



Mahindra composites

NOTICE

Notice is hereby given that **Twenty Ninth Annual General Meeting** of the Members of **MAHINDRA COMPOSITES LIMITED** will be held on Friday, 29th day of July, 2011 at 3.00 p.m. at Hotel Panchshil, C-32, MIDC, Telco Road, Chinchwad, Pune – 411 019 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended on that date together with the Auditors' Report thereon.
2. To declare dividend for the financial year ended 31st March, 2011.
3. To appoint a Director in place of Mr. R. R. Krishnan who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. Hemant Luthra who retires by rotation and being eligible, offers himself for re-election.
5. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Mr. Dhananjay Mungale who was appointed as an Additional Director and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice from a member in writing proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT in supersession of the Member’s Resolution passed at Extra-Ordinary General Meeting of the Company held on 8th April, 1994, the consent of the Company be and is hereby accorded under Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to borrow moneys from time to time at their discretion, on such terms and conditions as to repayment, interest, security or otherwise as they may think fit, which together with the moneys already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate, for the time being, of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money / moneys so borrowed by the Board shall not, at any time, exceed the amount of Rs. 50,00,00,000 (Rupees Fifty Crores).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do and perform all such acts, deeds and things, as may be necessary, desirable or expedient to give effect to this resolution.”

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

“RESOLVED THAT in conformity with Article No.96 of the Articles of Association of Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the payment to Directors of the Company who are neither in whole-time employment nor the Managing Director or Executive Director or Directors residing outside India a commission within the ceiling mentioned below:

Such amount as the Board may from time to time determine so that such amount does not exceed:

- i) One percent of the net profit of the Company, if the Company has a Managing Director or Whole-time Director, or a Manager:
- ii) Three percent of the net profit of the Company in any other case:

Computed in the manner referred to in Section 198, sub Section (1) of the Companies Act, 1956 in each financial year commencing from 1st April, 2011 and extending up to and including the financial year of the Company, ending on 31st March, 2016.”

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Explanatory statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. Register of Members and Share Transfer Books of the Company will remain closed from 22nd July, 2011 to 29th July, 2011 (both days inclusive).
4. In order, proxies to be effective, the proxy forms must be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
5. Members are requested to intimate immediately change of address, if any, to the Company's Registrar – Sharepro Services (India) Private Limited, 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri - Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.
6. Members are requested to send their queries at least 10 days before the day of meeting so that the information can be made available at the meeting.
7. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
8. Members are requested to bring their copy of Annual Report, as the copies of the same will not be distributed at the time of meeting as a measure of economy.
9. Equity shares of the Company are listed on: The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. The Company has paid the Annual Listing fees for financial year up to 2010-2011.
10. Re-appointment of Directors:

At the ensuing Annual General Meeting Mr. R. R. Krishnan and Mr. Hemant Luthra retire by rotation and being eligible, offer themselves for reappointment. The information or details to be provided for the aforesaid Directors under the code of Corporate Governance are as under:

Mr. Hemant Luthra is Director and Chairman of the Company since 3rd June, 2002. Mr. Luthra has over 35 years of varied and rich work experience in Operation Finance Business Development and Restructuring in several top management positions. He started his career with IBM India and then IBM Singapore. He later spent 18 years with the Thapar Group. He rose to become CFO and then took over as COO for their flagship company, Ballarpur Industries Limited. He was also on the Board of several joint ventures of the group with Dupont, Mitsubishi and OKI besides being the Chairman of the joint venture with Maersk. After the Thapar Group, Mr. Luthra as its first CEO founded a private equity fund for the ING Group. He later joined the Essar Group as a CEO of their telecom business and helped engineer a lucrative merger of the business with Hutchinson. Most recently he was working with Enron India as CEO of their Broad Band business.

Mr. Luthra is also Director of the following companies namely Mahindra Sona Limited, Mahindra Ugine Steel Company Limited (also member of Investors / Shareholders Grievance Committee & Remuneration Committee), Mahindra Engineering Services Limited (also member of Remuneration / Compensation Committee), Bristlecone Limited, Stokes Forgings Limited, Stokes Forgings Dudley Limited, Stokes Group Limited, Jensand Limited (Stokes Group Company), Mahindra Navistar Engines Private Limited, Mahindra Forgings Limited (also member of Remuneration / Compensation Committee), Mahindra Hinoday Industries Limited, (Chairman), Mahindra Navistar Automotives Limited, Mahindra Aerospace Private Limited (MAPL) and Mahindra Casting Limited (also member of Audit Committee), Mahindra Gears & Transmission Pvt. Ltd. (also member of Audit Committee & Remuneration / Compensation Committee). He is not holding any shares in the Company.

Mr. R. R. Krishnan has been with the Mahindra Group for close to 50 years and has held several senior positions. He was Senior Advisor in Mahindra & Mahindra Limited. He is Director of Mahindra Ugine Steel Company Limited and also member of Audit Committee. He is not holding any shares in the Company.

**By order of the Board
MAHINDRA COMPOSITES LIMITED**

HEMANT LUTHRA
Chairman

Place : Mumbai
Date : 26th April, 2011.

EXPLANATORY STATEMENT

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Mr. Dhananjay Mungale was appointed as an Additional Director of the Company by the Board of Directors on 12th January, 2011 and according to the provisions of Section 260 of the Companies Act, 1956 and Article 92 of the Articles of Association of the Company, he holds office of Director only up to the date of the ensuing Annual General Meeting.

Mr. Dhananjay Mungale is Chartered Accountant and a law graduate, has spent the major part of his career in corporate and investment banking in India and Europe with Bank of America and DSP Merrill Lynch Limited. He is presently acting as advisor to select corporations in India and in Europe.

As required by Section 257 of the Companies Act, 1956, the Company has received notice from a member signifying his intention to propose the candidature of Mr. Dhananjay Mungale for the appointment as a Director of the Company at the forthcoming Annual General Meeting.

Presently he is Director of Inestor Advisores Pvt. Ltd., Mentor Technologies Pvt. Ltd., Snowcem Paints Pvt. Ltd., Vayugrid Marketplace Services Pvt. Ltd., J. P. Morgan Asset Management India Pvt. Ltd., LICHFL Trustee Company Pvt. Ltd., Lavgan Dockyard Pvt. Ltd., Indoco Remedies Ltd. (also Chairman of Audit Committee), LIC Housing Finance Ltd., (also member of Audit Committee), M & M Financial Services Ltd. (also Chairman of Audit Committee and member of Compensation Committee and Chairman of ALCO Committee), Chowgule Steamships Ltd. (also Chairman of Audit Committee and Compensation Committee), Camlin Ltd. (also Chairman of Audit Committee), Kalpataru Ltd. (also member of Audit Committee and Compensation Committee), National Organic Chemical Ltd. (also member of Audit Committee and member of Compensation Committee), Sical Logistics Ltd. (also member of Audit Committee and Chairman of Compensation Committee), Tamilnadu Petroproducts Ltd. (also member of Audit Committee and Compensation Committee) and Samson Maritime Ltd. (also member of Audit Committee and Compensation Committee).

Mr. Dhananjay Mungale is not holding any shares in the Company.

The Board considering the varied experience of Mr. Dhananjay Mungale, thought it is desirable that the Company should continue to avail the services of Mr. Dhananjay Mungale and hence, recommends the resolution for approval of the shareholders.

Except the aforesaid Director, no other Director of the Company is concerned or interested in this resolution.

ITEM NO. 7

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors shall not except with the consent of the Company in General Meeting borrow moneys (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate paid-up capital and free reserves of the Company. According to explanation (1) of the Section, every resolution passed in the General Meeting of the Company in relation to the exercise of the above power shall specify the total amount upto which moneys may be borrowed by the Board of Directors over and above the paid-up capital and free reserves. At the Extra-Ordinary General Meeting of the Company held on 8th April, 1994, the members had authorized the Board of Directors to borrow moneys not exceeding Rupees Six Crores over and above the paid-up capital and free reserves of the Company. Taking into account the further requirements for any additional finance for expansion of business and for working capital requirements, it is proposed to obtain consent from the members to increase the limit to Rupees Fifty Crores.

Hence the resolution as set out in Item No.7 is proposed.

None of the Directors is interested in this resolution.

ITEM NO. 8

Keeping in line with the latest trends of remunerating non-whole time Directors by way of commission, it is proposed that the commission be paid to non-whole time Directors. Approval is sought of members to payments of remuneration to Directors as per the provisions of the Companies Act, 1956.

All the Directors of the Company i.e. Mr. Hemant Luthra, Mr. B. M. Kataria, Mr. R. R. Krishnan, Mr. C. S. Devale, Mr. M. R. Joshi and Mr. Dhananjay Mungale are interested in the above resolution.

**By order of the Board
MAHINDRA COMPOSITES LIMITED**

HEMANT LUTHRA
Chairman

Place : Mumbai
Date : 26th April, 2011.

DIRECTORS' REPORT

The Directors are pleased to present herewith the Twenty Ninth Annual Report and the Audited Accounts for the year ended 31st March, 2011 of your Company.

1. FINANCIAL RESULTS:

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(Rs. in lacs)	
Gross Income.....	5771.67	4988.38
Profit before Depreciation and Interest.....	545.35	595.81
Interest.....	63.79	72.16
Depreciation.....	106.68	136.85
Profit before Tax.....	374.88	386.80
Provision for Taxation – Current.....	124.00	150.00
– Deferred.....	7.00	(22.00)
– Short provision for earlier years.....	0.52	1.28
	<u>131.52</u>	<u>129.28</u>
Net Profit after tax.....	243.36	257.52
Balance in Profit & Loss Account – B/F.....	825.13	689.60
	<u>1068.49</u>	<u>947.12</u>
Appropriation recommended by the Directors:		
Proposed Dividend.....	88.08	87.77
Income Tax on distributed profit.....	14.29	14.92
Transfer to General Reserve.....	18.25	19.31
Balance in Profit & Loss Account.....	947.86	825.12
	<u>1068.49</u>	<u>947.12</u>

2. OPERATIONS:

Your Company this year had a modest growth of 14%. This is lower than envisaged at the beginning of the year, mainly due to consolidation of infrastructure by net service providers which led to fall in off take of DG sets. You are aware that Company had successfully developed a NVH product for DG sets.

The Compound business grew marginally by 7%. The Component business showed significant growth of 30% improving the utilisation of resources at both Mangaon and Pune. This demand was driven by the surge in sales of automotive components and that of Electra (which included the beginning of export).

In spite of R & D efforts to develop cost effective formulations, the competitive environment and price pressure in the market place increased the material cost by 0.6%. EBIDTA was further strained by 1.2% due to expenses required, to improve the management bandwidth of the organization, to embrace growth in the future. The decrease in interest and depreciation contributed to reduce the difference in PAT over last year.

