



**51st Annual Report**  
**2009-10**



New Advanced Training Centre Inaugurated at Akurdi

# दम है बॉस!



## दमदार जोड़ी!

**TRUMP 15**  
**TRUMP 40**

शक्ति ज्यादा: दमदार इंजन  
कमाए ज्यादा: अधिक व्यवसाय  
उठाए ज्यादा: बेहतर लोडिंग एरिया  
बचाए ज्यादा: बेहतर माईलेज और कम रखरखाव

Bollywood Superstar Salman Khan & Brother Sohail Khan promoting 'TRUMP'

## BOARD OF DIRECTORS

Mr. Abhay Firodia, Chairman

Mr. Prasan Firodia, Managing Director

Mr. S. N. Inamdar

Mr. Bharat V. Patel

Mr. Pratap Pawar

Mrs. Anita Ramachandran

Mr. S. Padmanabhan

Mr. L. Lakshman

Mr. Sudhir Mehta

Mr. Vinay Kothari

Mr. Atul Chordia

Mr. S. A. Gundecha

Mr. R. B. Bhandari

**Auditors :**

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

**Cost Auditors :**

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

**Registered Office :**

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

**Works :**

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

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## NOTICE

Notice is hereby given that the 51st Annual General Meeting of the Members of Force Motors Limited will be held on **Saturday, the 25th day of September, 2010 at 11.30 a.m.**, at the Registered Office of the Company at Mumbai-Pune Road, Akurdi, Pune – 411 035 to transact the following business: -

### ORDINARY BUSINESS

- 1) To consider and adopt Audited Balance Sheet and Profit & Loss Account for the year ended on 31st March, 2010 together with the Directors' Report and Auditors' Report thereon.
- 2) To declare a dividend.
- 3) To appoint a Director in place of Mrs. Anita Ramachandran, who retires by rotation and being eligible, offers herself for reappointment.
- 4) To appoint a Director in place of Mr. R. B. Bhandari, who retires by rotation and being eligible, offers himself for reappointment.
- 5) To appoint a Director in place of Mr. Sudhir Mehta, who retires by rotation and being eligible, offers himself for reappointment.
- 6) To appoint a Director in place of Mr. S. A. Gundecha, who retires by rotation and being eligible, offers himself for reappointment.
- 7) To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

- 8) To appoint Mr. Abhay Firodia as a Director of the Company. Mr. Abhay Firodia was appointed as an Additional Director of the Company w.e.f. 6th November, 2009. As per the provisions of Section 260 of the Companies Act, 1956, he holds office up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice, in writing, from a member proposing his candidature for the Office of Director and signifying intention to move the following resolution as an Ordinary Resolution: -

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

- 9) To appoint Mr. Atul Chordia as a Director of the Company. Mr. Atul Chordia was appointed as an Additional Director of the Company w.e.f. 23rd January, 2010. As per the provisions of Section 260 of the Companies Act, 1956, he holds office up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice, in writing, from a member proposing his candidature for the Office of Director and signifying intention to move the following resolution as an Ordinary Resolution: -

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

### NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) The Explanatory Statement setting out the material facts concerning the Special Business as mentioned at Item Nos. 8 and 9 of the Notice, as required by Section 173 of the Companies Act, 1956, is annexed hereto.
- 3) The requisite information about the Directors retiring by rotation is included in the Report on Corporate Governance.
- 4) The Register of Members and Share Transfer Books of the Company will be closed from Thursday, the 23rd day of September, 2010 to Saturday, the 25th day of September, 2010 (both days inclusive) for the purpose of ascertaining entitlement to the dividend that may be declared at the ensuing Annual General Meeting.
- 5) The payment of dividend, if declared, at the ensuing Annual General Meeting will be made after Saturday, the 25th day of September, 2010 to those members holding shares in physical form and whose names appear in the Register of Members of the Company on Saturday, 25th day of September, 2010, and who hold shares of the Company in dematerialized form and whose name is entered as a beneficial owner in the records of the Depositories on that date.
- 6) Members holding shares in physical form are requested to intimate immediately any change in their address / details of their bank account / details for transfer of dividend, if declared, through Electronic Clearance Service (ECS) before 20th September, 2010. These details may kindly be intimated to the Company at the Registered Office or to the Registrar & Share Transfer Agents of the Company, Link Intime India Private Limited, address-Block no. 202, 2nd floor, Akshay Complex, Near Ganesh Temple, Off. Dhole Patil Road, Pune – 411 001.  
  
