increase in production schedules in the year under review necessitated outsourcing of certain jobs, resulting in higher Labour and processing charges as against the previous year.

Bank charges

The Bank charges have increased on account of availing high level of utilization of non-fund based limits in the year under review on account of tight liquidity conditions and increase in procurement of materials due to higher production schedules.

ISSUE OF REDEEMABLE PREFERENCE SHARES

On 26th March, 2010 the Company issued 1,680,000 Redeemable Preference Shares ("RPS") of Rs. 10 each aggregating to Rs. 16,800,000 against conversion of unsecured loans of shareholders. The RPS carried coupon rate of 8% per annum for the year 2009-10.

PERFORMANCE OF SUBSIDIARY / JOINT VENTURE COMPANY FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2010

In Europe our step-down subsidiary, namely Endurance Fondalmec S.p.A (formerly 'Fondalmec Officine Meccaniche SpA'), posted improved performance with sales of Euro 64.95 million for the financial year ended 31st March, 2010 (previous year Euro 61.29 million). It posted a Profit After Tax (PAT) of Euro 2.11 million (previous year loss of Euro 3.52 million). This was possible due to a combination of better capacity utilization and implementation of certain cost management measures.

Our Subsidiary in Germany namely Amann Druckguss GmbH achieved its sales target for the financial year ended 31st March, 2010. It posted improved performance for the financial year ended 31st March,2010 with implementation of various cost reduction measures, resulting in marginal loss of Euro 1.57 million (previous year loss of Euro 11 million).

Our Subsidiary in India, namely High Technology Transmission Systems (India) Private Limited ("HTTS") maintained its upward trend in turnover and recorded increase of 15.82% in turnover as compared to the previous year, with total turnover of Rs. 1,659.79 million for the financial year ended 31st March, 2010 (Previous year Rs. 1,433.05 million). HTTS recorded Profit before tax of Rs. 207.08 million for the financial year ended 31st March, 2010 (previous year Rs. 146.36 million).

Endurance Magneti Marelli Shock Absorbers (India) Private Limited ("EMM"), jointly promoted by Endurance Technologies Private Limited and Magneti Marelli Holding SpA, Italy for manufacture of shock absorbers, gas springs of four and above wheeled vehicles in India started supply to Original Equipment Manufacturers ("OEM") in January, 2010. The list of customers of EMM includes prominent OEMs namely Tata Fiat (India) Private Limited, Piaggio Vehicles (India) Private Limited and Tata Motors Limited. EMM has recently added Maruti Suzuki Limited to its list of customers. The performance of EMM is expected to improve further with scaling up of production.

The Company has applied for exemption from attaching the Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of the Subsidiary Companies as required under secton 212(1) of the Companies Act, 1956 and the same is awaited.

The statement relating to subsidiary companies pursuant to Section 212 of the Companies Act, 1956 is attached.

FUTURE OUTLOOK

We believe that, the automotive sector is one of the core industries of the Indian economy and its growth prospects are linked to growth of the Indian middle class, both in numbers and disposable income, along with the general growth of the national economy. These factors are attracting major global automotive manufacturers to the Indian market.

The Indian two-wheeler segment has shown strong overall growth of 60.7% from the fiscal year 2005 to the fiscal year 2010. The motorcycle segment comprises a vast majority of this segment, contributing around 80% of the total sales from the fiscal year 2005 to the fiscal year 2010. Although there was a drop in the sales of two-wheelers during the downturn in the fiscal year 2008, currently the segment has shown constant recovery for the periods following the downturn. Sales in this segment grew by 24% from the fiscal year 2009 to the fiscal year 2010, the highest rate of growth recorded since the fiscal year 2005.

The business and prospects of the automotive components industry are highly correlated with those of the automotive industry. As price competition has grown fiercer in the automotive components industry and environmental regulations have become increasingly stringent, there has been a trend of consolidation by spreading fixed production costs over higher production volume. In addition, OEMs are increasingly looking for relationships with financially healthy suppliers that are expected to survive through the current crisis and be stable and long-term partners.