The Company is focused on new business development and is closing in on initiatives in various business segments. Share holders have sanctioned the project for manufacturing GRP pipes to be launched into production early next financial year. This project will significantly impact the top and bottom line and give the Company the critical mass required to absorb more initiatives to drive the rapid growth of the organization.

The Company has upgraded its Quality and Sustainability Management Systems and is focused on process improvements to consolidate its position in the existing markets. To enable scalability the locations of Mangaon and Pune have improved connectivity round the clock for online use of ERP.

In January 2011, Mahindra & Mahindra launched a new brand identity spanning all industries, companies and

geographies. The new brand positioning, expressed the word "RISE", expresses a simple group core purpose: "We will challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise."

We at Mahindra Composites also embarked on this journey with a grand ceremony at both our locations. Every body of us pledged to imbibe and propagate the cultural change with "RISE". With focused initiatives at all levels and operation verticals Mahindra Composites family pledges to follow the three brand pillars of "RISE" – accepting no limits, alternative thinking & positive change. In coming years, we believe, Rise to yield strong business results by creating strong relationships and loyalty with customers, providing a clear guide for business decisions and catalyzing ambitious and innovative internal growth.

3. DIVIDEND:

Your Directors recommend a Dividend of Rs.2 per share on 4,404,009 Equity Shares of Rs.10 each.

4. DIRECTORS :

Mr. P. N. Vencatesan resigned as Director of the Company. Your Board wishes to place on record the valuable contribution made by him during his tenure as Director of the Company.

The Board has appointed Mr. Dhananjay Mungale as an Additional Director of the Company on 12th January, 2011. He holds office up to the forthcoming Annual General Meeting. The Company has received notice from member signifying his intention to propose Mr. Dhananjay Mungale as Director of the Company.

Mr. R. R. Krishnan and Mr. Hemant Luthra, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

5. AUDITORS:

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai retire and are eligible for re-appointment.

6. INFORMATION UNDER SECTION 217(1)(e) THE COMPANIES ACT, 1956:

Information required to be disclosed in terms 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 and also forming part of this report is given in the enclosed annexure 'A'.

7. PARTICULARS OF EMPLOYEES:

Information required in terms of Section 217 (2A) of the Companies Act, 1956, read with amended Companies (Particulars of Employees) Rules, 1975 and forming part of this Report is not enclosed as none of the employees is covered under these rules.

8. DIRECTORS RESPONSIBILITY STATEMENT:

Directors hereby state that:

- i. In preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgment 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 or loss of the Company for that year.
- iii. 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.
- iv. The Directors have prepared the annual accounts on a going concern basis.

9. CORPORATE GOVERNANCE:

The Company has obtained a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance. The same is annexed to this Report.

10. COMPLIANCE CERTIFICATE:

As per the requirement of Section 383A of the Companies Act, 1956, a Certificate from a Secretary stating that the Company has complied with all the provisions of this Act is attached to this report.

11. RIGHTS ISSUE / PIPE PROJECT:

The Company is in process of setting up a GRP Pipes manufacturing Facility at the existing factory site at Mangaon.

To part finance the Capital expenditure it is proposed to issue Equity Shares of Rs.10 each on Rights Basis to the existing shareholders of the Company for an amount not exceeding Rs.15 Crores.

12. STOCK OPTIONS:

The Remuneration / Compensation Committee of the Board of Directors of the Company ("the Committee") has allotted 14,082 equity shares to the permanent employees and 1,666 equity shares to non-executive Directors of the Company under Employee's Stock Options Scheme. The Remuneration / Compensation Committee of your Company have not granted any Stock Options to the employees during the year under review.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure 1 to this Report.

13. ENVIRONMENT & HEALTH:

The Company has participated whole heartedly in Systech's initiative for Safety, Sustainability and Corporate Social Responsibility. The Company is working closely to obtain certifications of ISO 14000 and OHSAS 18000 and involve all stake holders to promote the cause of protecting the environment and health.

14. INDUSTRIAL RELATIONS:

During the year under review industrial relations remained satisfactory.

FOR AND ON BEHALF OF THE BOARD

HEMANT LUTHRA
Chairman

Place : Mumbai
Date : 26th April, 2011.

ANNEXURE “A” TO THE DIRECTORS’ REPORT

Particulars as per the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors’ Report.

COMPOUND MANUFACTURING:

1. Liquid handling pumps commissioned for handling of Polyester Resins to run DMC & SMC manufacturing simultaneously.
2. Automated Check Weighing system under development for use in F-12.
3. Metal detection machine commissioned to screen DMC packets prior to packing & shipment.
4. Vibratory sieving system commissioned to make powdered materials free from external impurities.

A. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Mahindra Composites Innovation Center has successfully completed the development of medical equipment covers of two models for a leading global OEM. The supplies will start in the month of June.
2. The Innovation Center is evaluating various new composite manufacturing processes to be adopted for automotive applications.
3. Expenditure on R & D:

	2010–2011	2009–2010
	Rupees in lacs	Rupees in lacs
(a) Capital.....	Nil	Nil
(b) Recurring.....	23.07	22.59
Total.....	23.07	22.59
Total R&D Expenditure as % of Total turnover.....	0.44%	0.49%

B. FOREIGN EXCHANGE EARNINGS & OUTGO:

Total foreign Exchange Earnings & Outgo:

	2010–2011	2009–2010
	Rupees in lacs	Rupees in lacs
Earnings.....	301.90	395.29
Outgo.....	842.12	785.33

FOR AND ON BEHALF OF THE BOARD

HEMANT LUTHRA
Chairman

Place : Mumbai
Date : 26th April, 2011.

ANNEXURE “1” TO THE DIRECTORS’ REPORT

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

(a) Options granted.....	: 90,000
(b) The pricing formula	: Exercise Price of Rs. 47.40 is calculated at a discount not higher than 15% of the average of the daily high and low of the price for the Company's equity shares quoted on the Bombay Stock Exchange Ltd. during the 15 days preceding the Grant of the Options.
(c) Options vested	: 30,003
(d) Options exercised	: 15,748
(e) The total number of shares arising as a result of exercise of option	: 15,748
(f) Options lapsed	: Nil
(g) Variation of terms of options.....	: Nil
(h) Money realized by exercise of options.....	: Rs. 7,46,455.20
(i) Total number of options in force.....	: 90,000
(j) Employee-wise details of options granted to:	
(i) Senior managerial personnel	: As per list attached.
(ii) Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year.....	: None
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant.....	: None
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	: Rs. 5.50
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by Rs. 2.03 lacs, profit after tax would have been lower by Rs. 2.03 lacs & both the basic and diluted earning per share would have been lower by Rs. 0.05.
Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	–
A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	:
(i) Risk free interest rate	–
(ii) Expected life.....	–
(iii) Expected volatility.....	–
(iv) Expected dividends, and	–
(v) the price of the underlying share in market at the time of option grant.....	–

During the year the Company has not granted any options to employees or senior managerial persons.

STATEMENT ATTACHED TO ANNEXURE “1” TO THE DIRECTORS’ REPORT

Statement attached to Annexure 1 to the Directors Report for the year ended 31st March, 2011.

Name of the Senior Management Persons of the Company to whom Stock Options have been granted	Number of Options granted in 2009-10
Mr. B. M. Kataria	2,500
Mr. R. R. Krishnan.....	2,500
Mr. P. N. Vencatesan *.....	2,500
Mr. C. S. Devale.....	2,500
Mr. M. R. Joshi	2,500

* ceased to be director of the Company.

MANAGEMENT DISCUSSION & ANALYSIS – F11

F11 saw moderate growth in top line which came from the existing electrical and automotive business. The bottom line erosion is attributed to competitive price pressure in the markets of the existing business, non realisation of high margin new business and investments necessary to change the management bandwidth to enable growth in the future. The managements' effort led to commitment to invest, by Mahindra & Mahindra. This project will double the top line in F13 and significantly improve the bottom line. The Company improved its score on Quality, Sustainability, Customer Appraisal and Employee Engagement.

INNOVATION & TECHNOLOGY DEVELOPMENT:

The team of design and tooling engineers at the innovation centre has been engaged in developing new products and technologies. The team bagged two ICERP-JEC INNOVATION AWARDS this year at the bi-annual Indian Composite Industry symposium in Mumbai. The Seamless Carbon Fibre Wind Mill Blade bagged the innovation award in the Industrial and Chemical Category while the Battery Box for Electrical bagged the innovation award in the Transportation Category. The Seamless Wind Mill Blade made in Carbon Fibre has been successfully launched into production. This development has opened up new avenues in the Wind Energy Segment.

The exterior body panels developed by our engineers for Mahindra Defense were instrumental in establishing our credentials to attract new business for exterior body panels for the Mahindra Construction Equipment, Volvo and most recently for the Mahindra Navistar Automotive Ltd. Business with these customers will commence in F12.

The team has also developed low cost high quality injection molding DMC as a substitute for import to win market share from foreign manufacturers. This DMC is used for molding Head Lamps for Automotive applications. Efforts are on to develop low density compounds for the automotive industry.

Our engineers along with those of our reputed associates are engaged in R & D projects with leading OEMs in the electrical & automotive industry to develop state of the art technology. These efforts will bring in new business in the near future.

OPPORTUNITIES AND THREATS:

Your Company continues to face the threat of lack of technological prowess, especially in the automotive field. Efforts are on to collaborate with foreign manufacturers to usher in state of the art technology for the light weighting initiative in the automotive industry. The available capacity on the 2000 T Press has helped to get the business for large parts from VOLVO.

The threat from new competitors in the SMC / DMC markets with the latest manufacturing know how continues and so our efforts to improve our manufacturing process. We have also invested in low cost automation to increase reliability and consistency in our supplies.

The leading electrical manufacturers have projected good sales of switch gear for circuit breakers in F12 and there is good opportunity for the compound business.

The growth of infrastructure projects like power distribution and water transportation provide an opportunity to increase our sales of 'electra' and invest in manufacturing pipes.

STRATEGY:

We will continue to consolidate our business in the Electrical Industry by improving our manufacturing efficiency and product reliability.

Wind Energy, Construction and the Fluid Transportation segments are growing rapidly and we will invest in technology to launch products in each of these segments.

The exterior body panel business for the automotive industry is a good platform for growth and we will leverage our expertise to grow in this business.

In the F11 assessment of DNV and the Mahindra Quality Way, MCL has upgraded its Quality Management Systems and will continue to improve and drive excellence in its internal manufacturing and business processes. With an eye on sustainability we will continue to measure and optimise consumption of resources to stay competitive and promote a green planet.

SEGMENT WISE PERFORMANCE:

Business segments continue to be Compound and Components. Components sales this year will increase due to expected sale of electra and also components on the 2000 T Press. The sale of Wind Mill Blades done in F11 will open up a new market segment.

