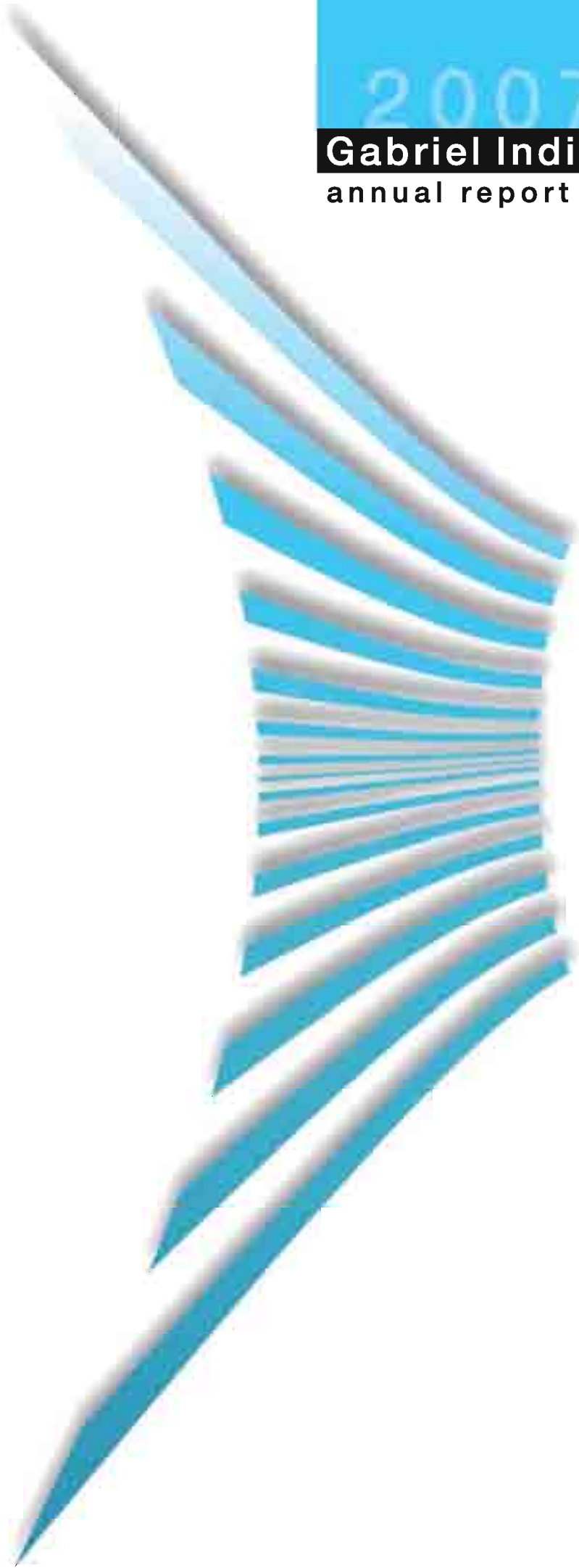


2007-2008

Gabriel India Limited
annual report 2008



GABRIEL

Gabriel India Limited

Deep C Anand
Chairman Emeritus
(Appointed on May 21, 2008)

Board of Directors

Deep C Anand
Chairman
(Ceased to be the Chairman on May 21, 2008)

Prakash Kulkarni
Executive Chairman
(Appointed on May 21, 2008)

K N Subramaniam
(Ceased to be the Managing Director on May 21, 2008)

Arvind Walia
Managing Director
(Appointed on May 21, 2008)

Russi Jal Taraporevala
C S Patel
(Ceased to be a Director on May 21, 2008)

Ravi K Sinha
Padmini Khare Kaicker
M S Sandhu
(Ceased to be a Director on May 21, 2008)

Rakesh Sachdev
Deepak Chopra

Financial Controller

Alok Agarwal

Company Secretary

Radha Sitaraman

Bankers

Standard Chartered Bank

Bank of India

ICICI Bank

IndusInd Bank

Citi Bank

ABN Amro Bank

Auditors

Price Waterhouse & Co.

Building No. 8, Tower B

DLF Cyber City,

Gurgaon - 122 002

Solicitors

V D Wadia & U Deshi

Elphinstone House,

1st Floor, 17, Mezbon Road,

Opp Sterling Theatre,

Mumbai

Corporate Offices

1 Sri Aurobindo Marg
New Delhi 110 016

Magnet House
N M Marg
Ballard Estate
Mumbai 400 038

Registered office

29th Milestone
Pune-Nashik Highway
Village Kuruli
Taluka Khed
Pune 410 501
(Maharashtra)
Tel: 09922908401-04
Fax: 02135-261200
mail: secretarial@
gabriel.co.in

Sales Office

10, Prasad Chambers
Opera House
Mumbai 400 004

Manufacturing Facilities

Chander Nagar Indl. Area
Delhi-Jaipur Highway
Gurgaon 122 001 (Haryana)

B-2 MIDC
Ambad Indl. Area
Nashik 422 010 (Maharashtra)

5, Industrial Area No. 3
Agra-Mumbai Road
Dewas 455 001
(Madhya Pradesh)

Plot No. 5, Sector II
Parwanoo 173 220
(Himachal Pradesh)

29th Milestone
Pune-Nashik Highway
Village Kuruli
Taluka Khed
Pune 410 501 (Maharashtra)

52-55, S.No. 102/3 -106 (PT)
Sipcot, Phase - II
Moranapalli Village
Hosur 635 109 (Tamil Nadu)

38 KM Stone Behrampur Road,
Khandsa, Gurgaon - 122 001
(Haryana)

Financial Highlights

	2007-08	2006-07
Domestic Sales (Rs Million)	5344.5	5941.8
Export Sales (Rs Million)	72.2	69.4
Total Sales (Rs Million)	5416.7	6011.2
Profit Before Tax (Rs Million)	123.6	981.5
PBT as a % to Sales	2.3	16.3
Profit After Tax (Rs Million)	76.5	731.1
PAT as a % to Sales	1.4	12.2
Return on Net Worth (%)	5.8	55.9
Net Worth per Share (Rs)	18.5	18.2
Earning per Share (Rs) -Basic & Diluted	1.1	10.2
Dividend per Share (Rs)	0.7	0.7
Dividend Cover (Times)	1.9	4.8
Return on Total Assets (%)	2.0	24.4

Company Highlights



- Supplies started to Yamaha Motor for its new advanced mobikes
- Commenced supplies to Suzuki for its new Scooter and Motorcycles
- Supplies started to TVSM for its Indonesia project
- Supplies started to Maruti Suzuki - SX4, Mahindra Renault - Logan and TATA - Nano, World Truck & Panel Van
- Letter of Intent received from Volkswagen for its new Compact Car in India and M&M for its future products, W201 & 408, Bolero upgrade
- Technical agreement signed with KYB Corp., Japan for 2-wheelers
- Tie up with S&T Daewoo, Korea for supply of products for GM
- Setting up of state-of-the-art facility at Khandsa, Haryana and commencement of prototype production for Maruti Suzuki's new export model from the facility
- Commencement of commercial production in Parwanoo, Himachal Pradesh
- Casting facility project initiated at Chakan, Pune
- Chakan plant qualifies the quality audits of Renault-score B+(70%) and Volkswagen at 85%
- Cost saving through Strategic Sourcing from China
- Closure of loss making Noida Unit
- All plants implementing TPS



establishing its brand name 'Gabriel' in OEMs as well as Aftermarket.

Facilities

The Company presently has six facilities in the country, at locations selected to ensure JIT supplies to its customers and also optimise the availability of materials. Total production capacity of the Company is 20 million Shock absorbers and Struts and 2.6 million Front forks.

Last two years saw a period of consolidation and reorganisation in the Company, wherein two plants - the oldest plant at Mulund, Mumbai and the plant at Noida were closed due to techno-commercial reasons while new plants were set-up at Parwanoo and Khandsa (Gurgaon) to facilitate JIT supplies to the customers.



BOTTOM LEFT: Mr Yoshio Mabuchi, President, SOQI Hydraulic Systems, Japan, on a visit to Gabriel-Hosur (third from left) to explore new business & product offerings

Four Wheelers - Passenger Car Segment

Chakan (Pune)

Set up in 1997, this facility has a production capacity of 2.7 million Struts and Shock absorbers and caters to all Passenger Car OEMs like Tata Motors, Hyundai, Renault, General Motors, Toyota, Mahindra & Mahindra, Ford etc. This facility is supported by technology from KYB Corp., Japan and KYBSE, Spain to cater to the requirements of European as well as Japanese and Korean OEMs. In addition, the Company has developed its own technology base at Chakan to be able to give indigenously designed high



BOTTOM RIGHT: Operating Engineers working on the shop floor at the newly constructed Gabriel-Parwanoo plant

Company Profile

Gabriel India Limited has a very strong presence as producer and supplier of high quality Ride Control Products for the Indian Automotive Industry, participating in all segments - Passenger cars, Utility vehicles, Commercial vehicles and two-wheelers.

Starting its operations in 1961, from its factory in Mulund, Mumbai, the Company had participated in the development of Automotive Industry in India and increased its production capacities through presently six facilities and

TOP: Mr Yukimine Tsuji, Chief Manufacturing Officer, Yamaha Motor Pvt Ltd (centre) along with Mr Arvind Walla, MD, Gabriel India (3rd from right), after planting a tree at Gabriel-Hosur during a visit to the facility



quality products ideal for Indian road conditions. The plant has high level of quality certifications like TS16949, ISO14001 and OHSAS18001. In addition, the plant has undergone and cleared the audit successfully by international customers like Renault and Volkswagen.

Khandsa (Gurgaon)

New facility is being set up at Khandsa, Gurgaon, with the most

modern equipments and processes including, for the first time in the Company, in-house facility for e-coating and chrome plating. The chrome plating facility based on dyna chrome technology is being introduced for the first time in South East Asia. The plant has commenced prototype production and will start commercial production in Q2 of FY 2009 and will meet the requirements of Shox and Struts for Maruti Suzuki, which is targeting to produce one million vehicles by year 2010. This plant will also produce



TOP : Team from KYB Corporation, Japan with the Gabriel India team at Gabriel-Khandsa facility

Centre : View of the newly constructed Gabriel-Khandsa facility

world-class Ride Control products for Maruti Suzuki's new models, which are planned for export to developed countries in Europe and Japan. The plant will employ 220 people and is expected to become a benchmark plant for Ride Control products in India.

Commercial Vehicles

Dewas

Set up in 1992, Dewas plant has an operating capacity of 4.3 million nos., it supports requirements of all commercial vehicles in India like Tata Motors, Eicher, M&M, Force Motors etc. With its focus on high quality and customer services, it has further consolidated its

BOTTOM: R&D Team from Eko Vehicles, the manufacturer of electric vehicles during a visit to Gabriel-Hosur with the Gabriel team



segment, the Company has set up an additional facility at Chakan, Pune, which has a manufacturing capacity of 1.2 million nos. The requirement of the customers from western India for Commercial vehicles, will be catered to by this facility. The plant also has a modern facility to manufacture new generation products for Indian Railways.

Two Wheelers Ambad (Nashik)

Set up in 1991, this facility manufactures Shock absorbers and Front forks for two-wheelers (Scooters & Motor Cycles). The technology is provided by SOQI Hydraulic Systems, a 100% subsidiary of Yamaha Motor Company, Japan. It has a manufacturing capacity of 2.5



TOP: Shareholders on a round of the plant during their visit for the AGM

CENTRE: View of the Gabriel-Parwanoo plant, which commenced production during the year

million Shock absorbers and 0.7 million Front forks and is a supplier to OEMs like Bajaj, Yamaha, Piaggio, Kinetic. The plant is certified for TS16949 and is currently engaged in TPM initiative.

Hosur

Set up in year 1997, the Company, currently has facilities to manufacture 2.9 million Shock absorbers and 0.9 million Front forks for the two/three wheeler industry, servicing requirements of TVS, Suzuki, HMSI and Yamaha. The Company has developed high level of competency for developing new products and is backed by technology support from SOQI and KYB of Japan. The plant also exports its products to SOQI, Japan for the Japanese market and supports TVSM, Indonesia for its products launched in Indonesia.

Parwanoo

Set up in the year 2007, the Company has the ability to produce Struts for Passenger cars, Front forks for 2-wheelers and Shock absorbers for all vehicle segments. This facility has been created primarily to meet the requirements of replacement

dominant position in the Commercial vehicle segment.

Dewas facility is certified for TS16949, ISO14001, OSHAS18001. It is currently working towards the implementation of Toyota Production System and is expected to fully implement it by the year end. The strong focus of the Dewas plant is to have significant increase in productivity through TPS implementation.

Chakan (Pune)

Anticipating the growth and demand in Commercial vehicle



market and also optimise the benefits available under special schemes of Govt. of India for hilly regions including Himachal Pradesh. The Company also provides tax optimised products to OEMs who have set-up facilities in tax exempted areas like Uttaranchal and Himachal Pradesh. The facility is expected to optimise its production levels to contribute significantly to the profitability of the Company.

Casting Facility

The Company has also taken a major initiative to set up an Aluminium Casting facility at the Chakan campus. This facility will be used to produce Outer Tube required for making Front forks. Backed by KYB Corp., Japan, it will be capable of making, for the first

time in India, tubes from specialised alloys to meet the critical requirements of Yamaha India. This facility is scheduled to start manufacturing by March, 2009.

Research & Product Development

Over the years, the Company has successfully created the required expertise in people as well as infrastructure to develop new products, subject these new developments to comprehensive tests and also enhance capability to design to the specific requirements of the new models in conjunction with the OEMs. The Company's R&D division is located

in Chakan, Pune, which focuses on products and R&D work for four wheelers (Passenger cars and Commercial vehicles) while the R&D facilities at Hosur and Ambad focus on product development for two and three-wheelers. The Company has also developed necessary skills and facilities (ride tuning van) to provide concurrent ride tuning for new applications.

Value added services like Computer Aided Engineering (CAE) are also provided to enhance product



TOP: Annual General Meeting in progress at Gabriel-Chakan

BOTTOM RIGHT: Operating Engineers working on the shop floor at Gabriel-Chakan



performance. This organisation has high skilled engineers with an approximate investment of Rs 83 million.

Technical Support Group

Supporting all the plant facilities, the Company has a highly trained, centralised Technical Support Group, which focuses on development and production of equipments, setting up of plants and optimising and standardising the manufacturing processes

across the Company. This group has successfully supported the new facilities at Parwanoo and Khandsa, which have undergone and cleared audit processes of Suzuki, Japan, KYB Corp., Japan and Maruti Suzuki India.

Collaborators

Gabriel India has financial cum technical collaborations for Ride Control Products with ArvinMeritor Inc., USA, a premier global supplier of a broad range of integrated systems, modules and components to the motor vehicle industry. The Company serves commercial truck, trailer and specialty original equipment manufacturers (OEMs), certain aftermarkets and light vehicle manufacturers.

Other collaborators of the Company are KYB Corporation established in 1919 in Japan, a renowned manufacturer of ride control products in Japan, supplying to well known vehicle manufacturers globally having a market share of 23% with annual sales of USD 2.48 billion.

The Company also has a technical license with SOQI Hydraulic Systems, Japan, a 100% subsidiary of Yamaha Motors, Japan, specialises in the manufacture and sale of shock absorbing components for automobiles.

With their support, the Company is in a unique position to offer requirement specific technology solutions to different international OEMs for all three segments of the Automotive Industry.

Exports

Continuing its focus on exports of Ride Control products, the Company has made a presence in the Latin American market. Owing to the increase in business in the two-wheeler Aftermarket segment in the region, the Company is recording a healthy increase in sales volumes.



TOP : Team from ArvinMeritor Inc. at the Anand stall at 8th Auto Expo 2008 with Mr KC Anand

BOTTOM RIGHT: Team from Suzuki Motorcycle India, Manesar during a visit to Gabriel-Hosur for approving product supplies for a new motorcycle model



The Company has been supplying to ArvinMeritor, CVS-Ride Control Products Division, Toronto, Canada during the year for which a Global Supply contract was signed in 2006. A number of new products, which have been developed, are awaiting final approval of the customers. This business is expected to grow exponentially in the next few years. A large number of products have been developed for SOQI Hydraulic Systems, Japan, replacing the earlier products, which have been phased out. The Company continues to rate highly as a preferred supplier.

Replacement Market

The Company also has a strong focus on replacement market, servicing through OEMs as original spare parts and also directly under its own 'Gabriel' brand name. The Company has an elaborate distribution network comprising 300 dealers in all major cities of the country, supporting about 10,000 retail outlets. A strong field force co-ordinates and services this activity.



TOP: Candidates of the ALIVE II (Anand Learning Initiative for Value Enhancement) batch with Mr Deep C Anand, Chairman & the senior management team, Anand Automotive Systems. Alive is an initiative launched at Group level to develop leaders

CENTRE: Gabriel participation at a fair to strengthen the aftermarket presence

Human Resource Development

Gabriel India believes that Business is 90% people. The Company provides ample opportunities to employees at all levels of the Company to enhance their knowledge and skills. The growth and development of the employees is critical not only for their personal success, but also for the success of the Company. This philosophy



BOTTOM LEFT: Gabriel product display at the Anand stall at 8th Auto Expo 2008

BOTTOM RIGHT: Employees participating in the Hub Sports day at Bangalore



In its endeavour to create a congenial and motivational environment, the Company provides immense opportunities for training and development besides other growth opportunities – job rotation, multi-function responsibilities, empowerment and overseas secondment. The Company believes that training is an important process for development of people; lending support in all this is Anand's technical and management institute, Anand 'U', which designs and conducts programmes to suit the Company's requirements.