According to the projections of Automotive Component Manufacturers Association ("ACMA"), the production capacity in the Automotive component industry is likely to go up by 20-25 per cent in the current year, at an estimated investment of nearly Rs 9,000 crore.

The Company has plans for expansion of capacities at Chakan, (Pune) and Waluj, (Aurangabad) to cater to the increasing demand from the existing customers as well as new customers. The Company will be immensely benefited from its long presence, experience and expertise in auto-component manufacturing in India and also for strategic investments in overseas subsidiary companies supplying to reputed customers in Germany and Italy.

Research and Development is another area where government incentives have enabled greater returns for automobile and automotive components manufacturers. The Union Budget for the fiscal year 2011 has raised tax deductions on in-house research and development expenses. The rationale behind such a policy is that investments in research and development will bring many benefits including the application of global norms for safety and emissions, an increase in the competitiveness of local automobile and automotive components manufacturers and furthering the stated goal of India emerging as a small car manufacturing hub. *(Source: CRISIL Research).* The Company has three R&D centres recognized by the Department of Scientific and Industrial Research ("DSIR") and additionally one such R&D centre is established by its Indian subsidiary, High Technology Transmission Systems (India) Private Limited at Waluj, Aurangabad.

DIRECTORS

The Board of directors of the Company has been broad-based with the appointment of two independent directors, namely Mr. Soumendra Basu and Mr. Partho Datta as Additional Directors on 16th June, 2010.

Mr. Basu has a distinguished track record in HR matters. He has more than 33 years of rich experience with premier domestic and international banks in functions such as strategy, process re-engineering and operations.

Mr. Datta has gained rich and long experience of more than three decades in the field of finance, strategy and corporate matters in leading business houses in India.

The Company will be immensely benefited from their experience.

The Resolutions for appointment of Mr. Basu and Mr. Datta, whose terms shall be subject to retirement by rotation, have been proposed to be passed in the ensuing Annual General Meeting of the Company.

Mr. Roberto Testore, Director will retire at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, confirm that:-

i. in the preparation of the annual accounts of Endurance Technologies Private Limited for the year ended 31st March, 2010, the applicable Accounting Standards have been followed and that there are no material departures except on account of non-disclosure of diluted EPS;

ii. Appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of Endurance Technologies Private Limited at the end of the financial year and of the profit of Endurance Technologies Private Limited for that period;

iii. Proper and sufficient care has been taken, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The annual accounts of Endurance Technologies Private Limited for the year ended 31st March, 2010 have been prepared on a going concern basis.

AUDITORS AND THEIR REPORT

Deloitte, Haskins & Sells, Chartered Accountants, Auditors of the company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board of Directors' clarifications on and explanations to the qualifications contained at paragraph nos. 4 and 5 of the Auditors' Report are as under:

Endurance Technologies Private Limited undertook financial restructuring exercise through the Scheme of Arrangement, (hereinafter referred to as "the Scheme") inter alia, involving amalgamation of the erstwhile Endurance Systems (India) Private Limited ("ESIPL" or the "Transferor Company") with Endurance Technologies Private Limited ("ETPL" or the "Transferee Company") under Sections 391 to 394 read with Sections 78,100 to 103 of the Companies Act, 1956. The Scheme was approved by the Hon'ble Bombay High Court vide Order dated 16th October, 2009. The Scheme became effective from 1st December, 2009, the Appointed Date of the Scheme being 1st April, 2008.

The erstwhile ESIPL was a wholly owned subsidiary of ETPL. Both ESIPL and ETPL were comparable in terms of nature of their business and under same management, common control and common directors. The significant reasons, benefits and rationale necessitating and justifying framing of the Scheme included optimum utilization of management and other resources, reducing administrative costs, right sizing of Balance Sheet of ETPL etc.