OUTLOOK F-12:

Your Company has taken up an ambitious target of 25% growth.

Renewed buoyancy in electrical industry gives confidence of achieving the growth budgets in sales of compounds. The demand for components will also boost sales and utilization of press capacity. First quarter demand from all customers is already looking up and is strong. New products like exterior body panels and wind mill parts will also contribute to growth.

The export business which remained low last year is showing signs of recovery. Besides GE, the Company has also exported electra and sees more opportunity in this area in the years ahead. The export of composite junction boxes will see growth in export markets of Europe.

Rain water harvesting system is being rejuvenated to improve its benefit to the plant by reducing water costs at Mangaon plant.

This year will see intense project activity of construction of building and procurement, installation and commission of machinery to launch new product in the fluid transportation segment.

RISKS AND CONCERNS:

Foreign companies are setting up plants in India and this will reduce Imports. However imports and exports being almost equal the risk of volatility in foreign exchange rates w.r.t. US Dollar and Euro is minimal to your Company.

The Company will invest in machinery to grow the business and faces the risk of entering new markets while going on stream with production. The Company will raise finance through equity and long term debt to meet its needs for adding assets to enable growth.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has well documented systems. Internal audits are conducted by parent organisation regularly, and strong knowledge base available from parent company is used to identify gaps and institute necessary procedures, wherever required.

Your Company now has achieved over 99% connectivity for optimized use of its ERP at Mangaon and Pune. This is driving synergy and has given greater control over the business processes. This is an important point as we scale up the business.

HUMAN RESOURCES AND MANAGEMENT SYSTEMS:

The Gallup Survey on employee engagement rated MCL's employee engagement highest amongst all the companies in the Systech Sector. Process of delegation of day to day operations has been strengthened by the joining of a COO reporting to the CEO. The weekly and monthly review system continues.

Your Company continues to implement the Mahindra Annual Planning Cycle which facilitates Senior Management reviews and actions in Operation and Strategy.

Open and transparent communication continues throughout the organisation in the form of daily meetings and regular meetings addressed by the CEO as well as the 'BINDAAS BOL' concept.

Your Directors place on record their appreciation for contributions made by employees at all levels and for cordial relation through out the year.

ON BEHALF OF THE BOARD OF DIRECTORS

Hemant Luthra
Chairman

Place : Mumbai
Date : 26th April, 2011.

MANAGEMENT DISCUSSION & ANALYSIS

(Rs. in lacs)

A) MAJOR HIGHLIGHTS	Year ended		Year ended		Change
	31st March, 2011		31st March, 2010		
Sales & Other Income	5,295.17		4,625.91		14.47%
Operational Profits.....	373.01		383.77		(2.80%)
Profit Before Tax	374.88		386.80		(3.08%)
Return on Capital Employed.....	16.54%		18.64%		(11.27%)
Operating Cash Flow.....	327.58		278.70		17.54%
B) FINANCIAL POSITION AT GLANCE					
Asset (Owned & Leased)					
Fixed Assets (Net).....	955.23		822.14		
Investment.....	—		—		
Current Assets (Net).....	1,311.93		1,253.40		
	<u>2,267.16</u>		<u>2,075.54</u>		
Financed by : Loans	619.85		576.69		
Financed by : Net Worth.....	1,647.31		1,498.86		
	<u>2,267.16</u>		<u>2,075.55</u>		
Represented by : Share Capital.....	440.40		438.83		
Represented by : ESOP Outstanding	11.10		13.46		
Represented by : Retained Earnings	1,195.81		1,046.57		
	<u>1,647.31</u>		<u>1,498.86</u>		
C) DISTRIBUTION OF INCOME					
Material Consumed	3,502.87	66.15%	3,043.09	65.78%	
Employee Cost.....	462.38	8.73%	390.21	8.44%	
Other Expenses.....	784.57	14.82%	596.80	12.90%	
Interest	63.79	1.20%	72.16	1.56%	
Depreciation	106.68	2.01%	136.85	2.96%	
Provision for Taxation.....	131.52	2.48%	129.28	2.79%	
Current.....	124.00	2.34%	150.00	3.24%	
Deferred	7.00	0.13%	(22.00)	(0.48%)	
Short provisions for earlier years.....	0.52	0.01%	1.28	0.03%	
Tax on Dividend	14.29	0.27%	14.91	0.32%	
Dividend	88.08	1.66%	87.77	1.90%	
Retained Earnings	140.99	2.66%	154.84	3.35%	
	<u>5,295.17</u>	<u>100.00%</u>	<u>4,625.91</u>	<u>100.00%</u>	

(Figures of previous year have been regrouped to match the current years basis)

REPORT ON CORPORATE GOVERNANCE

A. MANDATORY REQUIREMENTS

(1) Company's philosophy of Corporate Governance

Mahindra Composites Limited looks on Corporate Governance as a necessary tool for achieving all round business excellence reflected in enhanced shareholder value, without compromising on the needs and interests of other stakeholders. For the Company, the essence of Corporate Governance is to ensure transparency in its business operations.

Recognising that good Corporate Governance begins with Company's own internal policies and practices, your Company is focusing on a wide spectrum of activities, covering various business areas, through a combination of good practices and legal compliance, in a manner that would spell corporate fairness, transparency and accountability, because this is what Corporate Governance is all about.

A report on the implementation of the Code of Corporate Governance introduced by the Securities and Exchange Board of India and incorporated in the Listing Agreement is given below.

(2) Board of Directors

(a) Composition:

The Board of Directors comprises of six Directors, all of whom are Non-Executive Directors.

More than one-third of the Board comprises of the Independent Directors. The Independent Directors have confirmed that they satisfy the criteria for an Independent Director as stipulated in Clause 49 1(A)(iii) of the listing agreement.

The Directors bring to the Board a wide range of experience and skills. The composition of the Board is in conformity with the listing agreement. Independent Directors play a key role in the decision-making process of the Board as they approve the overall strategy of the Company and oversee the performance of management. The Independent Directors are committed to acting in what they believe is in the best interest of the Company and its stakeholders.

(b) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM):

Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance at the last AGM
Mr. Hemant Luthra	Chairman – NED	3	No
Mr. P. N. Vencatesan \$	NED – I	Nil	No
Mr. C. S. Devale	NED	5	Yes
Mr. R. R. Krishnan	NED	3	Yes
Mr. M. R. Joshi	NED – I	5	Yes
Mr. B. M. Kataria	NED – I	5	Yes
Mr. Dhananjay Mungale @	NED – 1	Nil	N.A.

NED – Non-Executive Director

NED – I – Non-Executive Director – Independent

(c) Number of other Companies or Committees the Director of the Company is a Director / Member / Chairman

Name of Director	No. of Directorships in other Boards*	No. of Memberships in other Board Committees#	No. of Chairmanships in other Board Committees#
Mr. Hemant Luthra	14	3	NIL
Mr. P. N. Vencatesan \$	N.A.	N.A.	N.A.
Mr. C. S. Devale	NIL	NIL	NIL
Mr. R. R. Krishnan	1	1	NIL
Mr. M. R. Joshi	NIL	NIL	NIL
Mr. B. M. Kataria	1	1	NIL
Mr. Dhananjay Mungale @	10	7	2

\$ Resigned w.e.f. 23rd July, 2010 @ appointed w.e.f. 12th January, 2011

* Directorships in Foreign Companies and Private Limited Companies are included in the above table.

Memberships in Committees other than Audit Committee / Shareholders' Grievance Committee of all Public Limited Companies and all Committees of Private Limited / Foreign Companies are excluded in the above table.

- (d) Details of Board Meetings held during the year under review.

Sr. No.	Date
1.	29th April, 2010
2.	23rd July, 2010
3.	26th October, 2010
4.	20th January, 2011
5.	14th February, 2011

The Board has met five times in the year with a gap of less than four months between any two meetings.

- (e) Code of Conduct:

The Board has laid down a code of conduct for all Board Members and senior management of the Company. The code of conduct is posted on the website of the Company. The certificate from the CEO confirms compliance with the Code of Conduct by the Directors and Senior Management is enclosed.

(3) **Audit Committee**

- (a) Composition, Number of Meetings and Attendance

Details of Audit Committee Meetings held during the year under review.

Sr. No.	Date
1.	29th April, 2010
2.	23rd July, 2010
3.	26th October, 2010
4.	20th January, 2011

The Audit Committee has met four times in the year with a gap of less than four months between any two meetings.

Sr. No.	Name of Director	Number of Meetings attended
1.	Mr. P. N. Vencatesan (Resigned w.e.f. 23rd July, 2010)	NIL
2.	Mr. C. S. Devale	4
3.	Mr. M. R. Joshi	4
4.	Mr. B. M. Kataria #	4
5.	Mr. Dhananjay Mungale (Appointed w.e.f. 12th January, 2011)	NIL

Chairman

All members of Audit Committee are Non-Executive Directors. Majority of members of the Audit Committee are Independent Directors; Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Internal Auditors and Statutory Auditors are invitees to the meetings. The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee Meeting was not present at the Annual General Meeting held on 23rd July, 2010 as he had resigned. However, the other members of the Committee were present.

- (b) Terms of Reference:

A qualified and independent Audit Committee has been set up. The Chairman of the Audit Committee is an Independent Director. The members of the Audit Committee are financially literate and the Chairman of the Audit Committee has accounting and related financial management expertise.

The Committee recommends to the Board, the appointment or re-appointment of the statutory auditors and the audit fees payable. The Audit Committee and statutory auditors discuss the nature and scope of audit prior to the commencement of the audit and areas of concern, if any, arising post audit. In addition, the Committee approves payment of fees for other services rendered by the statutory auditors.

The responsibility of the Committee is to also review the findings of any internal investigation by the internal auditors in matters relating to suspected fraud or irregularity or failure of internal control systems of material nature and report the same to the Board.

The Committee reviews the reports of the internal and statutory auditors and ensures that adequate follow-up action is taken by the Management on observations and recommendations made by the respective auditors.

(4) Remuneration Committee**(a) Terms of Reference:**

To frame Company's Remuneration Policy on behalf of the Board and on behalf of the shareholders on specific remuneration packages for Directors including pension rights, ESOP and any compensation payment.

(b) Composition:

Members of the Committee are :

Mr. B. M. Kataria – Chairman

Mr. M. R. Joshi

Mr. P. N. Vencatesan (Resigned w.e.f. 23rd July, 2010)

Mr. Dhananjay Mungale (Appointed w.e.f. 12th January, 2011)

A Meeting of Remuneration Committee was held on 26th August, 2010.

(c) Attendance:

All the members of the Committee were present at the Meeting.

(d) Remuneration of Directors:

Presently Company is not having any Executive Director.

(e) The Board of Directors decides the remuneration of Non-Executive Directors, which consists of sitting fees as well as commission based on the net profits of the Company, payable to certain Directors.