The Company has started a training school at Chakan to provide training to the newly recruited Operating Engineers covering basics of manufacturing, including process, product knowledge and quality systems and procedure.

Some of the programmes that Anand 'U' focused on during the year included Six Sigma, Total Productive Maintenance (TPM), Anand Production System (APS) and an emphasis to improve Quality under Customer Delight Contract.

Other training programmes for soft skill development like leadership, building assessment skills, time management, personality development, stress management are organised depending on the requirements of the people.

Corporate Social Responsibility

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

and innovative people practices have earned the Company its efficient and dedicated workforce.

The Company has undertaken special HR initiatives with a view to develop a strong and stable organisation having intrinsic strength to meet the current business challenges. Anand Production System (APS) has been launched across all plants with the objective of achieving manufacturing excellence and providing structured nurturing of people identified as Key Talent.



TOP: Mr MN Varadarajan, VP-Materials, TVS Motor Company inaugurating Anand 'U' extension campus at Gabriel-Hosur

BOTTOM RIGHT: Employees engaged in painting a school at Chakan as part of the volunteering activity organised by SNS Foundation



charitable trust having a sanction of 100% tax exemption under section 35 AC of the Income Tax Act of India.

The Company over the years has been supporting development activities among communities in the neighbourhood in all geographical locations where the Company has manufacturing bases. The decision of the Company to set up a facility in Himachal Pradesh, Uttaranchal, in North and similar townships in the West and Southern parts of the country 'notified as backward area' starting from the '70s has helped to provide employment opportunities and develop the town as an industrial base.

SNS Foundation's activities are

aimed at skills development for employability and empowerment of women, elementary education of the most unreached categories of children living in slums, mobilising working children into an inclusive programme of education, healthcare and protection from exploitation, imparting vocational training and life-skills for adolescents and youth, promoting sustainable activities for managing natural resources (land, water) and reaching reproductive health care including actions for preventing spread of HIV/AIDS.

The Group also runs an educational institution - the Himachal Primary School, a hostel for working women and a dispensary for the residents of Parwanoo.

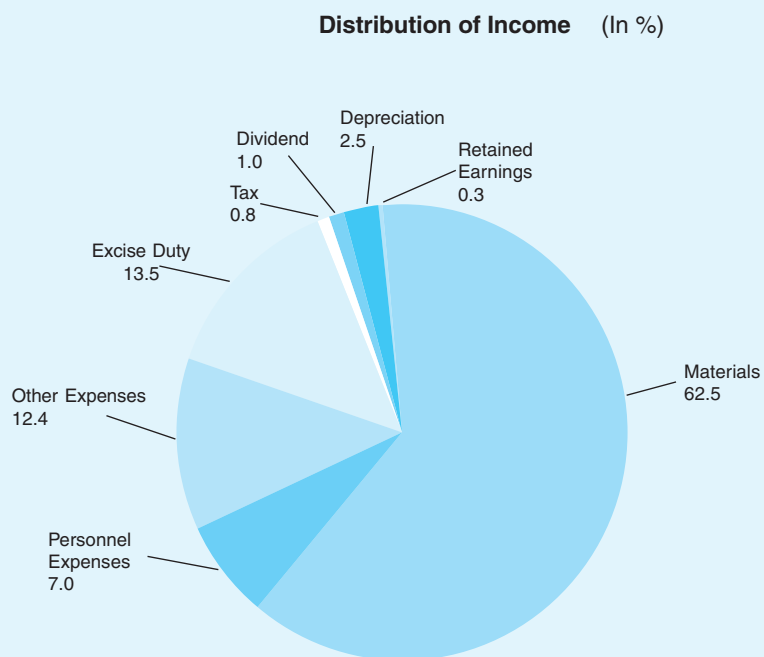
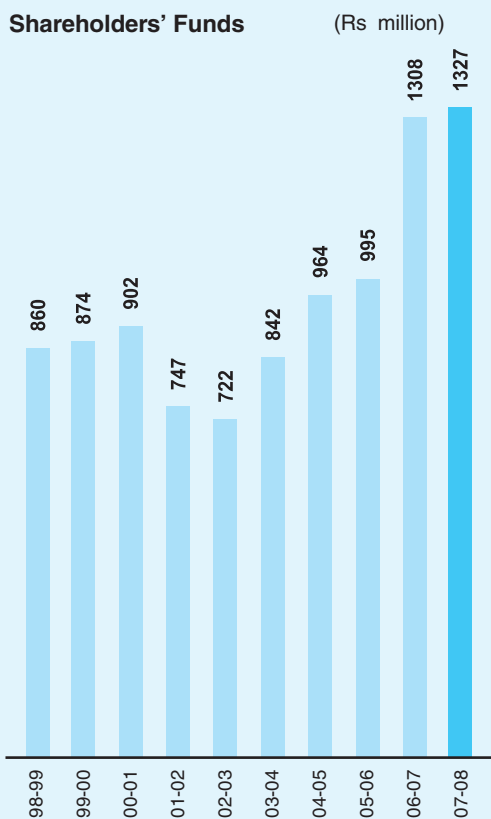
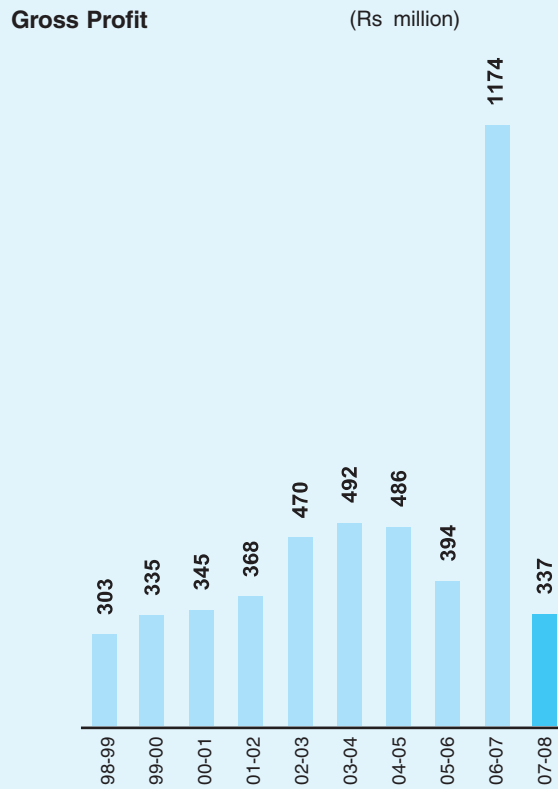
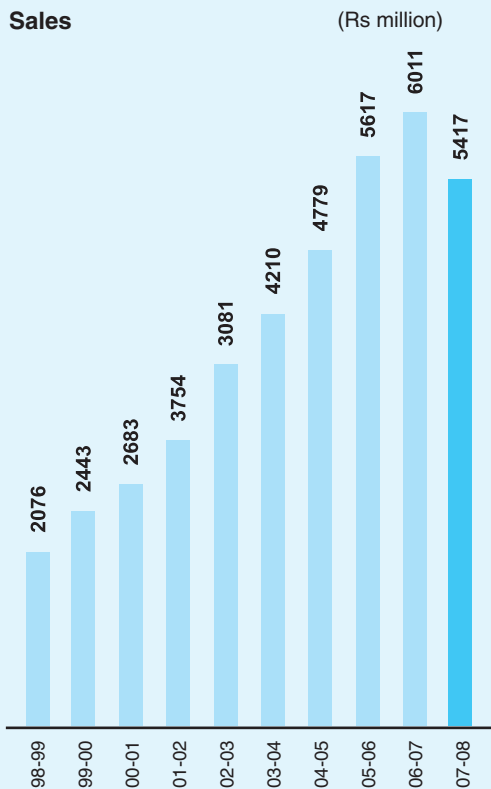
Anand employees participation in the Foundation's activities is integral to the volunteering spirit promoted by the Group.



TOP: Participants from the Anand Companies excited to participate in the Vodafone Delhi Half Marathon

BOTTOM RIGHT: HIV AIDS awareness session with the migrants at a construction site in Parwanoo, Solan District

Working Results at a Glance



Working Results at a Glance

Year	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08
	Rs Million									
Share Capital	71	71	71	71	72	72	72	72	72	72
Reserves & Surplus	789	803	831	676	650	770	892	923	1236	1255
Shareholders Funds	860	874	902	747	722	842	964	995	1308	1327
Loans	1556	1425	1371	1282	1050	971	913	1033	736	1461
Deferred Tax Liability				204	233	237	217	195	106	104
Funds Employed	2416	2299	2273	2233	2005	2050	2094	2222	2150	2892
Fixed Assets(Gross)	1800	1870	1960	2043	2302	2454	2545	2729	2251	2786
Depreciation	429	520	605	725	918	1055	1200	1352	1070	1193
Net Block	1371	1350	1355	1318	1384	1399	1345	1377	1181	1593
Investments	168	122	115	270	10	10	10	10	10	143
Net Current Assets	877	827	803	645	611	641	739	836	960	1156
Net Assets Employed	2416	2299	2273	2233	2005	2050	2094	2222	2150	2892

	Rs Million									
Sales	2076	2443	2683	3081	3754	4210	4779	5617	6011	5417
Gross Profit	303	335	345	368	470	492	486	394	1174	337
Interest	225	206	186	172	130	84	70	83	66	75
Depreciation	97	98	109	122	137	146	153	158	127	138
Profit/(Loss) Before Tax	-19	31	50	74	203	262	263	153	981	124
Tax	0	4	4	34	86	95	84	64	250	47
Profit/(Loss) After Tax	-19	27	46	40	117	167	179	88	731	76

	Rs									
Dividend per Share	1.0	2.0	2.5	3.0	5.0	6.0	7.0	0.7	0.7	0.7
Earnings per Share	-2.7	3.7	6.4	5.6	16.4	23.2	24.9	1.2	10.2	1.1

	Million Nos									
Production										
Shock Absorbers,										
Struts & Front Forks	5.6	6.3	6.1	6.4	8.0	8.8	9.8	10.9	12.4	11.8
Bimetal Bearings	6.4	8.1	8.2	8.0	7.9	7.7	8.9	9.2	-	-

Note : Figures for 05-06, 06-07 and 07-08 have been worked out on Re. 1 face value per equity share. For the earlier years, it has been worked out on Rs. 10 face value per equity share.

Notice

NOTICE is hereby given that the Forty-Sixth Annual General Meeting of the Members of GABRIEL INDIA LIMITED will be held at the Auditorium of Gabriel India Limited, 29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune – 410 501, on Monday, the 21st day of July, 2008, at 2.30 p.m. to transact the following businesses:-

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. a) To appoint a Director in place of Mr. Russi Jal Taraporevala who retires by rotation, and being eligible, offers himself for re-appointment. The particulars of Mr. Russi Jal Taraporevala, which are required to be disclosed pursuant to Clause 49 IV (G) of the listing agreement are mentioned in Annexure 'A'
- b) To appoint a Director in place of Ms. Padmini Khare Kaicker who retires by rotation, and being eligible, offers herself for re-appointment. The particulars of Ms Padmini Khare Kaicker, which are required to be disclosed pursuant to Clause 49 IV (G) of the listing agreement are mentioned in Annexure 'B'
4. 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

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. Arvind Walia, as a Managing Director of the Company, for a period of 5 (five) years with effect from May 21, 2008, on the terms and conditions including remuneration as set out hereunder, with power to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to determine, alter or vary the terms and conditions and/or remuneration, subject to the same not exceeding the limit specified under Schedule XIII to the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof.

- A.**
- i) Salary: Not exceeding Rs. 3,00,000 per month (Basic Salary and Annual Increment therein to be decided by the Board within the above ceiling).
 - ii) Special Allowance : As may be decided by the Board of Directors from time to time which shall not attract provident fund, gratuity and superannuation etc.

B. PERQUISITIES (including allowances)

- i) Housing : Furnished/ unfurnished residential accommodation or house rent allowance in lieu thereof.

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

- ii) Medical Reimbursement: Reimbursement of Expenses actually incurred by the Managing Director for self and family, in accordance with the Company's Rules.
- iii) Leave Travel Allowance: For Mr. Arvind Walia and his family, incurred in accordance with the Company's Rules.
- iv) Club fees: Fees of clubs subject to a maximum of two clubs. No life membership or admission fees to be paid.
- v) Personal Accident Insurance: Premium as per Company's Rules.

- vi) Contribution to Provident Fund, Superannuation Fund and Gratuity as per Company's Rules.
- vii) Encashment of leave not availed of, as per the Company's Rules.
- viii) Provision for car and telephone at Mr. Arvind Walia's residence for his use.
- ix) Housing Loan : The Managing Director shall be entitled for the housing loan as per the Rules of the Company.
- x) Any other benefits, amenities, and facilities including educational allowance for a child as per the Company's Rules for the time being in force or authorized by the Board.

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

Explanation: "Family" means the spouse, dependent children and dependent parents of Mr. Arvind Walia

- C** Mr. Arvind Walia not to divulge or disclose or use for his own purpose or any other purpose any information or knowledge or trade secret of the Company.
- D** Subject to the superintendence, control and direction of the Board, Mr. Arvind Walia shall exercise and perform such powers and duties, as the Board of Directors shall determine from time to time.
- E** The appointment is terminable by either party giving the other six months notice in writing.

RESOLVED FURTHER THAT during his tenure as Managing Director of the Company, Mr. Arvind Walia shall not be liable to retire by rotation.

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

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

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

"RESOLVED THAT Mr. Prakash Kulkarni, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, and Article 111 of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT consequent to the decision of Mr. Deep C Anand to stand down as the Chairman of the Board and the Company and the appointment (subject to the approval of the shareholders in the Annual General Meeting) of Mr. Prakash Kulkarni as the Executive Chairman of the Board and the Company for a period of 3 years w.e.f May 21, 2008, in accordance with the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof, this Meeting hereby approves the appointment of and payment of remuneration to Mr. Prakash Kulkarni as a Executive Chairman, with effect from 21st May, 2008 for a period of 3 years, on the terms and conditions including remuneration as set out hereunder, with power to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to determine, alter or vary

the terms and conditions and/or remuneration, subject to the same not exceeding the limit specified under Schedule XIII to the Companies Act, 1956, or any statutory modification (s) or re-enactment thereof.”

- A**
- i) Salary: Not exceeding Rs. 5,00,000 per month (Basic Salary and Annual Increment therein to be decided by the Board within the above ceiling).
 - ii) Special Allowance : As may be decided by the Board of Directors from time to time which, if any, shall not attract provident fund and gratuity etc.

B PERQUISITIES (including allowances)

- i) Housing : Furnished/ unfurnished residential accommodation or house rent allowance in lieu thereof.
Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings, if any, shall be valued as per the Income Tax Rules, 1962.
- ii) Medical Reimbursement: Reimbursement of Expenses actually incurred by Mr. Prakash Kulkarni for self and family, in accordance with the Company's Rules.
- iii) Leave Travel Allowance: For Mr. Prakash Kulkarni and his family, incurred in accordance with the Company's Rules.
- iv) Club fees: Fees of clubs subject to a maximum of two clubs. No life membership or admission fees to be paid.
- v) Personal Accident Insurance: Premium as per Company's Rules.
- vi) Encashment of Leave not availed of, as per the Company's Rules.
- vii) Provision of car and telephone at Mr.Prakash Kulkarni's residence for his use.
- viii) Any other benefits, amenities, and facilities including educational allowance for a child as per the Company's Rules for the time being in force or authorized by the Board.

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

Explanation: "Family" means the spouse, dependent children and dependent parents of Mr. Prakash Kulkarni

- C** Mr. Prakash Kulkarni not to divulge or disclose or use for his own purpose or any other purpose any information or knowledge or trade secret of the Company.
- D** Subject to the superintendence, control and direction of the Board, Mr. Prakash Kulkarni shall exercise and perform such powers and duties, as the Board of Directors shall determine from time to time.
- E** The appointment is terminable by either party by giving the other six months notice in writing.

RESOLVED FURTHER THAT during his tenure as Executive Chairman of the Company, Mr. Prakash Kulkarni shall not be liable to retire by rotation.

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

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

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

“RESOLVED THAT Mr. Deepak Chopra, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, and Article 111 of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

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

“RESOLVED THAT Mr. Rakesh Sachdev, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, and Article 111 of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

By Order of the Board
Gabriel India Limited

Radha Sitaraman
Company Secretary

Mumbai
May 21, 2008

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

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote on his behalf. A Proxy need not be a member of the Company.**

The instrument appointing a Proxy, in order to be effective, must be duly filled, stamped and signed and must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting.

2. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
3. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to Special Business to be transacted at the Annual General Meeting is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, July 14, 2008 to Monday, July 21, 2008 (both days inclusive).
5. The Dividend, if declared at the Meeting, will be paid to those Members whose names stand on the Company's Register of Members as on Monday, July 21, 2008. In respect of shares held in dematerialised form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the end of business hours on Monday, July 21, 2008.
6. Members are advised that respective bank details and address as furnished by them or by NSDL / CDSL to the Company, for shares held in the certificate form and in the dematerialised form respectively, will be printed on their dividend warrants as a measure of protection to Members against fraudulent encashment.
7. Proxies/Members are requested to bring the admission slips duly filled in to the Meeting.
8. Members are requested to bring their copies of the Annual Report and the Accounts to the Meeting.
9. Members are requested to quote the ledger folio in all communications with the Company.
10. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
11. Members holding shares in the certificate form are requested to notify / send the following to the Company's Registrars and Share Transfer Agents, **Karvy Computershare Private Limited (Unit : Gabriel India Limited) at 'Karvy House', 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034, (Tel. : 040 23312454/23320751/752/251; Fax : 040 23311968, 23323049, email : mailmanager@karvy.com)** to facilitate better servicing :
 - i) any change in their address/mandate/bank details,
 - ii) particulars of their bank account, in case the same have not been furnished earlier, and
 - iii) share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account.
12. a. Members are also requested to note that unclaimed / unpaid dividends upto the financial year ended March 31, 1995 have been transferred to the General Revenue Account of the Central Government pursuant to Section 205A of the Companies Act, 1956. Shareholders, who have not yet encashed their dividend warrant(s) for the said period are requested to forward their claims to the Registrar of Companies, PMT Building, 2nd Floor, Deccan Gymkhana, Pune – 411 004 by submitting an application in the prescribed Form No. II.
 - b. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the amount of dividend for the financial year ended March 31, 2001, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government later this year.

Members who have not encashed their dividend warrants for the financial year ended March 31, 2001, or any subsequent years are requested to lodge their claim with the Company's Share Transfer Agents, **Karvy Computershare Private Limited**.

Members are advised that no claims shall lie in this respect once the unclaimed dividend is transferred to the Investor Education and Protection Fund.

13. Additional particulars of Directors retiring by rotation and eligible for appointment/re-appointment pursuant to Clause 49 of the Listing Agreement are mentioned in the enclosed Annexure 'A' and Annexure 'B'.
14. Members desirous of making a nomination in respect of their shareholding, as permitted by Section 109A of the Companies Act, 1956, are requested to write to the Share Transfer Agents of the Company for the prescribed form.
15. The Company's shares are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The listing fees for these exchanges have been paid.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

Mr. Arvind Walia was appointed as a Managing Director of the Company for a period of 5 (Five) years w.e.f. May 21, 2008.

The particulars of Mr. Arvind Walia, which are required to be disclosed pursuant to Clause 49 IV(G) of the Listing Agreements are mentioned as Annexure 'C'.

The Board considers that the Company will benefit from appointment of Mr. Arvind Walia as the Managing Director and recommends the resolution for your approval.

Excepting Mr. Arvind Walia, none of the directors of the Company are in any way concerned or interested in the said resolution.

ITEM NO. 6

In terms of Section 260 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, the Board of Directors, at its meeting held on May 21, 2008, appointed Mr. Prakash Kulkarni as an Additional Director on the Board of the Company to hold office up to the date of this General Meeting. The Company has received a Notice in writing under Section 257 of the Companies Act, 1956, along with requisite deposit, from a Member of the Company signifying his intention to propose the appointment of the said Director at the ensuing Annual General Meeting.

The particulars of Mr. Prakash Kulkarni, which are required to be disclosed pursuant to clause 49IV(G) of the Listing Agreements are mentioned in the enclosed Annexure –'D'

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

Excepting Mr. Prakash Kulkarni none of the Directors of the Company are in any way concerned or interested in the said resolution.

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

ITEM NO. 7

In terms of Section 260 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, the Board of Directors, at its meeting held on May 21, 2008, appointed Mr. Deepak Chopra as an Additional Director on the Board of the Company to hold office up to the date of this General Meeting. The Company has received a Notice in writing under Section 257 of the Companies Act, 1956, along with requisite deposit, from a Member of the Company signifying his intention to propose the appointment of the said Director at the ensuing Annual General Meeting.

The particulars of Mr. Deepak Chopra, which are required to be disclosed pursuant to clause 49IV(G) of the Listing Agreement is mentioned in the enclosed Annexure –‘E’

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

Excepting Mr. Deepak Chopra, none of the Directors of the Company are in any way concerned or interested in the said resolution.

ITEM NO. 8

In terms of Section 260 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, the Board of Directors, at its meeting held on October 26, 2007 appointed Mr. Rakesh Sachdev as an Additional Director on the Board of the Company to hold office up to the date of this General Meeting. The Company has received a Notice in writing under Section 257 of the Companies Act, 1956, along with requisite deposit, from a Member of the Company signifying his intention to propose the appointment of the said Director at the ensuing Annual General Meeting.

The particulars of Mr. Rakesh Sachdev, which are required to be disclosed pursuant to clause 49IV(G) of the Listing Agreement is mentioned in the enclosed Annexure –‘F’

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

Excepting Mr. Rakesh Sachdev, none of the Directors of the Company are in any way concerned or interested in the said resolution.

By Order of the Board

Gabriel India Limited

Radha Sitaraman
Company Secretary

Mumbai
May 21, 2008

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

ANNEXURE – ‘A’

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

Name of Director	Russi Jal Taraporevala
Date of birth	08.09.1932
Date of Appointment:	20.04.1962
Expertise in specific functional areas:	Finance
Qualifications:	Economist, MBA
List of other Companies in which Directorships held:	1. Standard Industries Ltd.
	2. Stanrose Mafatlal Investment and Finance Ltd.
	3. D.B. Taraporevala Sons & Co. (P) Ltd. 4. Taraporevala Publishing Industries (P) Ltd.
Memberships/Chairmanships of Committees of Directors of the Company	Investor Greivance Committee Remuneration Committee
Memberships/Chairmanships of Committees of Directors of other Companies	1. Standard Industries Ltd. - Audit Committee, remuneration Committee and Investor Grievance Commiittee 2. Stanrose Mafatlal Investment and Finance Ltd. - Investor Grievance Commiittee

ANNEXURE – ‘B’

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

Name of Director	Padmini Khare Kaicker
Date of birth	15.04.1965
Date of Appointment:	19.07.2005
Expertise in specific functional areas:	Finance
Qualifications:	CA & CPA (USA)
List of other Companies in which Directorships held:	Perfect Circle India Ltd.
Memberships/Chairmanships of Committees of Directors of the Company	Audit Committee Remuneration Commiittee Share Transfer Committee
Memberships/Chairmanships of Committees of Directors of other Companies	Audit Committee - Perfect Circle India Ltd.

ANNEXURE – ‘C’

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

Name of Director	Arvind Walia
Date of birth	20.09.1954
Date of Appointment:	23.05.2006
Expertise in specific functional areas:	Management & Finance
Qualifications:	CA & MBA (Marketing)
List of other Companies in which Directorships held:	1. Anfilco Ltd. 2. Henkel Teroson India Ltd.
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Audit Committee - Anfilco Ltd.

ANNEXURE – ‘D’

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

Name of Director	Prakash Kulkarni
Date of birth	09.06.1947
Date of Appointment:	21.05.2008
Expertise in specific functional areas:	General Management
Qualifications:	BE (Mech) & DBM
List of other Companies in which Directorships held:	NIL
Memberships/Chairmanships of Committees of Directors of the Company	Investor Grievance Committee Share Transfer Committee
Memberships/Chairmanships of Committees of Directors of other Companies	NIL

ANNEXURE – ‘E’

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

Name of Director	Deepak Chopra
Date of birth	25.12.1954
Date of Appointment:	21.05.2008
Expertise in specific functional areas:	Finance
Qualifications:	CA & CS
List of other Companies in which Directorships held:	1. AFM India Limited 2. Anand Automotive Systems Limited 3. Federal-Mogul Bearings India Limited 4. Asia Investments Private Limited 5. Camfil Farr Air Filtration India Limited 6. Chang Yun India Limited 7. Dytek India Limited 8. Degremont Limited 9. Echlin India Limited 10. Henkel Teroson India Limited 11. Mahle Filter Systems (India) Limited 12. Mando India Limited 13. Spicer India Limited 14. Valeo Friction Materials India Limited 15. Victor Gaskets India Limited
Memberships/Chairmanships of Committees of Directors of the Company	a. Audit Committee b. Remuneration Committee
Memberships/Chairmanships of Committees of Directors of other Companies	1.Chang Yun India Limited - Audit Committee 2.Henkel Teroson India Limited - Audit Committee 3. Spicer India Limited - Audit Committee 4. Valeo Friction Materials India Ltd. - Audit Committee 5. Mahle Filter Systems (India) Ltd. - Audit Committee 6. Degremont Limited - Audit Committee 7. Mando India Limited - Audit Committee 8. Victor Gaskets India Limited - Audit Committee 9. Victor Gaskets India Limited - Investors Grievance Committee

ANNEXURE – ‘F’

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

Name of Director	Rakesh Sachdev
Date of birth	21.02.1956
Date of Appointment:	26.10.2007
Expertise in specific functional areas:	Engineering & Finance
Qualifications:	BBA & MBA
List of other Companies in which Directorships held:	1. Automotive Axles Ltd. 2. Meritor HVS (India) Ltd.
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Nil

Report of the Board of Directors

Your Directors have pleasure in presenting the Forty Sixth Annual Report together with the Audited Accounts for the year ended March 31, 2008.

Financial Highlights	Year ended March 31, 2008 (Rs. Million)	Year ended March 31, 2007 (Rs. Million)
Sales	5416.7	6011.2
Profit before Interest and Depreciation	337.5	1174.0 *
Interest	75.4	65.9
Depreciation	138.5	126.6
Profit / Loss before Tax	123.6	981.5 *
Provision for Current Tax	43.1	206.0
Provision for Deferred Tax	(1.2)	4.8
Provision for Fringe Benefit Tax	5.2	39.5
Profit / Loss after Tax	76.5	731.2
Dividend		
Interim	21.6	50.3
Final Proposed	28.7	—
Dividend Tax	7.9	7.0
Transfer to General Reserve	7.7	146.2

* Including Profit from Sale of Development Rights of Land - 745.4 million.

Dividend

Your Directors had declared an interim dividend of Rs. 0.30 per equity share of Re. One each (Previous year Interim Dividend's Rs. 0.70 per equity share of Re. One each). This dividend amounted to Rs. 21.6 million (previous year Rs. 50.3 Million). The same was distributed to the shareholders whose names appeared on the Register of Members as on January 22, 2008. Your Directors have further recommended for approval of shareholders a final dividend of Rs. 0.40 per equity share of Re. one each and thereby making total dividend for the year including interim dividend to Rs. 0.70. (previous year Rs. 0.70). This proposed total dividend would amount to Rs. 50.3 million (previous year Rs. 50.3 Million). The final dividend, subject to its declaration will be distributed to the shareholders whose name appear on the Register of members as on July 21, 2008.

INDIAN ECONOMY

Indian Economy continued its growth momentum with GDP growing at 8.7% during the year 07-08. This growth was fueled by growth in service and industrial sectors at 12 & 9.4% respectively, while Agricultural sector showed a marginal growth of around 2.6%. Though still good, manufacturing and agriculture sectors had a noticeable slow down compared to their respective growths in its previous year (12% and 4% respectively).

The Automotive sector declined by 2% over last year contributed by different segmental growth profiles i.e. the Passenger vehicles segment grew by 14%. Commercial vehicles by 5% while 2 wheelers declined by 5%. However, the automobile sector is expected to grow by 8% in 2008-09 including the two wheeler segment.

PERFORMANCE

Overall, the Company had lower sales at Rs. 5417 million, a decline of 10% over last year contributed primarily by reduction in sale of products for 2 Wheeler Segment (motorcycles). Overall there was a decline of 5% in 2 wheeler industry, but our OEM customers suffered maximum loss of their market share resulting in the Company's turnover in 2 Wheeler Segment coming down by 30% over last year. The Company has maintained its leadership position in the market.

The Company has been able to secure additional businesses in all segments i.e. Passenger vehicles, Commercial vehicles and Two wheelers which would ensure that it regains its growth momentum. All new businesses are firmly on track and are likely to result in higher turnover from 2008-09 onwards.

The raw material prices continue to move upwards. Your company launched various initiatives for neutralizing the material cost increases by Value engineering projects, negotiations with suppliers and alternate sourcing.

Also the Company was partially successful in negotiating with customers for compensation of material cost increases.

OPERATIONS

The Company had undertaken significant facility re-structuring exercise during the year which included:

1. **Manufacturing Facility at Parwanoo** : Company's new manufacturing facility at Parwanoo started commercial production during the current year. This Plant caters to the requirements of Aftermarket as well as OEMs who have set up their manufacturing facilities in similar special zones of Himachal Pradesh and Uttaranchal. The new plant, enjoying tax benefits, has achieved break even, and is expected to be profitable in 2008-09.
2. **Manufacturing Facility at Khandsa** : With the objective of increasing our presence and market share with OEMs in North India, your Company has started setting up of new facility at Khandsa (Haryana). This facility, servicing requirements of Maruti Suzuki India Limited, is a state-of-the-art facility built in a record time of 8 months, having advanced facilities of chrome plating and **e-coating**. The Chrome plating facility sourced from Germany is based on advanced Dyna Crome plating technology and your company would be the first Company in South East Asia to have such facility.
3. **Manufacturing Facility at Chakan, Pune** : Your Company is sensitive to emerging demands of sophisticated castings by motorcycle industry and has decided to set up a casting facility at Chakan in technical collaboration with Kayaba Industry Co. Ltd. Japan. The new facility would be operational by March '09. Your Company has also set up a commercial vehicle facility at Chakan Plant in Pune to cater to increasing demands of this segment. With this, the Company has possibility of supplying products for Commercial Vehicles from Dewas as well as Chakan facility.
4. **Noida Plant** : Continuing the process of re-organizing the Company, your Company has closed down its loss making manufacturing facility at Noida.
5. **Quality Systems**: With a view to increase our quality levels, the Company availed the services of Quality Expert from France who worked with all the plants during the year to introduce Toyota Production Systems (TPS). With this, all Plants of the Company registered significant improvement in product and system quality.
Chakan Plant of the Company achieved results from quality audits of important customers like Renault and Volkswagen, thereby clearing the way for increase of business from these customers including export possibilities.
6. **Reduction of scrap and wastages** : Major initiatives were undertaken by the Company to reduce 'Cost Of Poor Quality'(COPQ). The results of these efforts are likely to start showing in 2008-09.
7. **Introduction of SAP software** : Your Company also initiated implementation of SAP Software at all Plants and full implementation is scheduled to be completed by mid 08-09. The Company expects significant increase in efficiency through this software.

Technology Tie -up

During the year, your Company has concluded technical agreement with Kayaba for technology support for 2 Wheeler segment, focusing on products for high end motorcycles in India. It is expected that market for high end motorcycles would be growing at a fast rate and with this technical collaboration, the company would be poised for a good market share in this segment.

Exports

Your Company exported Ride Control Products valued at Rs. 72.16 million in the year as against 69.40 million during the previous year.

Consequent to agreement with Arvin Meritor for supplying products for USA markets through them, your Company succeeded in getting approvals of many applications and commenced supplies during the year at Rs. 10 million. They are expected to grow significantly in 2008-09.

Continuous focus on exports resulted in your company getting 'in Principle' agreement for supplying products to a European OEM in overseas market. The Company expects to commence supplies by September 2008.

Your company is sensitive to currency fluctuations and accordingly has insured itself either through forward contracts or by having built in price adjustment agreements with customers.

Collaborators

Your Company wishes to place on record its appreciation for the continued support extended by its collaborators. The Company was pleased to receive several top executives from ArvinMeritor Inc, Kayaba Industry Co. Ltd, Japan, SOQI

Hydraulic System Co., Ltd., Japan, and KYB Suspensions, Europe, SA. Your Company had very fruitful discussions with these visiting executives from the Collaborators on several avenues of mutual co-operation including sourcing of products and design engineering services from your Company.

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

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

Fixed Deposits

The Company has not received/ invited any Fixed deposits during the year.

Directors

After almost five decades of providing a strong leadership and direction to your Company, as its chairman, resulting in your Company achieving and maintaining its dominant position in the Ride Control business in India with sustained growth and profitability, Mr. Deep C Anand decided to stand down from the Board. In view of his invaluable contribution to the Company, your Board of Directors have appointed him as Chairman Emeritus and a permanent invitee to all Board and Shareholders meetings.

Mr. K.N. Subramaniam, Mr. C.S. Patel, Mr. M.S. Sandhu and Mr. Jaithirth Rao have also resigned from the Board. The Board extends its sincere thanks and warm appreciation for the excellent contribution made by Mr. K.N. Subramaniam as the Managing Director and M/s C.S. Patel, M.S. Sandhu and Jaithirth Rao as directors towards the growth of the Company.

Your Directors are pleased to welcome Mr. Prakash Kulkarni and Mr. Deepak Chopra as new Directors on the Board.

In view of the resignations of Mr. Deep C. Anand and Mr. K.N. Subramaniam, your Directors are pleased to appoint, subject to the approval of the shareholders in the forthcoming Annual General Meeting, Mr. Prakash Kulkarni as Executive Chairman and Mr. Arvind Walia as the Managing Director of the Company.