Upon the Scheme becoming effective, all the assets and liabilities and investments as appearing in the books of accounts of erstwhile ESIPL as on the Appointed Date were required to be recorded at their respective fair values by ETPL. Further, in terms of the Scheme, if it was considered necessary and appropriate by the Board of Directors of ETPL and if the fair value of any of the assets, liabilities and investments as on date of approval of the Scheme by the Board of Directors was substantially different, then the same might also be adjusted while arriving at the fair value of any such assets, liabilities and investments. In the opinion of the Board of Directors of ETPL, all the balances in assets and liabilities of ESIPL as on Appointed Date (except for the tangible fixed assets which were revalued and investments in one subsidiary which was provided for) represented the respective fair values and accordingly, these were transferred to ETPL at their respective book values.

As an integral part of the Scheme, with an intention to right size the Balance Sheet of ETPL post amalgamation, the assets including investments in other subsidiaries and liabilities of ETPL were required to be recorded at their fair values as on date of approval of the Scheme by the Board of Directors of ETPL i.e on 28th July, 2009. In the opinion of the Board of Directors of ETPL all the balances in assets, liabilities and investments (including overseas investments) as on 31st March, 2009 (except for the tangible fixed assets which were revalued and investments in certain overseas joint venture/subsidiary companies which were written off/adjusted for permanent diminution in the value of investments) represented their respective fair values and accordingly these were carried at their respective book values.

As such, the independent valuation of the current assets including the inventory, sundry debtors, loans and advances of erstwhile ESIPL (as on Appointed Date) and ETPL (as on 31st March, 2009) was not undertaken. The balances of inventory, sundry debtors, loans and advances as recorded in the books of accounts of erstwhile ESIPL as on Appointed Date were transferred to the books of accounts of ETPL as per their book values which, in the opinion of the Board of Directors, were their respective fair values.

Over the period, ETPL has consumed almost the entire quantum of such inventory in the manufacturing of finished products and/or otherwise disposed off the same, at values not less than their book values. The outstanding dues of almost all the sundry debtors have been realized for the amounts not less than their outstanding balances/amounts recorded in the books of accounts of ETPL.

During the financial year 2007-08, ETPL acquired strategic equity stakes in overseas companies also engaged in similar line of business, with the strategy of being present in European market and to facilitate easy access to European Original Equipment Manufacturers ("OEMs"). The European OEMs were setting up base in India and one of the rationales of making strategic investments in these overseas subsidiary companies was to become a preferred provider to such European OEMs. These overseas subsidiaries had reputed customer base and possessed advanced technology and skilled manpower. Acquisition of strategic stakes in these overseas companies required substantial investments. The change of management and control of these overseas companies coupled with the global recession, the impact of which was severe in European countries, required further financial support by way of re-capitalization for continued operations of these overseas subsidiary companies in compliance with requirement of the local laws.

ETPL acquired controlling stake in an Indian subsidiary Company engaged in manufacture of clutch assemblies, friction plates from its Italian JV Partner.

In the opinion of the Board of Directors of ETPL the investments made by ETPL in the overseas and the Indian subsidiary companies are long term investments of strategic importance expected to give enduring benefits to ETPL in the long run.

In the light of the above, in the opinion of the Board of Directors of the Company:-

(i) the balances in all the assets and liabilities of erstwhile ESIPL (except for tangible fixed assets which have been revalued and investment in one subsidiary which was adjusted for permanent diminution in the value of investment) as on Appointed Date represented their respective fair values; and

(ii)the balances in assets, liabilities and investments (including overseas investments) as on 31st March,2009 of ETPL (except for the tangible fixed assets which have been revalued and investments in certain subsidiary companies which have been written off / adjusted for permanent diminution in the value of investments) represented their respective fair values.

The Board of Directors of the Company is of the opinion that there is no material impact on the carrying amounts of the balances in the assets and liabilities of the Company as of 31st March, 2010 and on the financial statements of the Company on that date.