Details of Remuneration paid / payable to Non-Executive Directors during the year are as follows:

Name of the Director	Directors' Fees	Commission
Mr. P. N. Vencatesan \$	NIL	NIL
Mr. M. R. Joshi	Rs.11,000/-	Rs.60,000/-
Mr. B. M. Kataria	Rs.11,000/-	Rs.60,000/-
Mr. Dhananjay Mungale @	NIL	NIL

\$ Resigned w.e.f. 23rd July, 2010 @ appointed w.e.f. 12th January, 2011

Employee Stock Option Scheme (ESOS):

During the year Company allotted 14,082 Equity shares to the permanent employees & 1,666 Equity shares to Non-Executive Directors of the Company at the price of Rs.47.40 per share under Employee Stock Option Scheme (ESOS)

The disclosure in respect of ESOS as required under Clause 12.1 of SEBI (Employee Stock Option Scheme and Employee Stock Purchases Scheme) Guidelines, 1999 as amended, have been made in the Directors' Report.

(5) Shareholders' / Investors' Grievance Committee**(a) Composition:**

Members of the Committee are:

Mr. R. R. Krishnan - Chairman

Mr. B. M. Kataria

Mr. C. S. Devale

Mr. P. N. Vencatesan (Resigned w.e.f. 23.07.2010)

A Meeting of Shareholders' / Investors' Grievance Committee was held on 23rd July, 2010.

(b) Compliance Officer:

Mr. Vijayendra Kolambkar – Chief Financial Officer.

(c) Complaints:

Three Complaints were received during the year under review. All these complaints have been resolved.

As on 31st March, 2011 there were no transfers of shares pending for execution.

(6) **General Body Meetings**

(a) Location and time where last three Annual General Meetings were held:

Financial Year	Date	Time	Venue	Any special resolution passed
2007–2008	21st July, 2008	3.30 p.m.	Hotel Panchshill, Chinchwad, Pune –19.	Yes
2008–2009	31st July, 2009	3.30 p.m.	Hotel Panchshill, Chinchwad, Pune –19.	Yes
2009-2010	23rd July, 2010	4.00 p.m.	Hotel Panchshill, Chinchwad, Pune –19.	No

(b) Postal Ballot:

No resolution was required to be passed by means of a postal ballot during the year.

(7) **Disclosures:**

- (a) Mr. C. S. Devala (Non-Executive Director) holds 1,426 fully paid equity shares of Rs.10 each in the capital of the Company. The Company has paid dividend of Rs.1,186 during the year.
- (b) Mr. B. M. Kataria was allotted 833 Equity shares of Rs.10 each under Employee's Stock Option Scheme (ESOS).
- (c) Commission and sitting fees is paid to certain Non-Executive Directors.
- (d) Full disclosures on related party transactions, as per the Accounting Standard 18 referred to in Section 211(3C) of the Companies Act, 1956, is given under Note 19, Schedule XIII of the Annual Accounts.
- (e) Details of non-compliance, penalties and strictures imposed on the Company by the Stock Exchanges / SEBI / Statutory Authorities on matters relating to capital markets during the last three years:

The Company has complied with the requirements of regulatory authorities on capital markets and no penalties / strictures have been imposed against it in the last three years.

(8) **Means of Communication:**

Half-yearly report sent to each household of shareholders.	No, as the results of the Company are published in the Newspapers every quarter.
Quarterly Results published in newspapers	Yes. Indian Express – Pune Edition, Loksatta – Pune Edition
Any website, where results or official news are displayed.	Yes. www.mahindracomposites.com only official news are displayed.
The presentations made to Institutional Investors or to the Analysts	No presentation has been made to Institutional Investors or to the Analysts.
Whether Management Discussion and Analysis is a part of Annual Report or not	Yes

(9) **General Shareholder Information:**

AGM: Date, Time and Venue	29th July, 2011 at Hotel Panchshil, C-32, MIDC, Telco Road, Chinchwad, Pune – 411 019 at 3.00 P.M.
Financial calendar (Tentative)	The financial year under review covers period from 1st April, 2010 to 31st March, 2011. The next financial year would be from 1st April, 2011 to 31st March, 2012. i) First Quarter Results – last week of July ii) Half-yearly Results– last week of October iii) Third Quarter Results– last week of January iv) Results for the year ending 31st March, 2012 – last week of April, 2012.
Date of Book Closure	22nd July, 2011 to 29th July, 2011 (both days inclusive)
Dividend Payment date	1st August, 2011
Listing on Stock Exchanges	Bombay Stock Exchange Limited The Company has paid the listing fees for the year 2010–2011.
Stock Code – Physical	524138 on Bombay Stock Exchange Limited
ISIN Number for NSDL & CDSL	INE219G01015
Market Price Data: High, Low during each month in last financial year	Please see Annexure – A
Stock Performance	Please see Annexure – A

Registrar and Transfer Agents	Sharepro Services (India) Private Limited, 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Saki Naka Telephone Exchange, Andheri- Kurla Road, Saki Naka, Andheri (East), Mumbai – 400 072. Tel. : (022) 6772 0300 / 6772 0400 Fax : (022) 2859 1568 / 2850 8927 E-mail : sharepro@shareproservices.com
Share Transfer System	The share transfers for the period from 1st April 2010 to 31st March, 2011 were processed by Sharepro Services (India) Private Limited. All the share transfers were approved by the Senior Executives of the Company.
Distribution of Shareholding and Share-holding Pattern as on 31st March, 2011	Please see Annexure – B
Dematerialisation of shares and liquidity	92.04% of the Paid-up Capital has been dematerialised as on 31st March, 2011
Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity	Not issued
Plant Locations	The Company's plants are located at Mangaon, District: Raigad & at Pimpri, District: Pune
Address for Correspondence	Mahindra Composites Limited, 145, Off. Mumbai-Pune Road, Pimpri, Pune – 411 018.

B. NON-MANDATORY REQUIREMENTS

(a) Chairman of the Board – Re.: Non-Executive Chairman

Chairman of the Board is a Non-Executive Director. However he does not maintain any office at the Company's expense.

a. Re.: Remuneration Committee :

The Company has formed a Remuneration Committee of three Non-Executive Independent Directors. Chairman of Remuneration Committee was present at the last annual general meeting.

- | | | |
|---|---|--------------|
| b. Shareholders' Rights – Re.: half yearly results | : | Under Review |
| c. Training of Board Members | : | Under Review |
| d. Mechanism for evaluating Non-Executive Board Members | : | Under Review |
| e. Whistle Blower Policy | : | Under Review |
| f. Tenure of Independent Directors | : | Under Review |

ON BEHALF OF THE BOARD OF DIRECTORS

Hemant Luthra
Chairman

Place : Mumbai
Date : 26th April, 2011.

REPORT ON CORPORATE GOVERNANCE

ANNEXURE – A

Market Price Data & Stock Performance

Month/ year	Bombay Stock Exchange		Sensex, Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)	High	Low
April, 2010	91.50	68.00	18,047.86	17,276.80
May, 2010	83.40	68.00	17,536.86	15,960.15
June, 2010	86.70	67.25	17,919.62	16,318.39
July, 2010	96.95	74.00	18,237.56	17,395.58
August, 2010	88.90	77.20	18,475.27	17,819.99
September, 2010	95.00	76.00	20,267.98	18,027.12
October, 2010	95.00	79.00	20,854.55	19,768.96
November, 2010	92.70	70.55	21,108.64	18,954.82
December, 2010	76.95	62.80	20,552.03	19,074.57
January, 2011	75.00	60.10	20,664.80	18,038.48
February, 2011	68.70	51.15	18,690.97	17,295.62
March, 2011	57.95	49.00	19,575.16	17,792.17

REPORT ON CORPORATE GOVERNANCE**ANNEXURE – B****Distribution of shareholding as on 31st March, 2011**

Number of shares held	MEMBERS		SHARES	
	Number	%	Number	%
1 – 500	4,849	88.53	751,119	17.05
501 – 1,000	312	5.70	258,550	5.89
1,001 – 2,000	154	2.81	227,577	5.16
2,001 – 3,000	51	0.93	128,228	2.91
3,001 – 4,000	26	0.48	90,970	2.06
4,001 – 5,000	21	0.38	100,388	2.28
5,001 – 10,000	41	0.75	280,259	6.37
10,001 and above	23	0.42	2,566,918	58.29
Total.....	5,477	100.00	4,404,009	100.00

Shareholding pattern as on 31st March, 2011

Category	No. of members	No. of Shares held	% to the Capital
Indian Promoters	3	1,977,203	44.89
Foreign Promoters	Nil	Nil	Nil
Mutual Funds & UTI	1	2,050	0.05
Banks, Financial Institutions & Insurance Companies	1	1,600	0.04
Foreign Institutional Investors	Nil	Nil	Nil
Private Corporate Bodies	157	166,117	3.77
Indian Public	5,247	2,154,024	48.91
Foreign Nationals / NRIs	68	103,015	2.34
Total.....	5,477	4,404,009	100.00

DISCLOSURES REGARDING CORPORATE GOVERNANCE

Non-Executive Directors:

None of the Non-Executive Directors has any material pecuniary relationship or transaction with the Company.

The Company pays sitting fees of Rs.1,000 per meeting to its Non-Executive Independent Directors (NEIDs) for attending meeting of the Board and other Committees of the Board. The shareholders have at the Annual General Meeting held on 21st July, 2008 of the Company approved of payment of Commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company, if the Company has a Managing Director / Whole-time Director / Manager or 3% of the net profits of the Company in any other case, as computed under the applicable provisions of the Companies Act, 1956. The said commission will be decided each year by the Board of Directors and distributed amongst the NEDs based on their attendance and contribution at Board and certain Committee Meetings, as well as the time spent on operational matters other than at meetings. The Company also reimburses the out-of-pocket expenses by the Directors for attending meetings.

CHIEF EXECUTIVE OFFICER'S CERTIFICATE

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS

AND

SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for all the Board Members and the Senior Management Personnel of the Company. The Code is available on the Company's website.

I confirm that the Company has, in respect of the financial year ended 31st March, 2011, received from all the Board Members and the Senior Management Personnel an affirmation of compliance with the Code.

Ajit Lele
Chief Executive Officer

Place : Mumbai
Date : 26th April, 2011.

COMPLIANCE CERTIFICATE

To,
The Members
MAHINDRA COMPOSITES LIMITED

I have examined the registers, records, books and papers of Mahindra Composites Limited as required to be maintained under the Companies Act, 1956. (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a public limited company, has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 5 times respectively on 29th April, 2010, 23rd July, 2010, 26th October, 2010, 20th January, 2011 and 14th February, 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members, from 16th July, 2010 to 23rd July, 2010 and necessary compliance of Section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31st March, 2010 was held on 23rd July, 2010 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Board of Directors, or duly constituted Committee of Directors has approved the issue of duplicate share certificates
13. The Company has:
 - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act ;
 - (ii) deposited the amount of dividend declared including interim dividend in a separate bank account on 26th July, 2010 which is within five days from the date of declaration of such dividend.
 - (iii) paid / posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account of the Company with HDFC Bank Limited on 16th September, 2010.
 - (iv) transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancies has been duly made.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.