In accordance with Article 123 of the Articles of Association, Mr. Russi Jal Taraporevala and Ms. Padmini Khare Kaicker retire by rotation and, being eligible, offer themselves for re-appointment.

Director's Responsibility Statement

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently, and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the Profit and Loss Account for the year ended March 31, 2008;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

Corporate Governance

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

Auditors

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

Employee Relations

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

Particulars of Employees

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

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

For and on behalf of the Board

Mumbai
May 21, 2008

Prakash Kulkarni
Executive Chairman

Arvind Walia
Managing Director

Annexure to the Directors' Report

Information as per Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended March 31, 2008.

I. Conservation of Energy

Your Company has been continuously working towards Energy conservation. This year the Company has worked mainly in the following areas

- Reduction in coolant consumption by using efficient filtration system.
- Reduction in energy losses due to heat radiation
- Significant reduction in water consumption through many projects.
- Optimization of motor power required for various processes as a measure of reducing energy consumption

II. Particulars as per Form B

Research and Development (R&D)

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

- a) In house development of ride tuning facility.
- b) New Products launched by global OEMs for domestic market and select export markets
- c) Continuous improvement of existing products for enhanced durability and performance
- d) Design optimization using advanced software packages for CAE (Computer Aided Engineering) & CFD (Computational Fluid Dynamics)
- e) Vehicle instrumentation for suspension parameter measurements
- f) Testing and adaptation of New Materials
- g) New Processes and upgradation of existing processes in the area of machining and surface coatings
- h) Assimilation of collaborators' technology
- i) Product Engineering for enhanced product quality and reliability.
- j) Reduction of rejections and warranty returns
- k) Improving New Product development (NPD) lead time
- l) Environmental compliance by products and processes to meet stringent ELV norms.
- m) Testing and validation of new products

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

- a) R&D proposals enabled significant reduction in product costs and this will continue to be the focus area in the future.
- b) Design modification were carried out to enable productivity improvement in manufacturing.
- c) The brand image of the Company has shown improvement resulting in the company getting new orders from OEM's for vehicles to be launched in Europe/America.

3. Future plan of action

- a) The Company has initiated development efforts for peripheral parts for struts dampers used in passenger cars.
- b) The Company is developing advanced suspension systems for improved comfort to fulfil customers expectations in the future.

4. Expenditure on R&D

		Rs. Million
Capital	:	1.6
Recurring	:	23.9
Total	:	<u>25.5</u>

Total R&D expenditure
as percentage of total
turnover : 0.5%

Technology Absorption, Adaptation and Innovation

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

- i) Technology from Kayaba Industry Co. Ltd, Japan was used for manufacture of Shock Absorbers and McPherson Struts for Toyota Qualis, Toyota Innova, GM Tavera, Various models of Maruti covering Alto, Wagon R and new sedan SX4. Technology agreements have been renewed for up gradation of technology and for addition of products for new models coming up in the market.

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

Technical Assistance with SOQI Hydraulic Systems, Japan (100% subsidiary of Yamaha, Japan) has been renewed for up gradation of technology for Front Fork and two wheeler Shock Absorbers.

New agreement has been entered into for up gradation of technology for additional specific Front Forks and two wheeler Shock Absorbers.

2. Benefits derived as a result of the above efforts are acquiring new business, product development, import substitution, product improvement and cost reduction.

3. Particulars of imported technology in the last five years :

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

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

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

III. Foreign Exchange Earnings and Outgoings

Total foreign exchange earned and used:

Earnings	Rs. 72.2 Million
Outgoings	Rs. 370.2 Million

For and on behalf of the Board

Mumbai
May 21, 2008

Prakash Kulkarni
Executive Chairman

Arvind Walia
Managing Director

Report on Corporate Governance

A. MANDATORY REQUIREMENTS

1. Company's Philosophy on Code of Governance

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

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

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

2. Board of Directors

- Composition

The strength of the Board of Directors as on March 31, 2008 was 9 Directors. The Board comprises of two Executive Directors, a Managing Director and a Whole-time Director. The rest including the Chairman of the Board are Non-Executive Directors. The Board meets the requirement of not less than one-third being Independent Directors.

Details of Board Meetings held during the financial year 2007-08

Dates of Meetings	Board Strength	No of Directors present
22 nd May, 2007	9	8
23 rd July, 2007	8	6
26 th Oct, 2007	8	4
22 nd Jan, 2008	9	7

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

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

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

Directors	Category	Attendance Particulars		No. of other Directorships and Committee Memberships/ Chairmanships held*		
		Board Meetings	Last AGM	Director-ships*	Committee Memberships*	Committee Chairmanships*
Mr. Deep C Anand	Chairman	3	Yes	8	NIL	NIL
Mr. K.N. Subramaniam	MD	4	Yes	4	1	NIL
Mr C.S. Patel	N.E.D.	4	Yes	8	4	1
Mr. Russi Jal Taraporevala	N.E.D. I	3	Yes	3	4	3
Ms. Padmini Khare Kaicker	N.E.D. I	2	Yes	1	1	1
Mr. Jaithirth Rao**	N.E.D. I	0	NA	NA	NA	NA
Mr. Ravi Kumar Sinha	N.E.D. I	3	Yes	NIL	NIL	NIL
Mr. Rakesh Sachdev*	N.E.D.	0	NA	2	NIL	NIL
Mr. M.S. Sandhu	N.E.D.	3	No	1	1	NIL
Mr Arvind Walia	WTD	4	Yes	2	1	NIL

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

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

**He has resigned w.e.f. July 20, 2007

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

3. Code of Conduct

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

4. Audit Committee

After the introduction of the amendment to Section 292A of the Companies Act 1956, the Audit Committee was reconstituted in January 2001 and subsequently reconstituted in May 2006. This Audit Committee had four meetings during the year 2007-08. The composition of Audit Committee and attendance at its meetings is given hereunder:

Member	Position	No. of meetings attended
Mr. Ravi K Sinha	Chairman	3
Mr. C.S. Patel	Member	3
Ms. Padmini Khare Kaicker	Member	2
Mr. K.N. Subramaniam	Alternate Director	1

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

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

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

- Review of the Company's financial reporting process, and its financial statements
- Review of accounting and financial policies and practices
- Review of the internal control and internal audit system

- Review of risk management policies and practices
- Discussing with Statutory Auditors before the audit commences on the nature and scope of audit, as well as having post audit discussion to ascertain any area of concern.
- Review of related party transactions
- Review of process laid down for risk assessment and minimization procedure.

5. Remuneration to Directors

(A) Remuneration Committee:

The present composition of the Remuneration Committee is as follows:

Mr. Deep C Anand	Chairman
Mr. C.S. Patel	Member
Ms. Padmini Khare Kaicker	Member

The Chairman of the Committee, Mr. Deep C Anand is a Non-Executive Director.

The Remuneration Committee was constituted on May 14, 2001 and subsequently reconstituted in May 2006. No meeting was held during the year 2007-08.

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

Remuneration Policy:

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

(B) Details of the remuneration paid to Executive Directors during the year 2007-08 are given below: -

Name of Executive Directors	All elements of remuneration package i.e. salary benefits, bonuses pension etc. (Rs. Million)	Fixed component and performance linked incentives alongwith the performance criteria (Rs. Million)	Service contracts notice period, severance fees	Stock option with details, if any whether issued at discount as well as the period over which accrued and over which exercisable*
Mr. K.N. Subramaniam Managing Director	5.5	Nil	Pl. see note 'a'	Pl. see note 'b'
Mr. Arvind Walia Wholetime Director designated as President & Chief Operating Officer	5.2	Nil	Pl. see note 'a'	Pl. see note 'b'

- The agreement with the Managing Director and Whole time Director are for five years. Either party to the agreement is entitled to terminate the agreement by giving not less than six months notice in writing to the other party.
- The Company does not have stock option scheme for grant of stock options either to the Executive Director or employees.

6. Investors'/Shareholders' Grievance Committee

The Investors/ Shareholders Grievance Committee of the Board was constituted on May 14, 2001 and subsequently reconstituted in May 2006, to look into the redressal of investors' complaints like non receipt of Annual Reports,

interest payments, declared dividends, issue of duplicate certificate and other allied transactions. The composition of Investors/Shareholders Grievance Committee and attendance at its meeting is given hereunder :

Member	Position	No. of meetings attended
Mr. Russi Jal Taraporevala	Chairman	3
Mr. Ravi K Sinha	Member	3
Mr. M.S. Sandhu	Member	3
Mr. K.N. Subramaniam	Alternate Director	1

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

Number received during the year	329
Number resolved to the satisfaction of complainant	329
Number pending redressal	Nil
Number Pending Transfers	Nil

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

Name, designation and address of : Ms. Radha Sitaraman
Compliance Officer
Company Secretary
Gabriel India Limited
1, Sri Aurobindo Marg,
New Delhi – 110 016.

7. Share Transfer Committee

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

Member	Position
Mr. K. N. Subramaniam	Chairman
Ms. Padmini Khare Kaicker	Member
Mr. M.S. Sandhu	Member

8. General Body Meetings

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

a. Particulars of last three years Annual General Meetings

Financial year	Date	Time	Location
2006-07	July 23, 2007	2:30 p.m.	29 th Milestone Pune-Nashik Highway Village Kuruli Taluka Khed Pune 410 501
2005-06	July 24, 2006	2:30 p.m.	-do-
2004-05	July 19, 2005	2:30 p.m.	-do-

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

The company has passed the following special resolutions during the year 2005-06:

- (1) for approval of amendment to Article of Association of the company by insertion of a new article 8A for Buy Back of Shares.
- (2) For approval of payment of commission upto 1% of Net Profit of the Company under section 309 (4) of the Companies Act, 1956 to directors other than whole-time directors

The Company has passed special resolution in the year 2003-04 approving De-listing of the equity shares of the Company from the Delhi Stock Exchange

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

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

Name of Director	Russi Jal Taraporevala
Date of birth	08.09.1932
Date of Appointment:	20.04.1962
Expertise in specific functional areas:	Finance
Qualifications:	Economist & MBA
List of other Companies in which Directorships held:	1. Standard Industries Ltd.
	2. Stanrose Mafatlal Investment and Finance Ltd.
	3. D.B. Taraporevala Sons & Co. (P) Ltd. 4. Taraporevala Publishing Industries (P) Ltd.
Memberships/Chairmanships of Committees of Directors of the Company	Investor Greivance Committee Remuneration Committee
Memberships/Chairmanships of Committees of Directors of other Companies	1. Standard Industries Ltd. - Audit Committee, remuneration Committee and Investor Grievance Commiittee 2. Stanrose Mafatlal Investment and Finance Ltd. - Investor Grievance Commiittee

Name of Director	Padmini Khare Kaicker
Date of birth	15.04.1965
Date of Appointment:	19.07.2005
Expertise in specific functional areas:	Finance
Qualifications:	CA & CPA (USA)
List of other Companies in which Directorships held:	Perfect Circle India Ltd.
Memberships/Chairmanships of Committees of Directors of the Company	Audit Committee Remuneration Commiittee Share Transfer Committee
Memberships/Chairmanships of Committees of Directors of other Companies	Audit Committee - Perfect Circle India Ltd.

Name of Director	Arvind Walia
Date of birth	20.09.1954
Date of Appointment:	23.05.2006
Expertise in specific functional areas:	Management & Finance
Qualifications:	CA & MBA (Marketing)
List of other Companies in which Directorships held:	1. Anfilco Ltd. 2. Henkel Teroson India Ltd.
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Audit Committee - Anfilco Ltd.

Name of Director	Prakash Kulkarni
Date of birth	09.06.1947
Date of Appointment:	21.05.2008
Expertise in specific functional areas:	General Management
Qualifications:	BE (Mech) & DBM
List of other Companies in which Directorships held:	NIL
Memberships/Chairmanships of Committees of Directors of the Company	Investor Grievance Committee Share Transfer Committee
Memberships/Chairmanships of Committees of Directors of other Companies	NIL

Name of Director	Deepak Chopra
Date of birth	25.12.1954
Date of Appointment:	21.05.2008
Expertise in specific functional areas:	Finance
Qualifications:	CA & CS
List of other Companies in which Directorships held:	<ol style="list-style-type: none"> 1. AFM India Limited 2. Anand Automotive Systems Limited 3. Federal-Mogul Bearings India Limited 4. Asia Investments Private Limited 5. Camfil Farr Air Filtration India Limited 6. Chang Yun India Limited 7. Dytek India Limited 8. Degremont Limited 9. Echlin India Limited 10. Henkel Teroson India Limited 11. Mahle Filter Systems (India) Limited 12. Mando India Limited 13. Spicer India Limited 14. Valeo Friction Materials India Limited 15. Victor Gaskets India Limited
Memberships/Chairmanships of Committees of Directors of the Company	<ol style="list-style-type: none"> a. Audit Committee b. Remuneration Committee
Memberships/Chairmanships of Committees of Directors of other Companies	<ol style="list-style-type: none"> 1. Chang Yun India Limited - Audit Committee 2. Henkel Teroson India Limited - Audit Committee 3. Spicer India Limited - Audit Committee 4. Valeo Friction Materials India Ltd - Audit Committee 5. Mahle Filter Systems (India) Limited - Audit Committee 6. Degremont Limited - Audit Committee 7. Mando India Limited - Audit Committee 8. Victor Gaskets India Limited - Audit Committee 9. Victor Gaskets India Limited - Investors Grievance Committee

Name of Director	Rakesh Sachdev
Date of birth	21.02.1956
Date of Appointment:	26.10.2007
Expertise in specific functional areas:	Engineering & Finance
Qualifications:	BBA & MBA
List of other Companies in which Directorships held:	<ol style="list-style-type: none"> 1. Automotive Axles Ltd. 2. Meritor HVS (India) Ltd.
Memberships/Chairmanships of Committees of Directors of the Company	Nil
Memberships/Chairmanships of Committees of Directors of other Companies	Nil

9. Disclosures

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

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

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

None

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

- Secretarial Audit:

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

- Risk Management:

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

10. CEO/ CFO Certification

Certificate from CEO & CFO for the financial year ended March 31, 2008, has been provided elsewhere in the Annual Report.

11. Means of Communication

- Half yearly report sent to each household of shareholders
No, as the results of the Company are published in the Newspapers having wide circulation
- Quarterly results
Any website, where displayed
Whether it also displays official news
Released; and the presentations made to Institutional investors or to the Analysts
Newspapers in which results are normally published in
Same as above
Yes, on www.gabrielindia.com
No
1) Indian Express – Pune edition
2) Lok Satta – Pune edition
3) The Economic Times—Delhi & Mumbai edition
- Whether Management discussions and Analysis is a part of Annual Report or not
Yes enclosed

12. General Shareholder Information

- AGM : Date, Time and Venue
July 21, 2008 at 2.30 p.m. at Conference Hall, Gabriel India Ltd., 29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501
- Financial Year
April to March
- Date of Book Closure
July 14, 2008 to July 21, 2008 (both days inclusive)
- Dividend Payment date(s)
July 28, 2008
- Listing on Stock Exchange
The Bombay Stock Exchange Limited
National Stock Exchange of India Limited
- Stock Code
505714 on Mumbai Stock Exchange
GABRIEL on National stock exchange
- The ISIN of Gabriel India Limited on both NSDL and CDSL
INE524A01029

- Market Price Date : High, Low during each month in last financial year.
- Registrar and Transfer Agents

- Share Transfer System

- Distribution of shareholding and Share holding pattern as on March 31, 2008
- Dematerialisation of shares
- Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity
- Plant Locations

- Address for correspondence

Please see Annexure 'A'

Karvy Computershare Private Limited
Unit-Gabriel India Limited
Karvy House, 46, Avenue 4, Street No 1,
Banjara Hills, Hyderabad 500 034
Phone No. 040 – 23420818- 828
E-mail : mailmanager@karvy.com

All the transfers received are processed and approved by the Share Transfer Committee which normally meets twice in a month

Please see Annexure 'B'

Complied with
Not issued

The Company's plants are located at Nasik, Pune, Dewas, Hosur, Gurgaon, Khandsa, Parwanoo
Shareholders correspondence should be addressed to the Registrars & Transfer Agents at the address given above or to be registered office of the Company or to the Corporate office or can be emailed to secretarial@gabriel.co.in
The investors complaints may be registered with the Company by email to grd@gabriel.co.in

B. NON-MANDATORY REQUIREMENTS

a) Chairman of the Board

Whether Chairman of the Board is entitled to maintain a chairman's office at the company's expenses and also allowed reimbursement of expenses incurred in performance of his duties.