Members holding shares in dematerialised form shall address communication to their respective Depository Participants.
- 7) **Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Assistant Company Secretary of the Company, so as to reach at least 15 days before the date of the meeting so that the information required may be made available at the meeting.**
- 8) Equity shares of the Company are listed on Pune Stock Exchange Limited, Shivleela Chambers, 752, Sadashiv Peth, R.B. Kumthekar Marg, Pune – 411 030 and Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. The Company has paid the annual listing fees to each of the Stock Exchanges.

9) Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed/unpaid for a period of seven years from the date it became due for payment shall be credited to the Investor Education and Protection Fund (Fund) set up by the Central Government. Members who have so far not claimed the dividend that was declared for the financial year 2002-2003 or thereafter are requested to make claim with the Company immediately, as no claim shall lie

against the Fund or the Company in respect of amount once credited to the said Fund.

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

Pune - 411 035.  
24th July, 2010.

**RUCHI AGARWAL**  
Asst. Co. Secretary

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

### **Item No.8**

In exercise of the powers vested by Article 115 of the Articles of Association of the Company, the Board of Directors of your Company appointed Mr. Abhay Firodia as an Additional Director w.e.f. 6th November, 2009.

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

Mr. Abhay Firodia, 65 years, is B.A. (Hons) and is bestowed with the honorary degree of "Doctor of Science" by Rajiv Gandhi Proudyogiki Vishwavidyalaya (State Technological University), Madhya Pradesh. Mr. Firodia was awarded the "Commercial Vehicle Man of the Year" by CV Magazine in March, 2010.

Mr. Firodia has an experience of business management of over 42 years and was leading the Company as the Managing Director for over 20 years. Mr. Abhay Firodia has been associated with various industry / Commerce bodies such as Society of Indian Automobiles Manufacturers (SIAM), Indo-German Chamber of Commerce, National Council of Confederation of Indian Industry, Association of Indian Automobile Manufacturers, Automotive Research Association of India, Mahratta Chamber of Commerce & Industries, Automotive Components Manufacturers Association as their President/ Committee- Member / Member.

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

Mr. Prasan Firodia, Managing Director of the Company, is the son of Mr. Abhay Firodia. Except Mr. Abhay Firodia and Mr. Prasan Firodia, none of the other Directors of the Company is interested in the business mentioned at Item No.8.

### **Item No.9**

In exercise of the powers vested by Article 115 of the Articles of Association of the Company, the Board of Directors of your Company appointed Mr. Atul Chordia as an Additional Director w.e.f. 23rd January, 2010.

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

Mr. Atul Chordia, 45 years, holds a Bachelor's Degree in Commerce. Mr. Atul Chordia has a wide experience as an entrepreneur. He is associated with several projects connected with construction, hospitality, infrastructure. He acts as a director of several companies involved in these activities.

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

None of the Directors of the Company, except Mr. Atul Chordia, is interested in the business mentioned at Item No.9.

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

Pune - 411 035.  
24th July, 2010.

**RUCHI AGARWAL**  
Asst. Co. Secretary

## DIRECTORS' REPORT

To

The Members,

The Directors present the 51st Annual Report, together with the audited accounts for the financial year ended on 31st March, 2010.