The Board of Directors' clarifications on and explanations to the qualifications contained at paragraph no.6 of the Auditors' Report are as under:

On 10th November, 2009, the Company had issued 40,000,000 Compulsorily Convertible Preference Shares ("CCPS") of Rs. 10 each fully paid-up to Standard Chartered Private Equity (Mauritius) II Limited on private placement basis. As per the terms and conditions of the issue, the CCPS was to be converted into Equity shares upon finalization of the audited financial results of the Company for the financial year ending 31st March, 2010 at the Conversion Price dependent on the consolidated audited Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA) of the Company for the Financial Year ended 31st March, 2010 (hereinafter referred to as "consolidated financial statements"). As informed to the Board, the management of the Company has already taken steps for preparation of the consolidated financial statements and to get the same audited. In the light of certain filing obligations and for the purpose of business exigencies and at the request of the management of the Company, the Board of Directors have considered and approved the standalone annual accounts of the Company for the financial year ended 31st March,2010 pending availability of the audited consolidated financial statements. The consolidated financial statements will be considered and approved by the Board in the separate meeting as soon as the same are ready. The disclosure of the diluted EPS shall be made separately upon completion of preparation of the consolidated financial statement and audit thereof.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the provisions of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information is given in the annexure forming part of this report.

INDUSTRIAL RELATIONS

The management continued its best efforts to maintain peaceful and cordial relations with personnel at all plants.

PARTICULARS OF EMPLOYEES

A statement showing the particulars of employee as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed.

ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to all the employees of the Company for their efforts. The Directors would also like to thank the shareholders, foreign and domestic business associates, private equity investor, technical /TPM advisors, customers, dealers, suppliers, bankers and all the other business associates for the continuous support given by them to the Company and their confidence in management.

On behalf of the Board of Directors

Naresh Chandra

NARESH CHANDRA
CHAIRMAN

Date : 30.07.2010
Place : Mumbai

The Company has since received from Central Government exemption under section 212 vide letter No. 47/450/2010 – CL - III dated August 12, 2010 . Accordingly, the Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of the Subsidiary Companies are not annexed as required under section 212 (1) of The Companies Act 1956. As required by the said letter, the consolidated financial statements of the Company's subsidiaries, duly audited by the Statutory Auditors, are presented in this Annual Report.

INFORMATION AS PER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2010

CONSERVATION OF ENERGY

(a) Energy conservation measure taken:

(i) Wind Power generation

During the year under review the wind mills installed by the Company at Jaisalmer, Satara and Supa generated 9,680,199 Units of electricity (including 5,443,516 units captively consumed). The Company earned income of Rs. 42.09 Million (includes captively consumed Rs. 22.18 Millions) from sale of wind power generation.

(ii) Company's Plants took various initiatives for conservation of energy which are summarized below:

- Use of A.C variable frequency Drive for ARP Motor 125 HP instead of Star delta starter in the paint shop.
- Installation of P.T Line drying blower & heater interlocked with JIG availability for energy saving in the paint shop.
- Use of VMC 20 KW with CNC Control for CCCS Machining Instead of SPM 55 KW in the machine shop
- Reduction of motor HP on Washing machine, Air washer, ETP Pump, LPDC ETP Pump in the machine and paint shops.
- Use of cyclic timers & sensors for avoiding idle running of motors on 45 VMC and SPM machine in the machine shop CNC and SPM machines.
- Use of 125 K.V.A D.G. set instead of 750 K.V.A D.G. Set for NC Rotary Milling machine during power failure in the machine shop.
- Use of 10 H.P compressors on Friday for handle bar assembly instead of 75 H.P. in the machine shop.
- Shifting of temperature sensor in baking oven for saving in LPG in the paint shop.
- Top cover fitted to reduce heat loss in the shed of 3.75 kg and 1.4 kg melting furnaces.
- Fitting of Temperature controller with 5 degree on delay instead of earlier 1 degree on delay in the holding furnace.
- Provided timer to switch off hydraulic motor upon starting of solidification in the GDC-03 Hydraulic Motor.
- Increased heater door sealing area from 0.05 mm to 0.1 mm in the LPDC Machines.
- Software Interlocks provided in Program for Idle Time in 23 CNC machines.

(b) Additional investment proposals, if any, being implemented for reduction of consumption of energy:

The additional investment cannot be precisely ascertained and is a part of the repairs and maintenance, consumable expenditure and investment in Fixed Assets.

(c) Impact of measures above for reduction of energy consumption and consequent impact on cost of production of goods -

The above measures have achieved saving of energy and cost.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the rules in respect of industry specified in the schedule thereto -