The Chairman does not maintain a separate office for the Company. Expenses incurred by the Chairman on official duties for the Company are met / reimbursed by the Company.

b) Shareholder Rights

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

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

c) Postal Ballot

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

d) Remuneration committee

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

e) Audit Qualification

The Company is in the regime of Unqualified financial statements.

f) Training of Board Members

The Company organises training of its Members from time to time.

g) Mechanism for evaluating Non-executive Board Members

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

h) Whistle Blower Policy

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

For and on behalf of the Board

Mumbai
May 21, 2008

Prakash Kulkarni
Executive Chairman

Arvind Walia
Managing Director

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

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

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

Mumbai
May 21, 2008

Arvind Walia
Managing Director

Annexure "A"

(i) Stock Price Data

High/Low of market price of the Company's shares traded on the Bombay Stock Exchange, Mumbai during the financial year 2007-08 is furnished below:

Period (Year 2007-2008)	Highest (Rupees)	Lowest (Rupees)	Period (Year 2007-2008)	Highest (Rupees)	Lowest (Rupees)
April	33.60	28.50	October	25.50	20.90
May	32.20	29.55	November	28.70	19.25
June	30.90	26.30	December	32.50	25.85
July	28.15	25.60	January	35.45	22.55
August	31.10	24.60	February	23.95	19.75
September	26.85	24.90	March	20.85	15.25

(i) Stock Price Data

High/Low of market price of the Company's shares traded on the National Stock Exchange, Mumbai during the financial year 2007-08 is furnished below:

Period (Year 2007-2008)	Highest (Rupees)	Lowest (Rupees)	Period (Year 2007-2008)	Highest (Rupees)	Lowest (Rupees)
April	35.75	28.10	October	26.55	20.55
May	33.35	29.30	November	30.24	19.05
June	31.10	26.15	December	32.45	25.00
July	29.40	25.45	January	37.30	21.70
August	30.90	24.15	February	24.00	19.50
September	27.60	24.55	March	21.60	15.10

Annexure “B”

(i) The distribution of shareholdings as on March 31, 2008 is as follows:

Distribution of Shareholding as on 31.03.2008

No. of equity shares held	No. of Folios	%age	No. of Shares	%age
Upto 5000	42237	98.78	14395933	20.04
5001 to 10000	266	0.62	2042514	2.84
10001 to 100000	226	0.53	5493198	7.66
100001 and above	30	0.07	49890325	69.46
Total	42759	100.00	71821970	100.00

(ii) Shareholding pattern as on March 31, 2008 is as follows:

Gabriel India Limited Shareholding pattern as on 31.03.2008

Sr No	Description	No. of shares	%
1	Indian promoters	32058124	44.64
2	Collaborators	11147980	15.52
3	Insurance companies & banks	601420	0.84
4	Mutual funds & UTI	3366471	4.69
5	FII's & NRI	283845	0.39
6	Domestic Companies	2959521	4.12
7	Resident Individuals	21404609	29.80
Total		71821970	100.00

Auditors' Certificate regarding Compliance of Corporate Governance

To the Members of Gabriel India Limited

We have examined the compliance of conditions of Corporate Governance by Gabriel India Limited, for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

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

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

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

*Place : Gurgaon
Dated: May 21, 2008*

V. NIJHAWAN
Partner
Membership Number - F87228

For and on behalf of
PRICE WATERHOUSE & CO.
Chartered Accountants

Management Discussion and Analysis

Overview

Your Company continues its leadership position as supplier of Ride Control Products comprising of Shock Absorbers, Struts and Front Forks to Indian Automotive Industry participating in all segments. i.e.

Commercial vehicles,
Multi utility vehicles,
Passenger Cars,
3 Wheelers and 2 Wheelers

Your Company being integral part of the Indian Automotive Industry, is affected by its fortunes which has and continues to gather momentum, fully supported by Government of India through its different policies for promoting the Industry. The Government of India has a strategic intent of making India as the hub for small cars for International markets. The continuous growth of the Automotive Industry would surely help your company to grow exponentially.

Commercial and Business outlook

The overall Indian economy continued its growth at about 9% (GDP). For the Industrial Sector however the growth rate was at 9% while the agricultural sector registered a lesser growth of 3%.

The overall automotive Industry declined by 2% even though, within the industry, passenger cars and commercial vehicles segment grew at 14% and 5% respectively. The overall decline, however, was caused by decline in 2 wheeler segment by 5%.

However, long term prospects of the Automotive Industry continues to be bullish which is evidenced by strategies of all OEM's investing to increase their production capacities, planning new models and new applications and entry of new international OEM's coming to India. Even in 2 wheeler segment, international players like Yamaha and Suzuki are investing substantial resources for developing high end models.

Inline with the Industry growth rate your Company registered segment-wise growth rate of:-

Passenger Cars	-	11%
Commercial Vehicle	-	2%.
2 / 3 Wheeler declined	-	30%

Business Outlook

Within the significant decline of 5% in 2 wheeler segment, our main customers suffered substantial reduction of 50% in their volumes affecting our performance adversely in that segment.

However, 07-08 was also a year of consolidation for your company in which the Company re-organised its production facilities which included operationalisation of facility at Parwanoo, primarily for the After Market requirements, setting up new facility at Khandsa for passenger car products in time scheduled to go full stream in production by quarter 2 of FY 09, closure of loss making facility at Noida and setting up facility at Chakan campus capable of making products for railways and commercial vehicles.

Alongwith the re-organisation, your Company also consolidated its market share by way of securing firm orders for new models of Maruti Suzuki, Mahindra Renault, Mahindra & Mahindra, Tata Motors, General Motors etc. Even in 2 Wheeler segments your Company secured orders for new products being launched by Yamaha, Suzuki and TVS in 08-09 which would dramatically improve Company's performance in 2 Wheeler Segment.

Your company also developed strong technical base and is gaining confidence levels of customers for their developmental work of new applications.

Value added services like Ride Tuning, CAE analysis, designing of peripheral parts etc have contributed significantly to the Company's success in maintaining customer's confidence and its market share.

Risk and Concerns

Your Company has broadly classified risks as following:-

1. Industry Risk
 - Customer Concentration
 - Material supplies and Price
 - Technology Changes
 - Global Competition
2. Financial Risks
 - Leverage

3. Legal and Statutory Risks
 - Contractual liabilities
 - Statutory compliances
4. Political Risk
5. Hazard Risks

Industry Risk

Your Company and the entire Component Industry is integrally linked with Automotive Industry, which in all its segments is influenced by general economic growth , availability of finance and interest rates.

Your Company has diversified its customer portfolio and is in fair position to absorb fluctuations of individual customer requirements within the respective segments.

In 4 wheelers and commercial vehicles segments being supplier to all prominent OEMs your Company has evenly spread out its risk. Even in 2 Wheeler Segment, the Company has increased its market share with OEMs like, Yamaha and Suzuki thereby insuring against the risks of demand fluctuations within the Industry.

Customer Concentration

About 90% of your Company's sale comes from OEMs. Your Company supplies to virtually all OEM's, and has dominant market share. In two wheeler, we have lower market share, your Company has broadened its customer base to insulate itself from setbacks of any individual customer in the industry.

Having also secured orders from most OEMs for their new models to be introduced in the coming years, your Company's market share is likely to be maintained in the future.

In the forthcoming years your company has obtained new businesses from Maruti Suzuki, Renault France, Tata Motors, General Motors, Yamaha, Suzuki motorcycles, Mahindra and Mahindra and Ashok Leyland.

In addition your Company has also focused on Replacement Market and registered a growth of 10% in last year with projections of further 15% growth in the year 08-09.

Material supplies and Prices

Increasing prices of raw materials like Steel, Rubber and Oil continued to exercise great strain on profitability of the Company. Major efforts were made to get compensation of price increases from customers and also partly neutralising the impact of increasing price by taking many VAVE initiatives for cost reduction. Though the company did manage to neutralize the impact of cost increase, however relentless price increases in raw materials continue to be an area of concern for the Industry as well as your Company.

Sourcing of many components from China continued with increasing vigour. Also your Company succeeded in developing many alternative sources for supplies which helped in keeping the cost under control.

Technology Changes

Your Company continues to have technology license Agreement with ArvinMeritor USA, Kayaba Industry Co. Ltd., Corporation Japan, KYB Suspensions Spain for manufacture of Shock Absorbers and Struts for four wheeler products and with SOQI Hydraulic System Co Japan (100% subsidiary of Yamaha, Japan) for 2 Wheeler Products.

In addition, your Company has also concluded a technology agreement with Kayaba Industry Company Ltd., in products in 2 wheeler (motorcycle) segment., which would enable your Company to actively participate in the growing high end vehicles in this segment.

Building on its own experience and the knowhow acquired from technical collaborations your Company has developed a good technical base having well equipped R& D Centres at Pune, Hosur and Ambad wherein modern facilities for testing analyzing and designing capabilities have been created. Alongwith these equipments and facilities, your Company has highly trained team of R&D Engineers capable of providing engineering solutions for ride control products including designing for new models.

With opening of Free Trade Agreement with ASEAN, Thailand and other Countries the company has a threat of global competition. Aggressive focus on Quality, Cost and Delivery has been taken up as effective method in safeguarding the Company's interest and business share.

This however, is also an opportunity which your company is aggressively perusing. The Company is continuing its efforts to export to North America as well as mid East and Europe for replacement market and also OEMs.

The Company's effort are likely to materialize during the year 08-09

3. Legal and Statutory Risks

3.1 Contractual liability

The Company has entered into business agreement with major OEMs for supply of components. Terms agreed

includes quantity, quality, price, delivery, warranty etc. The Management has taken conscious steps to restrict liabilities under the contract and to cover the risks involved. Your Company currently has no litigation in relation to contractual obligations pending against it in any court in India or elsewhere.

3.2 Statutory compliances

Your Company has its legal team in place with appropriate policies towards legal compliances. Continuous monitoring of the business operations by the team through a proper system of reporting ensures that the Company has not defaulted in any of the statutory compliance/requirement.

4. Political risks

The Indian government, over the last few fiscal years, has typically been a coalition of several political parties. The withdrawal of one or more of these parties could result in political instability. Such instability could delay the reform of the Indian economy and could have adverse effect on the market for our products. The political environment in India has proven to be stable over the last fiscal inspite of changes in the coalition of political parties forming the Central Government. The Government, from time to time, releases policies on Automotive Industry. The profitability of the Company may further be affected by changes in Government Policies regarding excise duty, service tax, import duty, Income Tax, Fringe Benefit Tax, VAT and any other Central / State levy etc. The growing cut-throat competition in this industry being price sensitive may squeeze the margins further in future.

5. Hazard & Other Risks

Your Company is adequately insured against all natural calamities under standard fire and special peril policy which includes fire, lightening, flood, typhoon, tempest, hurricane, earthquake, terrorism, impact damage, subsidence etc. We have also insured ourselves against various other types of risks which include insurance cover for professional errors and omissions, the entire physical infrastructure, protection against fixed costs, product liability policy and loss of profits. We have insured against other contingencies including coverage for lives of all employees in India and abroad. This includes key insurance cover for Directors and Officers (D&O).

Internal Control Systems and their adequacy

The Company's well defined organization structure, documented policy guidelines, predefined authority levels, and an extensive system of internal controls ensure optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations. The Internal Control systems are guided to ensure that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are authorized, recorded, and reported correctly. The Company has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis. The Company's internal auditors review business processes and controls. The Audit Committee of the Board then discusses significant findings and corrective measures initiated.

Human Resources/ Industrial Relations

During the year under review, the Company has undertaken extensive steps for optimising the use of its manpower through automation, productivity improvement, offloading of components and services and role enrichment.

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

Pollution and Environmental Controls

As a continuous step of utmost importance, environmental concerns are given priority. Accordingly, the Company has taken steps to improve efficiencies and waste management and to comply with applicable environment laws and regulations.

Safety and health of people working in and around the premises of the Company continue to get the maximum attention of the management. The Company takes special care of its employees in terms of improving the working condition and providing safety equipments as per the process requirements. Regular training is being provided to the employees to ensure that the environmental norms are being met and maintained. The Company is regular in investing in new equipments which help in meeting pollution norms and keep the environment clean.

Cautionary Statement

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

Place: Mumbai
Date: May 21, 2008

Arvind Walia
Managing Director

Auditors' Report to the members of Gabriel India Limited

1. We have audited the attached Balance Sheet of Gabriel India Limited, as at March 31, 2008, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
 - i)
 - (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical records have been noticed.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
 - ii)
 - (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
 - iii)
 - (a) The company has granted loans, secured or unsecured, to two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs. 242.5 million and Rs. 242.5 million respectively.
 - (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.
 - (c) The parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
 - (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
 - (e) The company has not taken secured/unsecured loans, from companies covered in the register maintained under Section 301 of the Act.
 - iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

- v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income-tax, sales-tax, service tax, and cess as at March 31, 2008 which have not been deposited on account of a dispute, are as indicated in Note 4(b) on Schedule 20.
- x) The company has no accumulated losses as at March 31, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi) According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
- xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions, are not prejudicial to the interest of the company.
- xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix) The Company has not issued any debentures during the year.
- xx) The company has not raised any money by public issues during the year.

- xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
4. Further to our comments in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

*Gurgaon,
May 21, 2008*

V. NIJHAWAN
Partner
Membership Number–F 87228
For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

Balance Sheet

as at March 31, 2008

		31.03.08		31.03.07	
	Schedule	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Sources of Funds					
Shareholders' Funds					
Share Capital	'1'	71.85		71.85	
Reserves & Surplus	'2'	1,254.62	1,326.47	1,236.31	1,308.16
Loan Funds					
Secured Loans	'3'	1,000.66		281.93	
Unsecured Loans	'4'	460.83	1,461.49	454.56	736.49
Deferred Tax Liability (Net)	'5'		104.38		105.55
			2,892.34		2,150.20
Application of Funds					
Fixed Assets	'6'				
Gross Block		2,378.18		2,090.04	
Less: Depreciation		1,193.28		1,070.02	
Net Block		1,184.90		1,020.02	
Capital Work-in-Progress		407.81	1,592.71	160.78	1,180.80
Investments	'7'		142.86		9.77
Current Assets, Loans & Advances					
Inventories	'8'	446.34		380.31	
Sundry Debtors	'9'	724.05		598.49	
Cash and Bank Balances	'10'	122.05		195.59	
Loan and Advances	'11'	790.87		630.03	
		2,083.31		1,804.42	
Less: Current Liabilities and Provisions					
Current Liabilities	'12'	807.39		657.67	
Provisions	'13'	119.15		187.12	
		926.54		844.79	
Net Current Assets			1,156.77		959.63
Significant Accounting Policies	'19'		2,892.34		2,150.20
Notes to Accounts	'20'				

This is the Balance Sheet referred to in our report of even date.

V. Nijhawan
Partner
Membership Number - F87228
For and on behalf of
PRICE WATERHOUSE & CO.
Chartered Accountants

Place: Mumbai
Dated: May 21, 2008

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

RADHA SITARAMAN
Company Secretary

DEEP C. ANAND
Chairman
K.N. SUBRAMANIAM
Managing Director
RUSSI JAL TARAPOREVALA
C.S. PATEL
RAVI K SINHA
M.S. SANDHU
PADMINI KHARE KAICKER
ARVIND WALIA
Directors

Profit & Loss Account

for the year ended March 31, 2008

	Schedule	31.03.08		31.03.07	
		Rs. Million	Rs. Million	Rs. Million	Rs. Million
Income					
Sales		5,416.72		6,011.23	
Less Excise Duty		<u>741.80</u>		<u>848.64</u>	
Net Sales		4,674.92		5,162.59	
Other Income	'14'	<u>141.12</u>		<u>918.86</u>	
			4,816.04		6,081.45
Expenditure					
Excise Duty		7.15		11.57	
Cost of Materials	'15'	3,477.08		3,843.91	
Personnel Expenses	'16'	389.36		408.00	
Manufacturing, Administration, Selling & Distribution And Other Expenses	'17'	604.99		643.95	
Interest	'18'	75.38		65.91	
Depreciation		<u>138.46</u>		<u>126.63</u>	
			4,692.42		5,099.97
Profit Before Tax			123.62		981.48
Provision for Taxation: (Refer Note 7 on Schedule 19)					
-Current Tax			43.10		206.00
-Deferred Tax			(1.17)		4.83
-Fringe Benefit Tax			<u>5.20</u>		<u>39.50</u>
Profit after Tax			76.49		731.15
Transfer from Capital Reserve			-		1.50
Profit Brought Forward			<u>744.79</u>		<u>452.84</u>
Profit Available for Appropriation			<u>821.28</u>		<u>1,185.49</u>
Appropriations					
Dividend - Interim			21.55		50.28
- Proposed final			28.73		-
Corporate Dividend Tax			7.90		7.05
General Reserve			7.65		146.23
Profit Carried Forward			<u>755.45</u>		<u>981.93</u>
			821.28		1,185.49
Earning Per Share - (Refer Note 15 on Schedule 20)					
- Basic / Diluted EPS (Rs.)			1.06		10.18
- Paid up value per share (Rs.)			1.00		1.00
Significant Accounting Policies					
Notes to Accounts					
	'19'				
	'20'				

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

V. Nijhawan
Partner
Membership Number - F87228
For and on behalf of
PRICE WATERHOUSE & CO.
Chartered Accountants

Place: Mumbai
Dated: May 21, 2008

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

RADHA SITARAMAN
Company Secretary

DEEP C. ANAND
Chairman
K.N. SUBRAMANIAM
Managing Director
RUSSI JAL TARAPOREVALA
C.S. PATEL
RAVI K SINHA
M.S. SANDHU
PADMINI KHARE KAICKER
ARVIND WALIA
Directors