### 1. Financial Results

	2009-10 (Rs.)	2008-09 (Rs.)
Gross Sales	1075,32,09,626	<b>865,28,30,698</b>
Other Income	96,30,68,334	<b>366,93,53,355</b>
Gross Profit	84,88,03,627	<b>231,93,99,520</b>
Depreciation	41,99,55,157	<b>41,82,56,236</b>
Provision for Taxes (net)	(17,53,77,456)	<b>65,55,13,246</b>
Profit After Tax	60,42,25,926	<b>124,56,30,038</b>
Proposed Dividend	3,95,28,786	--
Provision for Tax on Distributed Profit	67,19,894	--
Transfer to General Reserve	6,04,22,593	--
Balance in Profit & Loss Account Carried Forward	138,50,23,735	<b>88,74,69,082</b>

The gross sales for the year under report increased to Rs. 1075.32 crores against the previous year's sale of Rs. 865.28 crores representing a significant growth of 24.27%.

### 2. Dividend

The Board of Directors recommended a dividend of Rs. 3 per share on 1,31,76,262 equity shares of Rs. 10 each fully paid up.

### 3. Name Change

As reported earlier, the litigation about name change is still pending before the Hon'ble High Court of Judicature at Mumbai.

### 4. Market Situation

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

### 5. Exports

The export turnover for the year under report was Rs. 26.96 crores against the previous year's export of Rs. 30.08 crores.

### 6. Research & Development

The expenditure on Research & Development for new products, including the expenditure on Projects and Tool Engineering, was 2.92% of the operational turnover of the Company. The Company has maintained its emphasis on research, development and tool engineering activities.

### 7. Foreign Collaborations

During the year under report the discussions, with ZF Friedrichshafen AG (ZF), in respect of return of licenses terminated without any change in the existing licensing arrangement in respect of 9-Speed Gear Box (E-21 9S-1110) and 6-Speed Gear Box (6S-850). This termination has resulted in retention of a sum of ₹ 3,000,000 by the Company, out of the advance received from ZF.

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

### 8. Industrial Relations

The litigation connected with recognition of labour union at the Company's Akurdi, Pune Plant is still pending before the Hon'ble Supreme Court of India. The industrial relations at the Pithampur Plant continued to be cordial. The Company signed a Wage Settlement for the workmen employed at Pithampur. This new settlement shall remain in force upto 31st March, 2013.

### 9. Foreign Exchange

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

### 10. Environment and Conservation of Energy

Several steps to save energy and natural resources like water are being taken so as to achieve energy saving and cost reductions.

### 11. Fixed Deposits

83 deposits amounting to Rs. 34,88,000 matured for repayment on or before 31st March, 2010 but remained unclaimed on that date. Out of these, 39 deposits amounting to Rs. 21,75,000 have since been repaid/renewed.

## 12. Orders for Machinery

Since the close of the Accounting Year the Company has placed orders for new machinery, equipment and other capital assets of value of Rs. 21.39 crores.

## 13. Directors

Mr. Abhay Firodia resigned from the Managing Directorship of the Company w.e.f. 5th November, 2009, after serving the Company as Managing Director over a period of over 22 years. Mr.Firodia kindly agreed to continue to guide the Company to achieve smooth transition.

The Board in its meeting held on 24th October, 2009 appointed Mr. Prasan Firodia as the Managing Director of the Company w.e.f. 6th November, 2009.

The Members of the Company in their Extraordinary General Meeting held on 16th January, 2010 approved the appointment of Mr.Prasan Firodia as the Managing Director of the Company for a period of five years and also approved the remuneration to be paid to him as the Managing Director. Mr.Prasan Firodia is also the Managing Director of Jaya Hind Industries Limited.

The Board of Directors in its meeting held on 24th October, 2009 and 23rd January, 2010 appointed Mr. Abhay Firodia and Mr. Atul Chordia, respectively, as Additional Directors of the Company. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Abhay Firodia and Mr. Atul Chordia hold office till the conclusion of ensuing Annual General Meeting. The Company has received notice proposing candidature of Mr.Firodia and Mr.Chordia for the directorship of the Company.

Mrs. Anita Ramachandran, Mr. R. B. Bhandari, Mr. Sudhir Mehta, and Mr. S. A. Gundecha Directors of the Company, retire by rotation and being eligible offer themselves for reappointment.