19. The Company has issued 15,748 shares during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from Directors, Members, Public, Financial Institutions, Banks and others during the financial year ending are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened annual general meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees and employers contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

I. U. THAKUR
Company Secretary
C. P. No.: 1402

Place : Pune
Date : 26th April, 2011

ANNEXURES TO COMPLIANCE CERTIFICATE

Annexure A

Registers as maintained by the Company

1. Register of Members – under Section 150
2. Register of Directors – under Section 303
3. Register of Directors' shareholding – under Section 307
4. Minute Books of General Meeting – under Section 193
5. Minute Books of Board Meeting – under Section 193
6. Books of Accounts – under Section 209
7. Register of Charges – under Section 143
8. Register of Contracts – under Section 301
9. Proxy Register

Other Registers

1. Register of Shareholders' Attendance
2. Register of Directors' Attendance
3. Register of Investors Complaints

Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2011.

1. Form No. 66 (Compliance) as on 31st March 2010 filed under Section 383A
2. Form No. 23AC & 23ACA (Annual Report) as on 31st March, 2010 filed under Section 211.
3. Form No. 20B (Annual Return) filed on 21st September, 2010 under Section 159.
4. Form No. 32 filed on 13th August, 2010 under Section 303
5. Form No. 32 filed on 27th January, 2011 under Section 303
6. Form No.1 INV as per Investor Education & Protection Fund Rules 2001

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of
Mahindra Composites Limited

We have examined the compliance with conditions of Corporate Governance by **MAHINDRA COMPOSITES LIMITED** ("the Company") for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

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 the 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 and the representations made by the Management, we certify that the Company has generally 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 **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No.: 42791)

Place : Mumbai
Date : 26th April, 2011.

AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA COMPOSITES LIMITED

To the Members of
Mahindra Composites Limited

1. We have audited the attached Balance Sheet of Mahindra Composites Limited as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) 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.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.117365W)

Z. F. Billimoria
Partner
(Membership No.: 42791)

Place : Mumbai
Date : 26th April, 2011

AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA COMPOSITES LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MAHINDRA COMPOSITES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011.

- (i) Having regard to the nature of the Company's business / activities / result / transactions etc. clauses (x), (xii), (xiii) (xiv), (xv), (xviii) (xix) and (xx) of CARO are not applicable.
- (ii) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a program for physical verification of fixed assets in accordance with which all the fixed assets are covered over a period of three years. As per the said program, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of the assets.
- (c) The fixed assets disposed off during the year are not substantial and hence it has not affected the going concern assumption.
- (iii) (a) Inventories have been physically verified during the year by the management (except for items lying with third parties for which confirmations have been obtained as at the year end). In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us and having regard to the explanation that most of the items purchased are of a special nature and comparable alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have not observed any major weakness in such internal control systems.
- (vi) Based upon the audit procedures performed and according to the information and explanations given to us, during the year there are no contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) The Company has not accepted any deposits from the public to which the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
- (viii) In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company relating to automotive components and accessories manufactured 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 are of the opinion that prima facie the prescribed accounts and records have been maintained. We have however not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to information and explanation given to us, the Central Government has not prescribed the maintenance of cost records for any other products of the Company.
- (x) According to the information and explanations given to us in respect of Statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) Details of the dues of sales tax / income tax / custom duty / wealth tax / service tax / excise duty / cess, which have not been deposited on account of any dispute, are given below:

Nature of the dues	Amounts Involved (dues quantified to the extent not deposited) (Rs.)	Period to which the amount relates	Forum where dispute is pending
--------------------	--	------------------------------------	--------------------------------

Excise Duty	189,106	1999-2000	Assistant Deputy Commissioner of Central Excise, Mahad
Excise Duty	242,078	2009-2010	
Service Tax	207,889	2005-2006	

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. There are no dues to debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by and on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.117365W)

Z. F. Billimoria
Partner
(Membership No.: 42791)

Place : Mumbai
Date : 26th April, 2011

BALANCE SHEET AS AT 31st MARCH, 2011

	Schedule	Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
I. SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share capital	I	44,040,090		43,882,610
Employee stock options outstanding		1,110,067		1,345,500
Reserves and surplus.....	II	119,580,786		104,657,408
			164,730,943	149,885,518
LOAN FUNDS				
Secured loans	III		59,285,005	55,668,524
DEFERRED TAX BALANCE (NET)				
Deferred tax liability		6,600,000		6,200,000
Less : Deferred tax asset.....		3,900,000		4,200,000
			2,700,000	2,000,000
Total.....			226,715,948	207,554,042
II. APPLICATION OF FUNDS				
FIXED ASSETS				
Gross block		187,171,610		161,880,690
Less : Depreciation / amortisation		95,106,860		84,439,157
Net block	IV	92,064,750		77,441,533
Capital work-in-progress.....		1,778,044		-
Capital advances.....		1,679,934		4,772,381
			95,522,728	82,213,914
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories.....	V	40,150,435		41,735,765
Sundry debtors		149,884,769		132,191,271
Cash and bank balances		6,761,719		8,915,676
Loans and advances		25,464,228		18,521,211
		222,261,151		201,363,923
Less : CURRENT LIABILITIES AND PROVISIONS				
Current liabilities	VI	74,273,527		58,209,803
Provisions		16,794,404		17,813,992
		91,067,931		76,023,795
NET CURRENT ASSETS			131,193,220	125,340,128
Total.....			226,715,948	207,554,042
NOTES TO THE ACCOUNTS	XIII			

As per our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Z. F. Billimoria
Partner

Place : Mumbai

Date : 26th April, 2011.

Hemant Luthra
C. S. Devale
M. R. Joshi
B. M. Kataria
D. N. Mungale

Chairman

Directors

Place : Mumbai

Date : 26th April, 2011.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Year ended
31st
Year ended 31st
March,

	Schedule	Rupees	March, 2011 Rupees	2010 Rupees
SALES & SERVICES – GROSS		569,439,969		496,212,355
Less : Excise duty		47,649,857		36,246,527
SALES & SERVICES – NET		521,790,112		459,965,828
OTHER INCOME	VII	7,726,868		2,625,466
			529,516,980	462,591,294
EXPENDITURE				
Consumption of raw materials & components	VIII	351,768,661		309,709,776
Increase in stocks of finished goods & work-in-progress.....	IX	(1,482,143)		(5,400,512)
Personnel expenses.....	X	46,237,937		39,020,449
Other expenses.....	XI	78,457,367		59,679,971
Depreciation / amortisation.....	IV	10,667,703		13,685,123
Interest.....	XII	6,379,242		7,216,287
			492,028,767	423,911,094
PROFIT BEFORE TAX			37,488,213	38,680,200
Provision for taxation:				
Current.....		12,400,000		15,000,000
Deferred.....		700,000		(2,200,000)
Short provision for earlier years.....		52,344		128,280
			13,152,344	12,928,280
PROFIT AFTER TAXATION			24,335,869	25,751,920
Balance brought forward			82,512,649	68,960,215
PROFIT AVAILABLE FOR APPROPRIATIONS			106,848,518	94,712,135
Appropriations :				
Proposed dividend.....			8,808,018	8,776,522
Tax on proposed dividend			1,428,881	1,491,570
Transfer to general reserve			1,825,191	1,931,394
BALANCE CARRIED TO BALANCE SHEET			94,786,428	82,512,649
			106,848,518	94,712,135
Earnings per equity share (nominal value per share Rs.10/-) (See Note 22)				
Basic.....			5.53	5.87
Diluted.....			5.50	5.83
NOTES TO THE ACCOUNTS	XIII			

As per our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Z. F. Billimoria
Partner

Place : Mumbai
Date : 26th April, 2011.

Hemant Luthra
C. S. Devale
M. R. Joshi
B. M. Kataria
D. N. Mungale

Chairman

Directors

Place : Mumbai
Date : 26th April, 2011.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

PARTICULARS	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax.....		37,488,213		38,680,200
Add / (less) : Depreciation / amortisation.....	10,667,703		13,685,123	
Interest expenses.....	6,379,242		7,216,287	
Loss / (profit) on sale of fixed assets.....	–		(86,448)	
Interest income.....	(187,379)		(302,638)	
Unrealised exchange loss / (gain) on post shipment export credit.....	(75,210)		36,967	
Provision for employee benefits.....	853,486		3,157,710	
		<u>17,637,842</u>		<u>23,707,001</u>
Operating profit before working capital changes.....		55,126,055		62,387,201
Adjustment for				
Trade and other receivables.....	(17,693,498)		(10,597,119)	
Inventories.....	1,585,330		(6,959,029)	
Loans and advances.....	(4,357,401)		3,756,349	
Trade payables.....	14,977,494		(7,559,628)	
		<u>(5,488,075)</u>		<u>(21,359,427)</u>
Cash flow from operations.....		49,637,980		41,027,774
Taxes paid.....		(16,879,841)		(13,158,119)
NET CASH FLOW FROM OPERATING ACTIVITIES.....		<u>32,758,139</u>		<u>27,869,655</u>
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including net capital advances/ payables).....	(22,988,019)		(16,521,331)	
Sale of fixed assets.....	–		240,334	
Fixed deposit with bank withdrawn / (placed) (under lien).....	4,893,092		(2,222,757)	
Interest received.....	187,379		302,638	
NET CASH USED IN INVESTING ACTIVITIES.....		<u>(17,907,548)</u>		<u>(18,201,116)</u>
		<u>14,850,591</u>		<u>9,668,539</u>
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings.....	11,466,427		2,170,000	
Repayment of long term borrowings.....	(1,948,156)		(779,947)	
(Repayment) / proceeds of short term borrowings (net).....	(5,826,580)		3,736,173	
Issue of share capital.....	746,455		–	
Interest paid.....	(6,324,166)		(7,189,835)	
Dividend paid (including tax on distributed profits).....	(10,225,436)		(10,113,733)	
NET CASH USED IN FROM FINANCING ACTIVITIES.....		<u>(12,111,456)</u>		<u>(12,177,342)</u>
D. NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS.....		<u>2,739,135</u>		<u>(2,508,803)</u>
CASH AND CASH EQUIVALENTS (See Note):				
Opening balance.....		3,965,486		6,474,289
Closing balance.....		<u>6,704,621</u>		<u>3,965,486</u>
		<u>2,739,135</u>		<u>(2,508,803)</u>

Note : Cash and cash equivalents comprise of:

	As at 31st March,		
	2011	2010	2009
Cash on hand.....	14,356	47,286	3,636
Balances with scheduled banks : in current account.....	5,444,381	2,714,950	5,422,884
: in dividend account (restricted).....	1,245,884	1,203,250	1,047,769
	<u>6,704,621</u>	<u>3,965,486</u>	<u>6,474,289</u>

As per our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Z. F. Billimoria
Partner

Place : Mumbai
Date : 26th April, 2011.