Schedules

Schedule '1': Share Capital

	31.03.08 Rs. Million	31.03.07 Rs. Million
Authorised		
1,40,000,000 (Equity Shares of Re. 1 each	140.00	140.00
1,00,000 Cumulative Redeemable Preference Shares of Rs. 100 each	10.00	10.00
	<u>150.00</u>	<u>150.00</u>
Issued, Subscribed & Paid Up Capital		
71,821,970 (Previous Year 71,821,970)		
Equity Shares of Re. 1 each fully paid up (Previous Year Re. 1/- each)	71.82	71.82
Add: Share Forfeiture	0.03	0.03
	<u>71.85</u>	<u>71.85</u>

Notes : In earlier years:

- 12,35,000 Equity Shares of Rs.10 each allotted as fully paid up by way of Bonus Shares by capitalisation of Reserves
- 17,33,996 Equity Shares of Rs.10 each at a premium of Rs. 20 each allotted as fully paid up on conversion of Partly Convertible Debentures on November 30,1991
- 26,75,198 Equity Shares of Rs.10 each at a premium of Rs. 115 each allotted as fully paid up on conversion of Partly Convertible Debentures on November 01, 1996
- The Company had sub divided its every equity share of Rs 10 each (fully paid up) into 10 (Ten) equity shares of Re. 1 (One) each (fully paid up) based on the approval of the shareholders in the Extraordinary General Meeting held on 16th December, 2005

Schedule '2': Reserves & Surplus

	31.03.08		31.03.07	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Capital Reserve				
(Refer Note 5 on Schedule 19)				
Per Last Balance Sheet	1.70		1.70	
Add: Received During the Year	-		1.50	
Less: Transferred to Profit & Loss Account	-		1.50	
Per Last Balance Sheet	<u>1.70</u>	1.70	<u>1.70</u>	1.70
Share Premium:				
Per Last Balance Sheet		343.59		343.59
General Reserve:				
(Refer Note 5 on Schedule 20)				
Per Last Balance Sheet	146.23		124.79	
Less: Transferred on restructuring	-		124.79	
Add: Transferred from Profit & Loss Account	7.65	153.88	146.23	146.23
	<u>7.65</u>		<u>146.23</u>	
Profit & Loss Account				
(Refer Note 5 on Schedule 20)				
Available for carried forward	755.45		981.93	
Less: Transfer on Restructuring	-		172.44	
Less: Transition impact of Revised AS-15 (Net of tax Rs nil (Previous Year Rs. 32.83 million))	-	755.45	64.70	744.79
		<u>755.45</u>		<u>744.79</u>
		<u>1,254.62</u>		<u>1,236.31</u>

Schedule '3': Secured Loans

(Refer notes 1, 2 (a) and 5 on Schedule 20)	31.03.08 Rs. Million		31.03.07 Rs. Million
From Banks			
– Rupee Term Loans	508.75		75.00
– Foreign Currency Loans	200.00		–
Working Capital Facilities from Banks	291.91	330.58	–
Less Transferred on restructuring	–	124.20	206.38
– Interest Accrued and Due	–	–	0.55
	<u>1,000.66</u>		<u>281.93</u>

Schedule '4': Unsecured Loans

(Refer note 2(b), 2(c) and 2(d) on Schedule 20)	31.03.08 Rs. Million		31.03.07 Rs. Million
Sales Tax Deferral Loans	100.69		136.32
Working Capital Facilities from Banks	3.91		–
Short Term Loans and Advances			
– Rupee Loan from Banks	200.00	168.63	
– Foreign Currency Loan from Banks	–	88.41	
– Interest Accrued and Due	1.13	0.71	257.75
Other Loans and Advances			
– Commercial Paper	150.00		50.00
– Others	5.10		10.49
	<u>460.83</u>		<u>454.56</u>

Schedule '5': Deferred Tax Liabilities (Net)

(Refer note 7(b) on Schedule 19 and note 16 on Schedule 20)	31.03.08 Rs. Million		31.03.07 Rs. Million
Deferred Tax Liability -			
– At beginning of the year	105.55		194.79
– Deferred Tax Liability transferred on restructuring	–		(61.24)
– Impact of transition adjustments for employee benefits	–		(32.83)
– Adjustment for current year	(1.17)		4.83
	<u>104.38</u>		<u>105.55</u>

Schedule '6': Fixed Assets

(Refer notes 2, 5, 8, 9, 11 and 12 on Schedule 19, and notes 3, 5, 14, 26 and 27 on Schedule 20)

	(Rs. Million)											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.04.07	Transfer on Restruc- turing	Additions	Deduc- tions/ Adjust- ments	As at 31.03.08	Upto 1.4.07	Transfer on Restruc- turing	For the Year	Deduc- tions/ Adjust- ments	Upto 31.03.08	As at 31.03.08	As at 31.03.07
Tangible Assets												
Freehold Land	21.58	-	4.45	-	26.03	-	-	-	-	-	26.03	21.58
Leasehold Land **	21.17	-	2.88	-	24.05	2.65	-	0.10	-	2.75	21.30	18.52
Buildings **	419.95	-	62.50	2.12	480.33	140.18	-	14.47	0.26	154.39	325.94	279.77
Plant & Machinery	1,504.82	-	216.27	13.68	1,707.41	864.61	-	111.56	11.31	964.86	742.55	640.21
Vehicles*	28.33	-	1.47	3.34	26.46	11.02	-	3.58	1.86	12.74	13.72	17.31
Furnitures & Fixtures	47.93	-	7.25	1.51	53.67	24.18	-	3.05	0.97	26.26	27.41	23.75
Intangible Assets												
Computer Software	6.82	-	0.63	0.16	7.29	5.11	-	0.67	0.04	5.74	1.55	1.71
Technical Knowhow	39.44	-	14.26	0.76	52.94	22.27	-	5.03	0.76	26.54	26.40	17.17
	<u>2,090.04</u>	<u>-</u>	<u>309.71</u>	<u>21.57</u>	<u>2,378.18</u>	<u>1,070.02</u>	<u>-</u>	<u>138.46</u>	<u>15.20</u>	<u>1,193.28</u>	<u>1,184.90</u>	<u>1,020.02</u>
Capital Work-in-Progress ***												
											407.81	160.78
Total	<u>2,090.04</u>	<u>-</u>	<u>309.71</u>	<u>21.57</u>	<u>2,378.18</u>	<u>1,070.02</u>	<u>-</u>	<u>138.46</u>	<u>15.20</u>	<u>1,193.28</u>	<u>1,592.71</u>	<u>1,180.80</u>
Total as at 31.03.07	<u>2,682.86</u>	<u>680.42</u>	<u>121.39</u>	<u>33.79</u>	<u>2,090.04</u>	<u>1,351.89</u>	<u>384.88</u>	<u>126.63</u>	<u>23.62</u>	<u>1,070.02</u>	<u>1,020.02</u>	

* Vehicles include Assets purchased on finance lease amounting to Rs. 8.23 Million (Previous Year Rs. 9.56 Million) with a written down value of Rs. 3.18 Million (Previous Year Rs. 5.62 Million) as at year end.

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

***Capital Work-in-Progress includes Capital Advances of Rs. 86.61 Million (Previous Year Rs. 29.62 Million).

Schedule '7': Investments

	31.03.08 Rs. Million	31.03.07 Rs. Million
(Refer Note 3 on Schedule 19)	31.03.08	<i>31.03.07</i>
	Rs. Million	<i>Rs. Million</i>
Non-Trade—Long Term Investments		
Quoted—at cost:		
97,548 (<i>Previous year 97,548</i>) 6.75% US64 Bonds issued by the Administrator of the Specified Undertaking of Unit Trust of India of Rs.100/- each (<i>Previous year Rs 100/- each</i>), fully paid up, issued in lieu of 9,72,484 Units of Rs.10 each fully paid up of Unit Trust of India	9.75	9.75
800 (<i>Previous Year 800</i>) Equity Shares of Rs. 10 (<i>Previous Year Rs. 10</i>) each fully paid up of Housing Development Finance Corporation Limited	0.02	0.02
Unquoted—at cost:		
714,825 shares at Rs. 88 per share and 738,841 shares at Rs. 95 per share (<i>Previous Year Rs. nil</i>) face value Rs. 10/- each fully paid up of Anand Engine Components Limited	133.09	—
	<u>142.86</u>	<u>9.77</u>
Aggregate of Quoted investments :		
At Book Value	9.77	9.77
At Market Value	11.65	10.93

Schedule '8': Inventories

	31.03.08 Rs. Million	31.03.07 Rs. Million
(Refer Note 4 on Schedule 19)	31.03.08	<i>31.03.07</i>
	Rs. Million	<i>Rs. Million</i>
Raw & Packing Materials	227.59	206.89
Less Provision for Slow moving inventory	—	0.17
Stores and Spares	37.78	26.08
Work-in-Process	115.98	85.06
Finished Goods	64.99	62.45
	<u>446.34</u>	<u>380.31</u>

Schedule '9': Sundry Debtors

	31.03.08		31.03.07	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
UNSECURED				
Debts Outstanding for over six months				
Considered Good	5.04		17.83	
Considered Doubtful	<u>19.37</u>	24.41	<u>16.29</u>	34.12
Other Debts				
Considered Good	719.01		580.66	
Considered Doubtful	<u>0.43</u>	719.44	<u>0.08</u>	580.74
Less : Provision for Doubtful Debts		19.80		16.37
		<u>724.05</u>		<u>598.49</u>

Schedule '10': Cash and Bank Balances

	31.03.08 Rs. Million	31.03.07 Rs. Million
(Refer Notes 1(b) and 11 on Schedule 20)	31.03.08	<i>31.03.07</i>
	Rs. Million	<i>Rs. Million</i>
Cash-in-Hand	2.28	1.01
Cheques-in-Hand	—	0.13
With Scheduled Banks		
On Current Accounts	24.04	72.96
On Fixed Deposit Accounts	95.01	120.01
On Margin Money Accounts	0.72	1.48
	<u>122.05</u>	<u>195.59</u>

Schedule '11': Loans and Advances

(Refer note 5, 7 and 28 on Schedule 20)	31.03.08		31.03.07	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Advances recoverable in Cash or in kind or for value to be received				
– Unsecured				
– Considered Good	378.54		379.98	
– Considered Doubtful	0.35		0.82	
Less Provision for Doubtful Advances	0.35	378.54	0.82	379.98
Recoverable from Anand Engine Components Limited upon restructuring		18.30		123.30
Inter Corporate Deposits		242.50		–
Deposits with Excise Authorities		49.47		53.15
Advance Tax				
– Income Tax (Net of Provision Rs. 557.83 million)		84.01		54.21
Previous year Rs. 514.73 million)		18.05		19.39
Other current assets		18.05		19.39
		790.87		630.03

Schedule '12': Current Liabilities

(Refer Note 6 on Schedule 20)	31.03.08		31.03.07	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Acceptances		7.84		14.87
Sundry Creditors :				
– Total outstanding dues to micro, small and medium enterprises @	67.16		52.27	
– Total outstanding dues of creditors other than micro, small and medium enterprises	572.26	639.42	506.86	559.13
Interest accrued but not due		4.08		0.50
Security Deposit received		43.00		–
Deposit from Customers		14.71		9.62
Other Liabilities		28.56		28.98
Book Overdraft		63.04		9.55
Investor Education & Protection Fund shall be credited by the following amount :				
Unpaid Dividend		5.39		33.41
Unpaid Matured Deposits		1.35		1.61
		807.39		657.67

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

Schedule '13': Provisions

	31.03.08	31.03.07
	Rs. Million	Rs. Million
Proposed Dividend	28.73	–
Proposed Corporate Dividend Tax	4.88	–
Provision for Taxation		
- Fringe Benefit Tax ((Net of Advance Tax Rs. 55.86 million (Previous year Rs. 51.11 million))	1.20	0.76
- Wealth Tax (Net of Advance Tax Rs. 0.60 million Previous year Rs. 0.60 million)	0.32	0.32
Provision for Leave Encashment (Refer Note 10 on Schedule 19)	27.26	31.56
Provision for Superannuation (Refer Note 10 on Schedule 19)	–	86.16
Provision for Gratuity (Refer Note 10 on Schedule 19)	29.67	41.20
Others (Refer Note 13 on Schedule 19 and Note 12 on Schedule 20)	27.09	27.12
	119.15	187.12

Schedule '14': Other Income

	31.03.08		31.03.07	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Income from Investments		0.71		0.66
Interest on :				
Income Tax Refunds	3.03		–	
Loans to Staff	1.06		1.74	
Deposits	17.10		8.24	
[Tax Deducted at Source Rs.3.27 Million (Previous Year Rs. 1.83 Million)]				
Advances to Suppliers	0.33		0.24	
[Tax Deducted at Source Rs.nil (Previous Year 0.27)]				
Others	2.89	24.41	9.00	19.22
Discounts from suppliers		6.83		2.36
Income from services		18.35		–
Sale of Scrap		48.17		65.26
Rent		2.27		3.82
[Tax Deducted at Source Rs.nil (Previous Year Rs.0.76 Million)]				
Insurance Claim (Refer Note 6 on Schedule 19)		0.12		0.32
Sales Tax Deferral (Refer Note 9 on Schedule 20)		22.90		52.91
Profit on sale of development rights of land (Refer note 26 on Schedule 20)		–		745.42
Excess Provision/ Liabilities Written back		7.16		19.50
Miscellaneous Income		10.20		9.39
		<u>141.12</u>		<u>918.86</u>

Schedule '15': Cost of Materials

(Refer Note 5 on Schedule 20)	31.03.08		31.03.07	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Traded Finished Goods				
Opening Stock	1.57		1.63	
– Less Transferred on restructuring	–		1.33	0.30
Add: Purchases	3.46		4.81	
	5.03		5.11	
Less: Closing Stock	0.55	4.48	1.57	3.54
Manufactured Goods				
Raw Material, Components and Packing Materials Consumed				
Opening Stock	206.89		219.02	
– Less Transferred on restructuring	–		31.95	187.07
Add: Purchases	3,458.48		3,807.98	
	3,665.37		3,995.05	
Less: Closing Stock	227.59	3,437.78	206.89	3,788.16
(Increase)/Decrease in Work-in-Process and Finished Goods				
Opening Stock				
– Work-in-Process	85.06		82.17	
– Less Transferred on restructuring	–		16.69	65.48
– Finished Goods	60.88		135.63	
– Less: Transferred on restructuring	–		88.90	46.73
	145.94		112.21	
Less: Closing Stock				
– Work-in-Process	115.98		85.06	
– Finished Goods	64.44		60.88	
	<u>180.42</u>	<u>(34.48)</u>	<u>145.94</u>	<u>(33.73)</u>
Stores and Spares Consumed		69.30		85.94
		<u>3,477.08</u>		<u>3,843.91</u>

Schedule '16': Personnel Expenses

	31.03.08	31.03.07
	Rs. Million	Rs. Million
(Refer Note 10 on Schedule 19 and Notes 13, 17 and 28 on Schedule 20)		
Salaries, Wages & Bonus	321.67	321.71
Contribution to Provident and Other Funds	18.12	36.86
Staff Welfare	49.57	49.43
	<u>389.36</u>	<u>408.00</u>

Schedule '17': Manufacturing, Administration, Selling & Distribution and Other Expenses

	31.03.08	31.03.07
	Rs. Million	Rs. Million
(Refer Note 14 on Schedule 20)		
Power & Fuel	99.72	98.67
Rent	25.29	17.98
Rates & Taxes	4.50	25.20
Insurance	11.72	14.62
Repairs & Maintenance		
– Buildings	6.80	12.42
– Machinery	56.10	59.30
– Others	17.06	18.39
Freight	62.92	67.42
Advertisement & Sales Promotion	17.41	21.60
Discounts	50.14	67.64
Warranty	35.04	31.30
Provision for Doubtful Debts/Advances	3.67	6.19
Provision for assets not in use	0.72	0.17
Royalty	21.62	16.28
Travelling & Conveyance	54.92	49.18
Printing & Stationery	8.04	7.41
Legal and Professional	73.92	82.48
Communication	12.60	12.36
Bank Charges	2.52	1.87
Loss on Assets Sold / Scrapped (Net)	0.52	7.59
Foreign Exchange Fluctuations (Net) (Refer Note 8 on Schedule 19)	11.23	0.23
Directors' Fees	0.11	0.16
Miscellaneous Expenses	28.42	25.49
	<u>604.99</u>	<u>643.95</u>

Schedule '18': Interest

	31.03.08	31.03.07
	Rs. Million	Rs. Million
Term Loans	35.16	26.88
Working Capital Accounts	8.69	8.04
Fixed Deposits	–	0.08
Commercial Paper	11.96	6.24
Others	19.57	24.67
	<u>75.38</u>	<u>65.91</u>

Schedule '19': Statement on Significant Accounting Policies

1. Accounting Convention

The Financial Statements are prepared to comply in all material aspects with all the applicable accounting Principles in India, the applicable accounting standards notified u/s 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

2. Fixed Assets and Depreciation

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

3. Investments

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

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

4. Inventories

Raw material and stores and spares are valued at cost. Other inventories are valued at lower of cost or net realisable value. Cost is arrived on a weighted average basis and includes applicable manufacturing overheads. Due allowance being made for obsolete and slow moving items based on estimated useful life.