## 14. Audit Committee

The Board in its meeting held on 23rd January, 2010, reconstituted Audit Committee. Now, Mr. Vinay Kothari, Mr. Pratap Pawar, Mr. S. Padmanabhan, Independent Directors, and Mr. S. A. Gundecha, Non-Executive Director, are the Members of the Audit Committee.

## 15. Corporate Governance

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

## 16. Directors' Responsibility Statement

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

- (a) in the preparation of Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

- (b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit/loss of the Company for that period;

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

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

## 17. Other

Under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report. However, in terms of the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all the Members of the Company excluding the aforesaid annexure. The Members interested in obtaining a copy of the said annexure may write to the Company at the Registered Office of the Company. The Company had 8 employees who were in receipt of remuneration exceeding Rs. 2,00,000 per month and employed throughout the financial year and 13 employees who were in receipt of remuneration exceeding Rs. 2,00,000 per month and employed for part of the financial year.

18. You are requested to appoint Auditors for the current year and fix their remuneration. M/s.P.G.Bhagwat, Chartered Accountants, Pune, Auditors to the Company, who retire at the ensuing Annual General Meeting, are eligible for reappointment.

19. The Central Government has directed to conduct audit of the cost records of the Financial Year 2009-10 and accordingly M/s. Dhananjay V. Joshi & Co., Cost Accountants, Pune, were appointed as the Cost Auditors, for that year. The Cost Audit Report is under preparation.

20. The Directors express their grateful thanks to the Dealers, Suppliers and Banks for their support, and express their warm appreciation of the sincere co-operation and dedicated work by a majority of the employees of the Company.

For and on behalf of the Board of Directors

Pune - 411 035.  
24th July, 2010.


  
**ABHAY FIRODIA**  
 Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS

### I. INDUSTRY STRUCTURE AND DEVELOPMENTS

During the Financial Year 2009-10 the Country achieved significant growth in all segments of the economy. The Automobile Industry witnessed one of the best growth years. The Commercial Vehicle Segment of the market achieved 31% growth over the previous year 2008-09. The complexion of the market continued to change, with the process of substitution of 3-Wheeled Small Commercial Vehicles by the larger 4-Wheelers. This segment of 1 ton 4-Wheelers evidenced major growth. Demand for Tractors also witnessed a growth. The Government's efforts to boost economic growth by stimulus, including reduced rate of taxes proved to be the major contributor for this expansion in demand.

### II. PERFORMANCE OF THE COMPANY

During the year under report the Company achieved higher turnover and sold 12,809 numbers of Light Commercial Vehicles, (including Small Commercial Vehicles), 7,176 numbers of Multi Utility Vehicles and 612 numbers of Tractors and thus achieved a growth of 27.57% in the sales turnover, which stood at Rs. 955.55 crores compared to the previous year's sales turnover of Rs. 749.06 crores.

The face lifted and re-engineered Traveller Range of Vehicles was well received by the market.

In spite of stepmotherly treatment meted out to Multi Utility Vehicles for taxation, these types of vehicles being customer friendly and perfectly suited for public transport witnessed some growth, inspite of adverse taxation. These vehicles are sold as people carriers – much appreciated in rural areas, for their spacious interiors and rugged reliability. The Company, as stated above, could achieve sale of 7,176 numbers of TRAX Vehicles.

The Company introduced new models of Small Commercial Vehicles having carrying capacity both below and above 1 ton, with the brand "TRUMP". The new offerings - TRUMP 15 and TRUMP 40 - received good response from the market and the Company could sell over 2,800 numbers of these vehicles in this introductory phase.

The Company has developed a completely new platform for the SUV segment. The new CRDI TD-22 engine based on the OM611 and the matching G-32 gearbox, both licensed by Daimler A.G. are integrated into this. The body, interiors and features offered are in the category of high quality SUVs. The prototype of these vehicles are under testing. The Company proposes to introduce this product before end of 2010-11.