Hemant Luthra
C. S. Devale
M. R. Joshi
B. M. Kataria
D. N. Mungale

Chairman

Directors

Place : Mumbai
Date : 26th April, 2011.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st March, 2011

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
SCHEDULE I – SHARE CAPITAL		
Authorised (See Note 2)		
5,000,000 (Previous Year 5,000,000) equity shares of Rs. 10 each.....	50,000,000	50,000,000
Issued		
4,405,059 (Previous Year : 4,389,311) equity shares of Rs. 10 each.....	44,050,590	43,893,110
Subscribed (See Note 2 & 23)		
4,404,009 (Previous Year : 4,388,261) equity shares of Rs.10 each fully paid (excluding 1,050 shares not allotted but held in abeyance)	44,040,090	43,882,610
SCHEDULE II – RESERVES AND SURPLUS		
General Reserve		
Balance as per last balance sheet	19,644,759	17,713,365
Add : Transferred from profit and loss account	1,825,191	1,931,394
	21,469,950	19,644,759
Capital Reserve (Subsidy)		
Balance as per last balance sheet	2,500,000	2,500,000
Share Premium Account	824,408	–
Balance in Profit and Loss Account	94,786,428	82,512,649
	119,580,786	104,657,408
SCHEDULE III – SECURED LOANS		
From Banks:		
Loan secured by hypothecation of vehicles purchased out of the said loan	2,681,506	2,181,648
Loan secured by hypothecation of equipments purchased out of the said loan.....	10,205,404	1,075,450
Working capital demand loan, cash credit and post shipment export credit (secured by hypothecation of movable assets including stocks and book debts)	46,248,023	52,149,813
From other than Banks:		
Loan secured by hypothecation of vehicles purchased out of the said loan	150,072	261,613
	59,285,005	55,668,524
SCHEDULE IV – FIXED ASSETS		

(Rupees)

Twenty-ninth Annual Report – 2010–11

Description	COST			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31st March, 2010	Additions during the year	Deduc- tions during the year	As at 31st March, 2011	As at 31st March, 2010	For the year	On Deduc- tions	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
TANGIBLE ASSETS										
Leasehold land	318,463	–	–	318,463	82,048	3,376	–	85,424	233,039	236,415
Buildings	20,025,789	4,148,710	–	24,174,499	6,762,462	706,473	–	7,468,935	16,705,564	13,263,327
Plant and machinery	106,174,142	19,031,354	–	125,205,496	69,005,293	6,889,010	–	75,894,303	49,311,193	37,168,849
Furniture and fixtures	5,058,827	176,103	–	5,234,930	2,795,695	250,217	–	3,045,912	2,189,018	2,263,132
Vehicles	4,602,202	1,934,753	–	6,536,955	677,348	1,143,092	–	1,820,440	4,716,515	3,924,854
Improvements to leased premises ..	24,589,381	–	–	24,589,381	4,157,525	1,628,311	–	5,785,836	18,803,545	20,431,856
INTANGIBLE ASSETS (Other than internally generated)										
Software.....	1,111,886	–	–	1,111,886	958,786	47,224	–	1,006,010	105,876	153,100
Total.....	161,880,690	25,290,920	–	187,171,610	84,439,157	10,667,703	–	95,106,860	92,064,750	77,441,533
<i>Previous Year.....</i>	<i>148,249,157</i>	<i>15,182,355</i>	<i>1,550,822</i>	<i>161,880,690</i>	<i>72,150,970</i>	<i>13,685,123</i>	<i>1,396,936</i>	<i>84,439,157</i>	<i>77,441,533</i>	

	Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
SCHEDULE V – CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES			
Stores and spares	1,115,142		209,932
Raw materials & components	19,058,104		22,958,546
Work-in-progress	16,096,847		14,714,607
Finished goods	3,264,665		3,164,762
Packing materials	615,677		687,918
		40,150,435	41,735,765
SUNDRY DEBTORS			
(Unsecured, considered good unless otherwise stated)			
(a) Debts outstanding for a period exceeding six months			
Considered good	1,783,343		14,728,057
Considered doubtful.....	3,527,223		7,388,974
		5,310,566	22,117,031
(b) Other debts			
Considered good		148,101,426	117,463,214
		153,411,992	139,580,245
Less : Provision for doubtful debts		3,527,223	7,388,974
		149,884,769	132,191,271
CASH AND BANK BALANCES			
Cash on hand	14,356		47,286
Balance with scheduled banks			
on current account.....	5,444,381		2,714,950
on dividend account.....	1,245,884		1,203,250
on deposit account [including Rs. 57,098 (Previous Year Rs. 4,950,190) under lien].....	57,098		4,950,190
		6,761,719	8,915,676
LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
(a) Loans and advances / deposits with companies			
Considered good	–		–
Considered doubtful.....	1,880,000		1,880,000
	1,880,000		1,880,000
Less : Provision for doubtful advance	1,880,000		1,880,000
		–	–
(b) Advances recoverable in cash or in kind or for value to be received.....	13,692,214		7,796,169
(c) Taxes paid in advance less provisions (current tax)	6,525,382		4,039,766
(d) Taxes paid in advance less provisions (fringe benefit tax)	86,012		86,012
(e) Balance with excise authorities	5,160,620		6,599,264
		25,464,228	18,521,211
		222,261,151	201,363,923
	Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees

SCHEDULE VI – CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Sundry creditors (See Note 17)

Total outstanding dues of micro enterprises and small enterprises.....	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises.....	66,291,588	<i>51,408,352</i>
	66,291,588	<i>51,408,352</i>
Other liabilities.....	4,602,407	<i>3,994,726</i>
Advances from customers.....	2,053,220	<i>1,578,145</i>
Unclaimed dividends*.....	1,244,784	<i>1,202,128</i>
Interest accrued but not due on loans.....	81,528	<i>26,452</i>
	74,273,527	<i>58,209,803</i>

Provisions

Compensated absences.....	4,406,205	<i>3,500,858</i>
Tax provision less payments (current tax).....	–	<i>1,841,881</i>
Provision for gratuity.....	2,151,300	<i>2,203,161</i>
Proposed dividend.....	8,808,018	<i>8,776,522</i>
Tax on proposed dividend.....	1,428,881	<i>1,491,570</i>
	16,794,404	<i>17,813,992</i>
	91,067,931	<i>76,023,795</i>

* There are no amounts which are due and payable to the Investor Education & Protection Fund.

	Rupees	Year ended 31st March, 2011 Rupees	Year ended 31st March, 2010 Rupees
SCHEDULE VII – OTHER INCOME			
Interest received on deposits [Tax deducted at source of Rs. 18,739 (Previous Year Rs. 58,119)]		187,379	302,638
Sale of scrap		1,654,591	1,679,609
Profit on sale of assets		–	86,448
Exchange gain (net)		98,598	159,564
Sundry provisions no longer required written back.....		3,861,751	–
Miscellaneous income		1,924,549	397,207
		7,726,868	2,625,466
SCHEDULE VIII – CONSUMPTION OF RAW MATERIALS AND COMPONENTS			
Opening stock of raw materials and components	22,958,546		20,375,864
Add : Purchases [including processing charges Rs. 18,154,530 (Previous Year Rs. 12,779,623)].....	347,868,219		312,292,458
	370,826,765		332,668,322
Less : Closing stock of raw materials and components	19,058,104		22,958,546
		351,768,661	309,709,776
SCHEDULE IX – (INCREASE)/DECREASE IN STOCKS OF FINISHED GOODS & WORK-IN-PROGRESS			
Opening stock:			
(i) Finished goods	3,164,762		3,097,934
(ii) Work-in-progress	14,714,607		9,380,923
		17,879,369	12,478,857
Closing stock:			
(i) Finished goods	3,264,665		3,164,762
(ii) Work-in-progress	16,096,847		14,714,607
		19,361,512	17,879,369
		(1,482,143)	(5,400,512)
SCHEDULE X – PERSONNEL EXPENSES			
Salaries, wages and bonus [including deputation charges Rs.3,955,633 (Previous Year Rs. 3,810,055)]		39,848,902	32,469,790
Contribution to provident and other funds		4,055,943	4,849,807
Staff welfare expenses [net of recoveries Rs. 195,295 (Previous Year Rs. 155,999)]		2,333,092	1,700,852
		46,237,937	39,020,449

	Year ended 31st March, 2011 Rupees	Year ended 31st March, 2010 Rupees
SCHEDULE XI – OTHER EXPENSES		
Stores and spares consumed	8,991,555	6,694,633
Power and fuel.....	9,506,194	8,573,997
Rent [net of recoveries Rs. 80,200 (<i>Previous Year Rs. 73,200</i>)].....	3,358,334	3,236,849
Rates and taxes.....	650,564	613,136
Excise duty:		
Relating to increase / (decrease) in finished goods stock	26,535	163,905
Others	1,295,625	872,944
	1,322,160	1,036,849
Insurance	972,590	544,820
Repairs and maintenance:		
Buildings.....	717,292	123,481
Machinery (See Note 13).....	3,299,643	3,258,470
Others	6,341,190	5,773,196
	10,358,125	9,155,147
Auditor's remuneration:		
Audit fees	500,000	500,000
Fees for other services	400,000	325,000
Out of pocket expenses reimbursed	26,562	18,674
	926,562	843,674
Professional charges	8,996,022	2,276,056
Directors' sitting fees.....	22,000	21,000
Commission to non whole-time directors	120,000	180,000
Packing and forwarding [net of recoveries Rs. 5,965,647 (<i>Previous Year Rs. 5,410,255</i>)]	17,514,975	15,852,392
Traveling and conveyance	5,185,270	3,902,382
Provision for doubtful debts and advances	–	751,103
Bad debt written off.....	2,390,443	–
Miscellaneous expenses.....	8,142,573	5,997,933
	78,457,367	59,679,971
SCHEDULE XII – INTEREST		
On fixed period loans.....	1,219,861	345,201
On other than fixed period loans.....	5,159,381	6,871,086
	6,379,242	7,216,287

SCHEDULE XIII – NOTES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial statements have been prepared under the historical cost convention, on an accrual basis and are in compliance with the Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006. The preparation of the accounts requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including the contingent liabilities) and the reported income and expenses during the reporting period. The management believes that the estimates used in preparation of accounts are prudent and reasonable. The actual results could differ from the estimates.