5. Capital Grants

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

6. Revenue and Expense Recognition

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

Claims recoverable on account of insurance are accounted for as and when the amounts recoverable can be reasonably determined.

Expenses are accounted for on an accrual basis.

7. Taxation

Tax expense (tax saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit and Loss Account for the year. However, in the year of transition the accumulated deferred tax liability at the beginning of the year has been recognised with a corresponding charge to the General Reserve in accordance with Accounting Standard-22 "Accounting for Taxes on Income" and measured at the tax rates that have been enacted or substantially enacted by the Balance Sheet Date

- a) Current year charge

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

b) **Deferred Tax**

The Company provides for deferred tax using the liability method, based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision.

Deferred Tax Assets arising from temporary timing differences are recognized to the extent there is reasonable certainty that the assets can be realised in future.

8. Foreign Currency Transactions

Foreign currency transactions, other than those covered by forward contracts, are accounted for at the exchange rate prevailing on the transaction date. Gain / loss arising out of fluctuation in rate between transaction date and settlement date in respect of revenue items are recognised in the Profit and Loss Account.

In respect of transactions covered by forward exchange contracts, other than relating to fixed assets, the difference between the contract rate and the spot rate on the date of the transaction is amortised as expense or income over the life of the contract.

Foreign currency assets and liabilities are restated at the exchange rate prevailing at the year end and the overall net gain / loss is adjusted to the Profit and Loss Account.

9. Research and Development

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

10. Retirement Benefits

The Company has Defined Contribution plans for post employment benefits' namely Provident Fund and Superannuation Fund.

Regular contributions are made to Provident Fund and charged to revenue.

Regular contributions are made to the superannuation fund which is maintained by the LIC. The said contributions made are charged to revenue every year.

The Company has Defined Benefit plans namely leave encashment/ compensated absence, Gratuity and Retirement Allowance for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. The Gratuity Fund is recognised by the income tax authorities and is administered through trusts.

Gains and losses arising out of actuarial evaluations are recognised immediately in the Profit and Loss Account as income or expense.

11. Borrowing Cost

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

12. Leases

Leases of Fixed assets where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charge is charged to the Profit and Loss Account over the lease period.

Lease rentals in respect of assets taken on "Operating Lease" are charged to the Profit and Loss Account on straight line basis over the lease term.

13. Warranty

Provision for warranty is made on trends determined by the Company, as per technical evaluation

14. Provisions and Contingencies

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

Schedule '20': Notes forming part of Accounts

1. (a) The Term Loans from banks of Rs. 708.75 million (*Previous Year Rs.75.00 million*) are secured as follows:
 - i) Rs. 25.00 million (*Previous year Rs. 75 million*) from State Bank of India is secured by hypothecation of entire fixed assets of the Company excluding Land and Building.
 - ii) Rs. 170.00 million (*Previous year Rs. Nil*) from State Bank of India is secured by hypothecation of the Company's entire plant and machinery both present and future.
 - iii) Rs. 200.00 million (*Previous year Rs. Nil*) from State Bank of India is secured by hypothecation of the Company's entire plant and machinery both present and future.
 - iv) Rs. 63.75 million (*Previous year Rs. Nil*) from ABN Amro bank is secured by hypothecation of movable fixed assets of the Company, both present and future, on pari passu with other lenders.
 - v) Rs. 250.00 million (*Previous year Rs Nil*) from ABN Amro Bank, the Company is in the process of creating charge on its movable fixed assets both present and future and an exclusive charge by way of equitable mortgage over the immovable properties situated at Pune
- (b) The Working capital facilities amounting to Rs. 291.91 million (*Previous year Rs. 305.84 million*) are secured by hypothecation of stocks, spares and book debts and balance amounting to Rs. Nil (*Previous Year Rs. 24.74 million*) are secured by Fixed Deposit of Rs. Nil (*Previous Year Rs. 25.0 million*).
2. (a) Secured Term Loan from banks due for repayment within a year are Rs. 184.46 million (*Previous year Rs. 50.00 million*)
- (b) Sales Tax Deferral loan due for repayment within a year are Rs. 4.26 million (*Previous year Rs. 11.11 million*)
- (c) Loans and Advances Others due for repayment within a year are Rs. 3.15 million (*Previous year Rs. 5.71 million*)
- (d) Commercial paper due for repayment within a year are 150.00 million (*Previous year Rs. 50 million*)
3. Estimated amount of contracts remaining to be executed on capital account and not provided for are Rs. 143.35 million (*Previous year Rs. 54.45 million*).

4. (a) Contingent Liabilities are in respect of:

	31.03.08	<i>31.03.07</i>
	Rs. Million	<i>Rs. Million</i>
(i) Bills discounted, Letters of Credit and Bank guarantees	30.00	<i>0.95</i>
(ii) Income Tax, Sales Tax and Excise duty against which appeals are pending	146.56	<i>158.44</i>
(iii) Claims not acknowledged as debts	5.99	<i>5.99</i>
(iv) Interest unpaid to Micro, Small & Medium Enterprises	3.70	<i>–</i>

- (b) Particulars of dues of Sales Tax, Income Tax and Service Tax as at March 31, 2008, which have not been deposited on account of dispute:

(Rs. Million)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Act	Purchase return treated as sales by Department	0.26	2002-2003	Maharashtra sales tax tribunal.
Sales Tax Act	For 'D Forms' & 'F Forms'	0.29	1999-2000	Trade tax Tribunal-UP, Bench-I, Lucknow
Sales Tax Act	Late filing of return	0.13	Oct '99, Jan '00, Feb '00 & Mar '00	Trade tax Tribunal-UP, Bench-I, Lucknow
Sales Tax Act	For 'C Forms' & 'F Forms'	0.23	2000-2001	Joint Comm-Appeal-Lucknow
Sales Tax Act	For 'D Forms'	0.07	2000-2001	Dy. Comm-Appeal(I)-Lucknow
Sales Tax Act	Sales return credit notes disallowed	0.09	2001-02	Assisstant Commissioner, Cuttack
Sales Tax Act	Tax Liability for 'Form 31'	0.04	2002-2003	Tribunal Ghaziabad.
Sales Tax Act	For 'C Forms'	0.05	2003-04	Deputy Commissioner of Commercial Taxes, Special Circle, Ranchi

Name of statute	Nature of dues	Amount (Rs. Million)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Act	Warranty claim rejected	0.04	2004-05, 2005-06	The Superintendent of Taxes, Assam, Unit B, Kar Bhawan, Gawahati
Sales Tax Act	For 'C Forms'	0.54	2004-05	Deputy Commissioner of Commercial Taxes, Special Circle, Ranchi
Sales Tax Act	Form D & F Forms	0.05	2003-04	Commercial Tax officer, Namapally Circle, Hyderabad
Sales Tax Act	For Form 31	0.02	2004-05	Appeal pending with Tribunal Ghaziabad
Sales Tax Act	For Form 31 and export sales	0.18	2002-03	Deputy Commissioner Appeals, Luknow
Sales Tax Act	Declaration Forms not received	39.70	2004-05	Deputy Commissioner Assessments Lucknow
Central Excise Act	Service tax on technical knowhow	2.60	Oct'99	CESTAT
Central Excise Act	Irregular availment of service tax credit	1.82	2007-08	Superintendent of Central Excise
Income Tax Act	Disallowance of expenses	95.75	Assessment years 98-99, 00-01, 02-03, 03-04 & 04-05	Income Tax Appellate Tribunal
Income Tax Act	Disallowance of expenses	2.53	Assessment year 2005-06	Commissioner Income Tax (Appeals)
Income Tax Act	Interest under 234B & 234C	1.52	Assessment year 2006-07	Assessing Officer
Employee State Insurance	ESIC Contribution	0.65	2001-02 to 2003-04	Regional ESIC office

5. Pursuant to the scheme of restructuring, approved by the Hon'ble High Court of Bombay business of the Engine Bearing Division (EBD) of the Company was transferred as a going concern and became vested in Anand Engine Components Limited (AECL) effective April 1, 2006.

Accordingly, all assets, liabilities, debts, duties and obligations relating to EBD were transferred to AECL. As a result the following balances had been transferred to AECL:

As a result the following balances had been transferred to AECL:

		(Rs. Million)	
Gross Block of Fixed Assets	680.4		
Less: Accumulated Depreciation	384.9		
Net Block	295.5		
Capital Work in Progress	0.8	296.3	(A)
Current Assets, Loans & Advances :			
Inventories	150.8		
Sundry Debtors	98.7		
Cash and Bank Balances	8.7		
Loans and Advances	22.9		
	281.1		
Less Current Liabilities and provisions			
Liabilities	89.5		
Provisions	3.6		
	93.1		
Net Current Assets		188.0	(B)
Secured Loans		124.2	(C)
Unsecured Loans		1.7	(D)
Deferred Tax Liability		61.2	(E)
Excess of (A+B) over (C +D+E) adjusted against:			
General Reserve	124.8		
Profit and Loss account	172.4	297.2	

Accordingly, an amount of Rs. 123.30 million was recoverable from AECL as at March 31, 2007. During the year, the Company has received the amount due from AECL. Also, pursuant to the scheme of restructuring, the Company acquired 7,14,825 shares of AECL amounting to Rs. 62.90 million and subscribed a further 7,38,841 shares for a consideration of Rs. 70.19 million. As at March 31, 2008 the Company holds 1,453,666 shares of AECL for a consideration of Rs. 133.09 million.

6. Disclosures required under the Micro, Small & Medium Development Act, 2006. Rs. Million
- | | |
|--|-------|
| (a) (i) the principal amount remaining unpaid as at March 31, 2008; | 67.16 |
| (ii) Interest due thereon remaining unpaid on March 31, 2008 | — |
| (b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | — |
| (c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | — |
| (d) the amount of interest accrued and remaining unpaid on March 31, 2008, and | — |
| (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | — |
7. Loans and Advances include:
- a) Rs. 3.19 million (*Previous year Rs. 2.95 million*) due from an officer of the company. Maximum amount due during the year Rs. 3.32 million (*Previous year Rs.3.40 million*).
 - b) Debts due from Private Limited Companies and Firms where any Director is a Director or Partner is Rs.1.71 million (*Previous year Rs.4.90 million*).
8. Other Income includes an amount of Rs.22.90 million (*Previous year Rs.52.91 million*) arising from pre mature repayment of Rs. 8.73 million (*Previous year Rs. 19.49 million*) against outstanding liability of Rs.31.63 million (*Previous year Rs. 72.40 million*) under sales tax deferral scheme.
9. Segmental Reporting:
- a) **Primary Segment:**
The Company operates only in one business segment viz. Auto Components and Parts.
 - b) **Secondary Segment:**
The company caters mainly to the needs of Indian market and the export turnover being 1.54 % of the total turnover of the company; there are no reportable geographical segments.
10. In accordance with the Accounting Standard on "Related Party Disclosures" (AS 18), the disclosure in respect of transactions with the Company's related parties are as follows:

A. Names of related parties * and description of relationships

1. Mr. K.N. Subramaniam (Managing Director) - Key Management Personnel
2. Mr. Arvind Walia (Whole Time Director) - Key Management Personnel
3. Asia Investments Private Limited - Associate
4. Anand Engine Components Limited - Associate

* As identified and certified by the Management

B. Details of Transactions

		Rs. Million
Particulars	Key Management Personnel	Associates
1 Reimbursement of expenses to associate		0.12
2 Reimbursement of expenses from associate	—	(—) 0.04

Particulars	Rs. Million	
	Key Management Personnel	Associates
3 Inter corporate deposits	—	(0.14)
		305.00
		(—)
4 Interest on inter corporate deposits		8.63
	—	(—)
5 Repayment of Inter corporate deposits		70.00
	—	(—)
6 Fixed Assets purchased/advance paid for fixed assets purchase	—	14.55
	—	(—)
7 Share purchase Anand Engine Components Limited		133.09
		(—)
8 Directors' Remuneration	10.74	—
	(10.57)	(—)
Amount Outstanding		
1 Corporate Guarantee	—	95.00
	—	(95.00)
2 Reimbursement of expenses	—	0.02
	—	(0.02)
3 Inter corporate deposits		235.00
		(—)
4 Interest on inter corporate deposits		8.63
		(—)
5 Advance for Fixed Assets purchase	—	12.29
		(—)
6 Investment shares of Anand Engine Components Limited		133.09
		(—)
7 Directors' Remuneration	2.05	—
	(3.81)	(—)

Previous year figures have been given in brackets

11. The Company has given a guarantee, supported by pledge of its fixed deposits of Rs. 95.0 million (*Previous Year Rs. 95.0 million to Indusind Bank*), to Axis Bank in respect of repayment of loans of Rs. 86.87 million (*Previous year Rs. 90.50 million*) (including interest or other charges related thereto) taken by Asia Investments Private Limited, a shareholder of the Company.

12. The Company has the following provision in the books of account as on 31.03.2008

Description	Rs. Million			
	Balance as on 01.04.07	Additions during the year	Utilised/Reversed during the year	Balance as on 31.03.08
Provision for Warranty	27.12	2.59	2.62	27.09
	(25.19)	(2.62)	(0.69)	(27.12)

Provision for warranty relates to the estimated (based on management's technical evaluation) outflow in respect of warranty for products sold by the Company. Due to the very nature of such cost, it is not possible to estimate the timing/uncertainties relating to its outflow.

13. The following expenses incurred on Research and Development are included under respective account heads :

	Rs. Million	
	2007-08	2006-07
Personnel Expenses	12.41	10.64
Manufacturing, Administration, Selling & Distribution and Other Expenses	6.12	6.02
Depreciation	4.63	5.30
Total	<u>23.16</u>	<u>21.96</u>

14. Assets on lease on or after April 1, 2001 included in fixed assets, where the company is a lessee under a finance lease:

	Minimum Lease Payments due as at 31.03.08	Future Finance Charge	Rs. Million Present Value as at 31.03.08
Total	2.16 (3.69)	0.26 (0.52)	1.90 (3.17)
Not later than 1 year	1.60 (2.03)	0.23 (0.22)	1.37 (1.81)
Later than 1 year and not later than 5 year	0.56 (1.66)	0.03 (0.30)	0.53 (1.36)

Previous year figures have been given in brackets

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

	2007-08	2006-07
– Profit attributable to Equity Shareholders (Rs. million) – (A)	76.49	731.15
– Basic/Weighted average number of Equity Shares Outstanding during the year – (B)	71,821,970	71,821,970
– Nominal Value of Equity Share	1.00	1.00
– Basic Earning per Share (Rs.) – (A)/(B)	1.06	10.18

16. The Company estimates deferred tax charge/(credit) using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The net deferred tax liability as at March 31, 2008 is given below:

	Opening as at April 01, 2007	Movement during the year	Rs. Million Closing as at March 31, 2008
Deferred Tax Liability			
Depreciation	119.88	2.20	122.08
	119.88	2.20	122.08
Deferred Tax Assets			
Deduction u/s 43B	(10.26)	(1.40)	(11.66)
Other Provisions	(4.07)	(1.97)	(6.04)
	(14.33)	(3.37)	(17.70)
Net Deferred Tax Liability/(Asset)	105.55	(1.17)	104.38

17. (a) Determination of Net Profit in accordance with Section 349/198 of The Companies Act, 1956 and commission payable to directors:

	2007-08	Rs. Million	2006-07
Profit before tax as per Profit and Loss Account	123.62		981.48
Add: Directors' Remuneration	12.37	13.62	
Directors' Fees	0.11	0.16	
Depreciation as per books	138.46	126.63	
Loss on Assets Sold / Scrapped	0.52	7.59	
Voluntary Retirement Scheme	24.09	42.18	
Provision for Doubtful Debts/Advances/Inventory	3.67	6.36	196.54
Less: Deduction under Section 349 and 350			
Depreciation u/s 350	138.46		126.63
Profit on sale of Assets	–		745.42
Debts written off against provision	0.20		1.27
Net Profit under Section 349	164.18		304.70
Commission payable to directors:			
Whole time	2.05		3.81
Non-whole time	1.64		3.05
Total	3.69		6.86

b) Directors Remuneration:

Salary	6.61	4.75
Company's Contribution to Provident Fund & Superannuation Fund	0.87	0.76
Perquisites	1.20	1.25
Commission [See 17(a) above]	3.69	6.86
Total	<u>12.37</u>	<u>13.62</u>

Note:

The aforesaid is exclusive of provision for leave encashment, as separate actuarial valuation for the directors is not available

18. (A) Particulars in respect of Goods manufactured for Sale / Consumption:

Product	Year	Unit of Measure	Opening Stock		Sales		Closing Stock	
			Qty.	Rs. Million	Qty.	Rs. Million	Qty.	Rs. Million
(i) Shock Absorbers, Struts & Front Forks	07-08	Nos.	240,112	60.88	11,807,375	5410.63	202,862	64.44
	06-07	Nos.	182,153	46.73	12,375,506	6,007.13	240,112	60.88

(iv) Licensed Capacity*, Installed Capacity and Actual Production:

Product	Year	Unit of Measure	Installed Capacity	Actual Production
a. Shock Absorbers & Struts	07-08	Nos.	19,916,685	11,001,724
	06-07	Nos.	19,016,685	11,289,719
b. Front Forks	07-08	Nos.	2,597,807	768,401
	06-07	Nos.	2,574,557	1,143,746

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

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

B) Particulars in respect of Purchased Goods - Finished

Product	Year	Opening Stock		Purchases		Sales		Closing Stock	
		Qty. Nos.	Value Rs. Million	Qty. Nos.	Value Rs. Million	Qty. Nos.	Value Rs. Million	Qty. Nos.	Value Rs. Million
Shock Absorbers	07-08	2,350	0.37	8,062	1.23	10,119	2.49	293	0.05
	06-07	1,807	0.30	14,823	2.32	14,280	2.60	2,350	0.37
Front Fork Oil	07-08	31,687	1.20	69,133	2.23	86,471	3.60	14,349	0.50
	06-07	-	-	62,807	2.49	31,120	1.50	31,687	1.20

Consumption of Raw Materials, Components and Packing Materials:

Items	Unit of Measure	2007-08		2006-07	
		Quantity	Rs. Million	Quantity	Rs. Million
A Raw Materials (Basic)					
Tubes	Meters	10,820,764	612.36	9,850,270	705.42
Bright Bars	Kgs	4,624,903	278.61	4,350,513	195.30
Shock Fluid	Litres	1,577,896	89.43	1,763,960	95.55
Steel Strips	Kgs	17,634	0.62	27,783	0.43
Others			114.10		133.87
			<u>1,095.12</u>		<u>1,130.57</u>

B Components						
Pressed Parts	Nos	152,938,466		437.81	194,703,694	497.85
Die Castings	Nos.	7,991,374		309.10	13,983,596	476.07
Rubber Parts	Nos.	66,090,822		362.76	73,344,178	377.31
Springs	Nos.	60,670,391		331.53	44,142,800	389.82
Turned Parts	Nos.	33,839,880		189.94	31,866,848	157.56
Sintered Parts	Nos.	31,386,850		297.96	38,493,549	294.80
Forgings	Nos.	3,058,126		86.21	3,823,656	107.28
Others				327.35		356.90
				<u>2,342.66</u>		<u>2,657.59</u>

19. Job work charges included in consumption amount to Rs. 289.15 million (*Previous Year Rs. 356.54 million*).

20. Value of Imports on CIF basis:

	2007-08 Rs. Million	2006-07 Rs. Million
i) Raw Materials	314.26	281.07
ii) Components	38.75	18.32
iii) Stores	13.59	15.55
iv) Machinery Spares	2.19	12.03
v) Capital Goods	1.41	5.13

21. Expenditure in Foreign Currency (On Cash Basis) :

	2007-08 Rs. Million	2006-07 Rs. Million
i) Foreign Travel	2.74	4.60
ii) Technical Services	38.56	0.13
iii) Royalty	19.69	10.00
iv) Export Commission	1.84	5.79
v) Professional Fees	0.86	0.41
vi) Others	2.78	0.01

22. Materials, Components and Spares consumed:

Particulars	2007-08				2006-07			
	Raw Materials & Components		Spares*		Raw Materials & Components		Spares*	
	%	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million
i) Imported at landed cost	12.33	423.79	22.93	16.59	9.14	346.06	25.16	21.95
ii) Indigenous	87.67	3013.99	77.07	55.08	90.86	3,442.10	74.84	65.30
	<u>100.00</u>	<u>3437.78</u>	<u>100.00</u>	<u>71.67</u>	<u>100.00</u>	<u>3,788.16</u>	<u>100.00</u>	<u>87.25</u>
iii) *Consumption for repairs to machinery (included in the figures stated above)				2.37				1.31

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

	2007-08	2006-07
i) Number of Shareholders	2	2
ii) Number of Shares	14,843,980	14,843,980
iii) Amount remitted (Rs. million)	10.39	10.39
iv) Relating to year ending	Interim for 2006-07 & Interim for 2007-08	March '06 & Interim for 2006-07

24. Auditor's Remuneration:

Particulars

	2007-08 Rs. million	2006-07 Rs. million
For Audit fee	2.20	2.20
For Certification & other charges	1.29	1.18
Expenses reimbursed	0.37	0.37

25. Earnings in Foreign Exchange:

Particulars

	2007-08 Rs. million	2006-07 Rs. million
FOB Value of Exports	72.16	69.43

26. During the year ended March 31, 2007 the Company had entered into an agreement and had given possession and ceded development rights for a major part of the land located at Mulund, Mumbai. Consequently an amount of Rs. 745.42 million had been recognized as profit on sale of development right of land, in previous year

27. The Company closed the manufacturing facility located at Noida, UP with effect from June 26, 2007. Accordingly, settlement cost with the employees amounting to Rs. 24.09 million has been accounted for under staff cost. Also, the Company is in the process of transferring the movable assets to other manufacturing locations and selling the land and building situated at above mentioned premises. The Company does not anticipate any asset impairment loss on account of the closure.

28. During the year, the Company has given Inter Corporate Deposit to Asia Investments Private Limited and Anand Automotive Systems Limited. The amounts outstanding as at the year end are Rs. 235.00 million and Rs. 7.50 million respectively.

29. Disclosure under AS-15

Defined benefit plans

The entire contributions are borne by the company.

	Gratuity Rs.	Leave Encashment Rs.
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:		
Obligations at period beginning 01.04.07	–	35.78
Service Cost	42.13	3.52
Interest cost	–	2.79
Benefits settled	(7.84)	(3.03)
Actuarial (gain)/loss	(41.43)	(11.80)
Obligations at period end 31.03.08	37.80	27.26
Defined benefit obligation liability as at the balance sheet is wholly funded by the Company		
Change in plan assets		
Plans assets at period beginning, at fair value 01.04.07	11.06	–
Expected return on plan assets	1.03	–
Actuarial gain/(loss)	0.13	–
Contributions	3.75	–
Benefits settled (estimated)	(7.84)	–
Plans assets at period end, at fair value 31.03.08	8.13	–
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year	8.13	–
Present value of the defined benefit obligations at the end of the period 31.03.08	37.80	27.26
Liability recognised in the balance sheet	(29.67)	(27.26)
Costs		
Service cost	4.21	3.52
Interest cost	–	2.79
Expected return on plan assets	(1.03)	–
Actuarial (gain)/loss	41.29	(11.79)

	Gratuity	Leave
	Rs.	Encashment
		Rs.
Net costs	44.48	(5.49)
Assumptions		
Discount factor	8.00%	8.00%
Estimated rate of return on plan assets	9.30%	NA
Salary Increase	8.50%	6.00%
Withdrawal rate	Upto 30 Years : 3%	21-44 Years : 4%
	Upto 44 Years : 2%	45 and above : 1%
	45 and above : 1%	
Leave availment in the service		10.00%
Retirement age (55 for grade upto 8 and 58 for grade 9 & above)	55 & 58	55 & 58
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		

30. Previous year figures have been re-grouped/reclassified wherever necessary to conform to current year's classification.

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

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

Signature to Schedule '1' to '20'.

Place: Mumbai
Dated: May 21, 2008

RADHA SITARAMAN
Company Secretary

DEEP C. ANAND
Chairman
K.N. SUBRAMANIAM
Managing Director
RUSSI JAL TARAPOREVALA
C.S. PATEL
RAVI K SINHA
M.S. SANDHU
PADMINI KHARE KAICKER
ARVIND WALIA
Directors

Cash Flow Statement

Prepared pursuant to Clause 32 of Listing Agreement
for the year ended March 31, 2008

	31.03.08		31.03.07	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
A. Cash flow from operating activities:				
Net profit before tax		123.62		981.48
Adjustments for:				
Depreciation	138.46		126.63	
Interest Expense	75.38		65.91	
Interest Income	(24.41)		(19.22)	
Income from Investment - Dividends	(0.71)		(0.66)	
Profit/ Loss on Assets Sold / Scrapped (Net)	0.52		(737.83)	
Transition effect on Retiral Benefits	–		(64.70)	
Provision for leave encashment	(4.30)		18.87	
Provision for Gratuity	(11.53)		23.19	
Provision for Superannuation	(86.16)		86.16	
Provisions - Others	(0.49)		1.27	
Provision for Doubtful Debts/ Advances	3.67		6.19	
Sales Tax Deferral Income	(22.90)		(52.91)	
Excess provision written back	(7.16)		(19.50)	
Bad debts written off against provision	(0.20)		(1.27)	
		60.17		(567.87)
Operating profit before working capital changes				
Adjustments for changes in working capital :				
– (Increase)/Decrease in Sundry Debtors	(128.99)		(20.71)	
– (Increase)/Decrease in Loans and Advances	6.92		(198.48)	
– (Increase)/Decrease in Inventories	(66.03)		(61.97)	
– Increase/(Decrease) in Trade and other Payables	142.11	(45.99)	(64.73)	(345.89)
Cash generated from operations		137.80		67.72
– Direct Taxes Paid		(74.61)		(315.20)
Net cash from/(used) operating activities		63.19		(247.48)
B. Cash flow from Investing activities:				
Purchase of Fixed Assets	(309.71)		(121.39)	
(Increase)/ Decrease Capital Work in Progress	(247.03)		(115.62)	
Proceeds from Sale of Fixed Assets	5.85		748.01	
Capital subsidy received	–		1.50	
Shares of AECL Purchased	(133.09)		–	
Intercompany Deposits	(242.50)		–	
Security Deposit received	43.00		–	
Interest received (Revenue)	21.38		19.22	
Dividend received	0.71		0.66	
Net cash (used)/generated in investing activities		(861.39)		532.38

	31.03.08		31.03.07	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
C. Cash flow from financing activities:				
(Repayment)/Proceeds from long term borrowings	615.62		(103.14)	
(Repayment)/Proceeds of AECL	105.00		—	
(Repayment)/Proceeds of Fixed Deposit	(0.26)		(0.01)	
Increase/(Decrease) in Working Capital facilities (Net)	84.97		79.15	
Availment of short term borrowings (Net)	47.29		(91.93)	
Interest Paid	(75.38)		(65.43)	
Dividend Paid	(49.56)		(50.73)	
Corporate Dividend Tax Paid	(3.02)		(11.08)	
Net cash from/(used) in financing activities		724.66		(243.17)
Net Increase in Cash & Cash Equivalents		(73.54)		41.73
Cash and cash equivalents as at Opening		195.59		153.86
Cash and cash equivalents as at Closing		122.05		195.59
 Cash and cash equivalents includes				
Cash-in-Hand		2.28		1.01
Cheques-in-Hand		—		0.13
With Scheduled Banks				
On Current Accounts		24.04		72.96
On Fixed Deposit Accounts		95.01		120.01
On Margin Money Accounts		0.72		1.48
		122.05		195.59

Notes

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outgo.
3. Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.
4. Cash and cash equivalents as at March 31, 2008 include fixed deposits and margin money with banks of Rs. 95.73 million (Previous year Rs. 121.49 Million) not available for use by the company. (Refer notes 1(b) and 11 on Schedule 20)

This is the cash flow statement referred to in our report of even date.

V. Nijhawan
Partner
Membership Number - F87228
For and on behalf of
PRICE WATERHOUSE & CO.
Chartered Accountants

Place: Mumbai
Dated: May 21, 2008

RADHA SITARAMAN
Company Secretary

DEEP C. ANAND
Chairman
K.N. SUBRAMANIAM
Managing Director
RUSSI JAL TARAPOREVALA
C.S. PATEL
RAVI K SINHA
M.S. SANDHU
PADMINI KHARE KAICKER
ARVIND WALIA
Directors

Annexure to Directors' Report

Information required under Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2008

Name	Age Years	Remuneration Rs. Mill	Designation	Nature of Duties	Qualification	Experience Years	Date of Joining	Last Employment Held	
								Designation	Name of Employer
Mr. K.N. Subramaniam	54	7.32	Managing Director	Chief Executive Officer	B.Tech., P.G.D.B.M. IIM, Ahmedabad	7	Feb'2001	President	Perfect Circle Victor Ltd.
Mr Arvind Walia	54	5.19	President & Chief Operating Officer	Operations	ACA, MBA	28	June'1985	Deputy Manager Finance	Escorts Limited
Mr Ravi A Gothe	51	3.97	Senior Vice President Business Development	Marketing	BE (Mechanical)	15	June' 1993	DGM (R&D)	Anand Automotive Systems Limited
Mr Rajiv Mokashi	51	3.39	Senior Vice President	R&D	ME (Mechanical)	12	Sept' 1996	GM (R&D)	Baker Mencer Limited
Mr Arvind Nanda*#	51	4.56	Vice President	Operations	BE (Production)	4	Sept'2004	Vice President	Anand Automotive Systems Limited
Mr CS Subramaniam	50	2.53	Vice President	Marketing	B Sc. B. Tech	2	June'2006	GM (Parts)	TAFE
Mr Rajendra Abhange	46	2.65	Director (Tech.)	Technical	BE (Mechanical)	4	March'2004	Manager (Mat)	Motor Industries Co. Ltd.
Mr Vinai Gupta	57	3.57	Senior Vice President	Operations	ME (Mechanical)	25	June' 1983	Senior Manager (Design)	Central Tool Room
Mr Manoj Tulsian#	38	1.13	General Manager	Finance	ACA,ACS,AICWA	8	Sept' 1999	Head of Finance	Bansal Group
Mr S Sarathi*	41	3.25	Vice President	Operations	ACA,ACS,AICWA	7	July' 2001	Manager Finance	Emcon Technologies India Private Limited
Mr Alok Agarwal	44	2.48	General Manager	Finance	ACA	6	March' 2002	DGM Operations	Stallion Shox Limited

* On deputation

Salary for part of the year

Notes : (1) The nature of employment is contractual.

(2) Remuneration as shown above includes salary, allowances, commission, leave travel allowance, Company's Contribution to Provident Fund and Superannuation Fund, expenditure incurred by the Company on accommodation, transport, insurance, medical, club membership, Gratuity paid and contribution to Gratuity Fund on the basis of actuarial valuation as separate figures are not available. Wherever the actual costs are not ascertainable, the monetary value of the prerequisites as per Income Tax Rules, 1962 has been considered.

For and on behalf of the Board

Mumbai
Dated : May 21, 2008

Prakash Kulkarni
Executive Chairman

Arvind Walia
Managing Director

CEO/CFO Certification.

To the Board of Directors of Gabriel India Limited.

We, K.N.Subramaniam, Managing Director, and Alok Agarwal, Financial Controller certify that:

- (A) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2008, and that to the best of our knowledge and belief
- (I) These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading;
 - (II) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's Code of Conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the Auditors and the Audit Committee that:
- (I) There has not been any significant change in internal control over financial reporting during the year under reference;
 - (II) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - (III) There has not been any instance during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Date : May 14, 2008

Alok Agarwal
Financial Controller

K. N. Subramaniam
Managing Director

ATTENDANCE SLIP

Gabriel India Limited

Registered Office :

29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501

(To be handed over at the entrance of the Meeting Hall)

Name of the Shareholder
(in Block Letters)

Member's Folio
Number

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

No. of shares held.....

I hereby record my presence at the 46th Annual General Meeting on Monday, July 21, 2008 at the Auditorium, Gabriel India Limited, 29th Milestone, Pune-Nashik Highway, Village Kuruli, Taluka Khed, Pune 410 501.

Member's/Proxy's Signature

To be signed at the time of handing over this slip

Proxy

I/Weof

being a Member of Gabriel India Limited, hereby appoint

..... of or failing him

..... of

as my/our proxy to attend and vote for me/us and on my/our behalf at the Forty Sixth Annual General Meeting of the Company to be held on July 21, 2008 and at any adjournment thereof.

As witness my/our hand (s) this day of 2008

Signed by the said.....

Affix
Re. 0.15
Revenue
Stamp

Dear Shareholders,

Sub.: Clarification regarding Cost of acquisition of shares of Anand Engine Components Limited

As per paragraph 8.9 of scheme of Demerger duly approved by Hon'ble High Court of Bombay between Gabriel India Limited (hereinafter referred as GIL) and Anand Engine Components Limited (hereinafter referred as AECL), option was given to shareholders either to receive shares in Transferee Company i.e. AECL or to sell their shares @ 95/- per share to the Transferor Company i.e. GIL.

Shareholders who have exercised an option to sell their AECL shares to GIL are subject to the Capital Gain tax regulations under the Indian Income Tax Act, 1961. As per Section 49(2C) of the Income Tax Act 1961, the cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the shareholder in the demerged company, the same proportion as the net book value of the assets transferred in the demerger bears to the net worth of demerged company immediately before such demerger.

The net worth of GIL as on March 31, 2006 i.e. before the Appointed date of demerger of AECL was Rs 994.8 million and the net book value of the assets transferred on demerger to AECL was Rs 297.2 million, therefore, the ratio in which the cost of acquisition of original GIL shares has to be apportioned between GIL shares (post demerger) and AECL shares is 70.1 % and 29.9% respectively.

Also please note that as per clause (i)(g) of Explanation 1 to the section 2(42A) of Income Tax Act 1961, for determining the status of AECL shares as a short term or long term capital asset for the purpose of capital gain tax, there shall be included the period for which the shares were held in GIL by the shareholder. Therefore, for the purposes of working out the holding period the date of acquisition of GIL shares would be the deemed date of acquisition of AECL shares.

Thanking you
For Gabriel India Limited

Company Secretary