(b) FIXED ASSETS / INTANGIBLES AND DEPRECIATION / AMORTISATION

- i) Fixed assets are stated at cost of acquisition or construction less depreciation / amortisation. Cost comprises the purchase price and other attributable costs.
- ii) a) Depreciation on tangible fixed assets is provided for on the straight line method at the rates and in the manner laid down in Schedule XIV to the Companies Act, 1956 except for the following:
 - Moulds are depreciated at 33.33% of cost;
 - Vehicles are depreciated at 20% of cost;
 - Assets costing below Rs. 5,000 each are fully depreciated in the year of purchase.
- b) Leasehold land is amortised over the period of lease. Improvements to leased premises are amortised over the period of occupation of premises.
- c) Software is capitalised at the cost of acquisition and amortised on a straight line basis over four years. Any such expenditure on maintenance is charged off.

(c) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. In determining the cost of inventories the weighted average method is used. Cost of work-in-progress and finished goods include material cost, labour and factory overheads on the basis of full absorption costing.

(d) REVENUE RECOGNITION

Sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyers. Interest income is recognised on time proportion as such and there is no uncertainty in the realisation.

(e) EMPLOYEE BENEFITS

Employee benefits include gratuity, superannuation & provident fund and compensated absences benefits under the approved schemes of the Company. In respect of defined contribution plans, the contribution payable is charged to the profit and loss account. In respect of gratuity and compensated absences benefit, the employee benefit cost is accounted for, based on an independent actuarial valuation obtained as at the Balance Sheet date. Actuarial gains and losses are recognised in the profit & loss account.

(f) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities are translated at year end exchange rates and the profit / loss so determined and also the realised exchange gains / losses are recognised in the profit and loss account.

(g) GOVERNMENT GRANTS

Government grants of the nature of promoters' contribution are credited to capital reserve.

(h) TAXES ON INCOME

Tax expense for the year is included in the determination of the net profit for the year. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax in respect of unabsorbed depreciation and carried forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realise such assets.

(i) **BORROWING COST**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

2. The shareholders of the company at the extra-ordinary general meeting held on 19th April, 2011 have approved the increase in the authorised share capital to Rs.15 crores. Further, at the said meeting, the shareholders have also approved a rights issue upto Rs.10 crores on such terms as may be approved by the board of directors.

	2010–2011	<i>2009–2010</i>
	Rupees	<i>Rupees</i>
3. Contingent liabilities not provided for:		
(a) Show cause cum demand notice received from excise authorities disputed by the company (the cash outflow would depend upon the final resolution of the matter by the excise authorities.).....	639,073	<i>189,106</i>
(b) Unexpired letter of credit (these are established in favour of vendors but cargo / material under aforesaid letter of credit are yet to be received as on year end date. Cash outflow expected on the basis of payment terms as mentioned in letter of credit)..	6,676,356	–
(c) Bank guarantees (bank guarantees are provided under contractual / legal obligation. No cash outflow is expected).....	301,880	–
4. Under the Export Promotion Capital Goods Scheme (EPCG), the company has imported capital goods / spares thereof on payment of concessional custom duty. This concession is subject to the company fulfilling the export obligation of USD 99,098 which is to be met within a period of 8 years. The company has fulfilled the export obligations but the procedural formalities of closing the license and retrieving the bank guarantee is pending.		
	2010–2011	<i>2009–2010</i>
	Rupees	<i>Rupees</i>
5. Estimated amount on contracts remaining to be executed on capital account and not provided for (net of advances)	1,994,386	<i>14,438,793</i>

6. Particulars of raw materials and bought-out components consumed

	Unit	2010–2011		<i>2009–2010</i>	
		Quantity	Value Rupees	<i>Quantity</i>	<i>Value Rupees</i>
Thermo-plastics	Kgs	272,671	28,277,925	<i>269,544</i>	<i>27,548,524</i>
Reinforcements	Kgs	884,678	66,347,288	<i>858,515</i>	<i>63,110,485</i>
Fillers	Kgs	1,982,909	47,401,562	<i>1,878,208</i>	<i>41,469,812</i>
Pigments	Kgs	91,802	18,839,837	<i>86,773</i>	<i>17,728,039</i>
Resin	Kgs	889,297	94,908,661	<i>821,265</i>	<i>81,838,402</i>
Others			95,993,388		<i>78,014,514</i>
			351,768,661		<i>309,709,776</i>

Notes:

- (a) The consumption has been arrived at by adding to the opening stocks, the purchases during the year and deducting there from the closing stocks and therefore includes the excesses / shortages on physical count, write off of obsolete items, etc.
- (b) The consumption in value shown in 'others' is a balancing figure based on the total consumption shown in the profit and loss account.

7. Value of imported and indigenous raw materials, bought-out components and spare parts consumed:

Raw materials and bought-out components

	2010-2011		2009-2010	
	Rupees	Percentage	Rupees	Percentage
Imported.....	100,410,153	28.54%	93,436,163	30.17%
Indigenously obtained.....	251,358,508	71.46%	216,273,613	69.83%
	351,768,661	100.00%	309,709,776	100.00%

Note: In giving the above information, the company has taken the view that spares and components as referred to in clause 4D(c) of Part II of Schedule VI covers only such items as go directly on to production.

	2010-2011 Rupees	2009-2010 Rupees
8. C.I.F. value of imports:		
Raw materials.....	82,631,767	78,191,808
Machinery spares	937,456	341,535
Capital goods	642,720	—
9. Earnings in foreign exchange		
F.O.B. value of exports.....	30,189,759	39,529,229
10. Managerial remuneration under Section 198 of the Companies Act, 1956 to the directors:		
Directors' sitting fees.....	22,000	21,000
Commission to non-whole time directors	120,000	180,000
Total.....	142,000	201,000
11. Computation of net profit under Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956:		
Net profit before taxation as per profit and loss account	37,488,213	38,680,200
Add : Managerial remuneration including directors' fees and commission.....	142,000	201,000
: Provision for doubtful debts and advances (net).....	—	751,103
	37,630,213	39,632,303
Less : Provision for doubtful debts and advances written back (net).....	(3,861,751)	—
	33,768,462	39,632,303
Commission payable to non whole time directors : @ 3%	1,013,054	1,188,969
Restricted to a sum determined by the board of directors.....	120,000	180,000
12. Research and development expenses amounting to Rs. 2,307,402 (<i>Previous Year : Rs. 2,259,096</i>) debited to the profit and loss account, based on allocations made and costs estimated by the company and relied upon by the auditors.		
13. Repairs to machinery include spare parts consumed Rs. 2,312,293 (<i>Previous Year : Rs.1,412,900</i>).		
	2010-2011 Rupees	2009-2010 Rupees
14. Expenditure in foreign currency : Travelling expenses	1,939,754	1,429,918
: Professional fees.....	—	103,672

15. Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employee Benefits are as follows:

(A) Defined contribution plan

Amount recognized as an expense in the profit & loss account in respect of defined contribution plan is as under:

Particulars	31st March, 2011	31st March, 2010
	Rupees	Rupees
a) Provident fund	1,278,916	889,845
b) Family pension fund.....	700,727	624,425
c) Employee deposit linked insurance.....	42,113	37,534
d) Maharashtra labour welfare fund.....	6,948	5,778
e) Employee state insurance	74,405	17,869
f) Superannuation fund	994,172	770,490
Total.....	3,097,281	2,345,941

(B) Defined benefit plan

Defined benefit plan comprises of gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of continuous service.

Amount in Rupees

Particulars	Gratuity (Funded)	
	31st March, 2011	31st March, 2010

(C) Changes in the present value of defined benefit obligations representing reconciliation of opening and closing balances thereof are as follows :

Present value of defined benefit obligation as on 1st April	7,251,738	4,776,842
Current service cost	677,676	403,589
Interest cost.....	651,362	388,955
Actuarial losses	212,853	1,682,352
Liabilities extinguished on settlements.....	–	–
Losses / (gains) on curtailment.....	–	–
Benefits paid.....	(30,000)	–
Past service cost	–	–
Present value of defined benefit obligation at the end of the year	8,763,629	7,251,738

(D) Changes in fair value of plan assets representing reconciliation of opening & closing balances thereof are as follows:

Fair value of plan assets as at 1 st April,	5,048,577	4,702,803
Expected return on plan assets	391,268	419,571
Actuarial gains / (losses)	370,429	(451,525)
Contributions by employer	832,055	377,728
Benefits paid.....	(30,000)	–
Fair value of plan assets as on 31st March,	6,612,329	5,048,577

(E) Analysis of defined benefit obligation:

Defined benefit obligation as at 31st March,	8,763,629	7,251,738
Fair value of plan assets at the end of period	6,612,329	5,048,577
Net liability recognized in the balance sheet	2,151,300	2,203,161

Particulars	Amount in Rupees	
	Gratuity (Funded)	
	31st March, 2011	31st March, 2010
(F) Reconciliation of present value of defined benefit obligation and fair value of plan asset showing amount recognized in the balance sheet:		
Present value of defined benefit obligation	8,763,629	7,251,738
Fair value of plan assets	6,612,329	5,048,577
Funded status (deficit)	(2,151,300)	(2,203,161)
Unrecognised past service cost	–	–
Net liability recognized in the balance sheet	(2,151,300)	(2,203,161)
(G) Components of employers expense recognized in the statement of profit and loss account		
Current service cost.....	677,676	403,589
Interest cost.....	651,362	388,955
Expected return on plan assets	(391,268)	(419,571)
Actuarial (gains) / Losses	(157,576)	3,087,958
Past service cost	–	–
Settlement cost.....	–	(44,618)
Total expense	780,194	3,416,313
(H) In respect of funded benefits with respect to gratuity, the fair value of plan assets represents the amounts invested through "Insurer Managed Funds". However, the nature of assets is not provided by the Insurance company.		
(I) Principal actuarial assumptions : Discount rate (%).....	8.30 p.a.	8.30 p.a.
: Expected rate of return on plan assets (%)	7.50 p.a.	7.50 p.a.
: Salary escalation rate (%).....	8.00 p.a.	8.00 p.a.
(J) Contributions expected to be paid to the plan during the next financial year Rs. 1,740,000 (Previous Year Rs. 800,000)		
(K) Other disclosure :		

Particulars	31st March,				
	2011	2010	2009	2008	2007
1. Experience adjustment on plan liabilities	212,853	572,989	197,614	54,183	–
2. Experience adjustments on plan assets.....	370,429	(1,405,606)	337,145	(3,908)	–
3. Defined benefit obligation at the end of the period.....	8,763,629	7,251,738	4,776,842	3,837,533	3,049,942
4. Plan assets at the end of the period	6,612,329	5,048,577	4,702,803	3,626,844	2,986,086
5. Funded status.....	(2,151,300)	(2,203,161)	(74,039)	(210,689)	(63,856)

- a) The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- b) Expected rate of return on plan assets: This is based on our expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
- c) Salary escalation rate: The estimates of future salary increases, considered takes into account the inflation, seniority, promotion and other relevant factors.

The above is as determined by the actuary and relied upon by the auditors.

16. Information regarding capacities, production, stocks and sales / services

Class of Goods	Unit of Measure	Licensed Capacity (See Note 1)	Installed Capacity (See Note 2)	Actual Production (See Note 3)	Opening Stock		Closing Stock		Sales/Services	
					Qty.	Rupees	Qty.	Rupees	Qty.	Rupees
Sheet moulding compound.....	MT	1,200 (1,200)	4,000 (4,000)	1,997 (1,889)	14 (13)	1,285,879 (940,826)	15 (14)	1,538,951 (1,285,879)	1,996 (1,888)	157,318,911 (148,546,412)
Dough moulding compound.....	MT	400 (400)	1,000 (1,000)	1,943 (1,842)	10 (5)	833,868 (390,083)	14 (10)	1,264,637 (833,868)	1,939 (1,837)	179,285,928 (168,859,107)
Moulded components.....	MT/Nos (See Note 4)	5,000 (5,000)	3,000 (2,000)	458,025 (339,799)	6,958 (15,400)	1,045,015 (1,767,025)	3098 (6,958)	461,077 (1,045,015)	461,885 (348,241)	181,220,092 (142,006,728)
Moulds	Nos	N.A. (N.A)	N.A. (N.A)	11 (9) (See Note 5)	– (–)	– (–)	– (–)	– (–)	11 (9)	2,825,542 (432,970)
Job work services..	N.A.	N.A. (N.A)	N.A. (N.A)	N.A. (N.A)	N.A. (N.A)	N.A. (N.A)	N.A. (N.A)	N.A. (N.A)	N.A. (N.A)	1,139,639 (120,611)
						3,164,762 (3,097,934)		3,264,665 (3,164,762)		521,790,112 (459,965,828)

Notes:

- (1) Licenced capacity in respect of 'Moulded Components' is as disclosed in the prescribed memoranda filed with the Secretariat for Industrial Approvals (SIA), Department of Industrial Development, in terms of notification no. S.O.577(E) dated July 25, 1991.
- (2) Installed capacity is certified by management and not verified by the auditors as it is a technical matter.
- (3) Including production used for captive consumption.
- (4) Although the licenced and installed capacities in respect of 'Moulded Components' above are stated in tonnes, the actual production etc. has been stated in numbers as this is the form of measurement in which these are normally produced / sold. It has not been possible to indicate the licenced and installed capacities in numbers as the same will depend on product mix from year to year.
- (5) The actual production disclosed against moulds manufactured is the number of such moulds sold during the year as the company considers a mould as 'meant for sale' only when it is actually sold. Actual production of moulds includes moulds produced by third parties on behalf of the company.
- (6) Figures in bracket relate to the previous year.

17. Based on the information available with the company, no creditors have been identified as "supplier" within the meaning of The Micro, Small and Medium Enterprises Development Act, 2006.

18. Segment Information:

(Rs. in lacs)

(A) Primary Segments – Business Segments	Polymer Composite Compounds		Polymer Composite Components		Others		Elimination		Total Amount	
	2010–2011	2009–2010	2010–2011	2009–2010	2010–2011	2009–2010	2010–2011	2009–2010	2010–2011	2009–2010
a. Segment revenue										
Sales to external customers	3,366.04	3,174.06	1,823.60	1,421.28	28.26	4.33	–	–	5,217.90	4,599.67
Inter segment revenue	541.85	496.98	–	–	–	–	(541.85)	(496.98)	–	–
Total segment revenue	3,907.89	3,671.04	1,823.60	1,421.28	28.26	4.33	(541.85)	(496.98)	5,217.90	4,599.67
b. Segment results	461.20	603.57	(23.08)	(140.80)	11.18	2.77	–	–	449.30	465.54
Unallocated corporate expenses net of unallocated income									(12.50)	(9.61)
Interest expense									(63.79)	(72.16)
Interest income									1.87	3.03
Profit before tax									374.88	386.80
Income taxes									131.52	129.28
Profit after tax									243.36	257.52
c. Segment assets	1,508.46	1,417.12	1,507.39	1,287.56	28.25	0.68			3,044.10	2,705.36
Unallocated corporate assets									133.73	130.42
Total assets									3,177.83	2,835.78
d. Segment liabilities	566.12	494.21	228.92	132.03	–	0.62			795.04	626.86
Unallocated corporate liabilities									735.49	710.07
Total liabilities									1,530.53	1,336.93
e. Cost incurred during the period to acquire segment fixed assets ...	68.45	95.27	184.46	56.55	–	–			252.91	151.82
f. Depreciation / amortisation	24.29	26.08	82.39	110.77	–	–			106.68	136.85
g. Material non-cash expenses other than depreciation / amortisation (net)	–	20.69	–	(13.18)	–	–			–	7.51

Notes:

- Inter-segment transfers have been priced at market rates.
- (a) Polymer composite compounds includes manufacture of all compounds and services in respect thereof.
(b) Polymer composite components include manufacture of all components and services in respect thereof.
(c) Others represent manufacture of moulds.

(Rs. in lacs)

(B) Secondary Segments – Geographical Segments	Domestic		Export		Total Amount	
	2010–2011	2009–2010	2010–2011	2009–2010	2010–2011	2009–2010
Segment revenue by geographical area based on geographical location of customers	4,916.00	4,204.38	301.90	395.29	5,217.90	4,599.67

Note: The Company's operating facilities are located in India.

19. Related Party Disclosures

(A) Name of the related party and nature of relationship where control exists:

Name of Related Party	Nature of Relationship
Nil	Nil

(B) Other related parties (with who there are transactions) :

Name of the Related Party	Description of Relationship	Nature of Transaction	Amount of Transactions Rupees		Amount outstanding at the end of the year / (Credit) Rupees	
			2010–2011	2009–2010	2010–2011	2009–2010
Mahindra & Mahindra Limited	Investing party	Rent paid	2,909,484	2,656,484	–	(240,687)
		Sales	26,831,491	24,319,628	9,387,000	6,417,931
		Reimbursement of expenses	6,762,439	110,361	(6,744,772)	(103,911)
		Deputation chares of CEO	3,955,633	3,810,055	(273,267)	(209,561)
		Dividend paid	2,682,406	2,682,406	–	–

20. (i) Total of future minimum lease payments under non–cancellable operating lease:

Particulars	2010–2011	2009–2010
	Rupees	Rupees
– not later than one year	2,909,484	2,909,484
– later than one year and not later than five years	1,697,199	4,606,683
– later than five years	–	–

(ii) Lease payments recognised in the statement of profit & loss account for the period is **Rs. 2,909,484** (Previous Year Rs. 2,656,484).

(iii) The lease agreement is in respect of land and building and for a period of nine years.

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard:
Grant dated 31st July, 2009

Risk free interest rate	5.97%
Expected life	3.50 years
Expected volatility	58.91%
Expected dividend yield	2.98%
Exercise price	Rs. 50.45
Stock price	Rs. 56.20

In respect of options granted under the employee stock option plan, in accordance with guidelines issued by SEBI, the accounting value of the options is accounted as defined employee compensation, which is amortized on a straight line basis over the period between the date of grant of options and the eligible dates for conversion into equity shares. Consequently, salaries, wages & bonus include **Rs. 2.69 lacs** (Previous Year Rs. 1.79 lacs) being the amortization of deferred employee compensation.

Had the company adopted fair value method in respect of options granted on 31st July, 2009, the total amount that would have been amortised over the vesting period is Rs. 2,361,600.

Particulars	2010-2011	2009-2010
Increase in employee compensation cost	203,220	135,480
Decrease in profit after tax	(203,220)	(135,480)
Decrease in basic earning per share	(0.05)	(0.03)
Decrease in diluted earning per share	(0.05)	(0.03)

24. (A) Details of derivative instruments (for hedging):

None

(B) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Currency	2010-2011		2009-2010	
		Amount in Foreign Currency	Equivalent Amount in Rupees	Amount in Foreign Currency	Equivalent Amount in Rupees
Sundry creditors (liability)	USD	167,467	7,677,118	103,347	4,710,577
	EURO	20,745	1,305,904	–	–
Sundry debtors (assets)	USD	388,365	17,707,323	268,729	12,004,131
	EURO	–	–	9,606	572,806
Post shipment credit (liability)	USD	239,382	10,698,334	224,001	10,209,964

25. The previous year's figures have been regrouped wherever necessary to conform with current year's classification.

Signature to Schedules I to XIII

Hemant Luthra	}	<i>Chairman</i>
C. S. Devale		<i>Directors</i>
M. R. Joshi		
B. M. Kataria		
D. N. Mungale		

Place : Mumbai
Date : 26th April, 2011.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No.	0	2	8	0	4	0	State Code	1	1	
Balance Sheet Date	3	1	0	3	2	0	1	1		
	Date		Month		Year					

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue					
			N	I	L

Right Issue					
			N	I	L

Bonus Issue					
			N	I	L

Private Placement					
			N	I	L

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

Total Liabilities					
2	2	6	7	1	6

Total Assets					
2	2	6	7	1	6

Sources of Funds

Paid-up Capital					
	4	4	0	4	0

Reserves & Surplus					
1	2	0	6	9	1

Secured Loans					
	5	9	2	8	5

Unsecured Loans					
			N	I	L

Application of Funds

Net Fixed Assets					
	9	5	5	2	3

Investments					
			N	I	L

Net Current Assets					
1	3	1	1	9	3

Miscellaneous Expenditure					
			N	I	L

Accumulated Losses					
			N	I	L

IV. Performance of Company (Amount in Rs. Thousands)

Turnover					
5	2	9	5	1	7

Total Expenditure					
4	9	2	0	2	9

+	-
✓	

Profit before Tax					
	3	7	4	8	8

+	-
✓	

Profit after Tax					
	2	4	3	3	6

+	-
✓	

Earnings per Share in Rs.					
		5	.	5	3

Dividend Rate %					
				2	0

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

Item Code No. (ITC Code)	3	9	0	7	9	1	0	9																						
Product Description	S	H	E	E	T	M	O	U	L	D	I	N	G	C	O	M	P	O	U	N	D									
Item Code No. (ITC Code)	3	9	0	7	9	1	0	9																						
Product Description	D	O	U	G	H	M	O	U	L	D	I	N	G	C	O	M	P	O	U	N	D									
Item Code No. (ITC Code)	3	9	0	7	9	1	0	9																						
Product Description	P	A	R	T	S	&	A	C	C	E	S	O	R	I	E	S	O	F	M	O	T	O	R	V	E	H	I	C	L	E

Mahindra Composites Limited