In order to exploit the industrial land owned by the Company at Chakan, during the year under report the Company entered into a lease agreement with a leading capital goods manufacturing company, granting about two and a half hectares of the land, with building, on lease for ten years.

The Company retained services of M/s KPMG for management consultancy on "Project Management" as also on "Strategy Execution & Performance Management".

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

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

**Exports :** Exports in large quantities was a cornerstone for formation of JV with MAN. However, the export of Heavy Commercial Vehicles has not yet reached the expected and planned levels, as originally envisaged by the Joint Venture Partners.

**Tipplers :** MFTPL's development efforts for offering power moderated "Tipplers" for mining and construction industries are a success. The power optimized new tipplers 25.220, 16.220 also 31.280, are very well accepted by the market. The sale of these products assisted MFTPL to achieve a turnover of Rs. 409.34 crores for the year 2009-10 compared to Rs. 166.29 crores for the year 2008-09. The sale of these new products significantly contributed to this improvement.

**Haulage Trucks :** The development efforts at the JV, to offer optimized vehicles with "low power density" and cost effective cabins, and cowls, for the Indian haulage market, has also not yet resulted into introduction of such a range of vehicles during the year under report. The Company is in continuous discussions with the Joint Venture Partner, to realign the product mix etc. to improve the performance of MFTPL.

The Company's Research & Development Department is continuously assisting the JV – MFTPL, to develop suitable offerings for this major segment of the Heavy Commercial Vehicle Market.

### IV. OPPORTUNITIES, THREATS AND RISK FACTORS

Though the automobile industry as a whole and particularly the commercial vehicles segment of this industry is growing continuously, the risk arising out of price increase of basic raw materials and fuel, also the possibility of hardening of interest rates could be a threat.

Deregulation of passenger transportation, development of roads, infrastructure and Government's spending on modernization of urban transportation facilities may offer an opportunity to increase sales of passenger carrying commercial vehicles and Multi Utility Vehicles. The Company is making all efforts to increase the production capability and capacities, so as to gain from this opportunity.



## **V. FINANCIAL PERFORMANCE**

As stated above, the Company sold 20,594 numbers of vehicles during the financial year 2009-10 compared to 17,173 vehicles in the previous year 2008-09. However the proportion of LCVs & UVs has increased in relation to the SCV (Small Commercial Vehicles) like the Minidor.

The Profit before Interest and Tax, from operations, excluding the exceptional items, was Rs. 38.76 crores compared to operating loss for the previous year 2008-09 amounting to Rs. 80.97 crores.

Two exceptional items of income resulted in a gain of Rs.21.66 crores. This gain arose from sale of shares and revision in technology arrangements.

The net profit of the Company after interest, depreciation, tax and after considering the exceptional items, was Rs. 60.42 crores for the year 2009-10 as compared to Rs. 124.56 crores for the year 2008-09 in which year though the exceptional item/gain was higher at Rs. 306.30 crores.

Considering the improved operating performance of the Company, the Board of Directors of the Company has recommended a dividend of Rs. 3.00 per share on 1,31,76,262 equity shares of Rs. 10 each for the consideration of the Members.

As per the applicable legal provisions, a sum of Rs. 6,04,22,593 is transferred to the General Reserve Account. The Reserves & Surplus of the Company as on 31st March, 2010 stood at Rs. 270,13,73,449.

## **VI. INTERNAL CONTROL SYSTEMS**

As reported earlier, the internal controls are structured at three different levels.

The first level being – the 'Internal Audit Department' which exercises internal control over each type of Expenditure. The second level employs the services of an 'External Auditors Firm', to audit the processes and activities of key functions in the organization such as the materials and personnel functions. The 'Statutory Auditors' operate at the apex, third level. In the opinion of the Board of Directors, these systems are adequate considering the size and nature of the Company's business.

## **VII. HUMAN RESOURCE DEVELOPMENT**

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

## **VIII. CAUTIONARY STATEMENT**

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

## REPORT ON CORPORATE GOVERNANCE

### STATEMENT ON COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE

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

### BOARD OF DIRECTORS

- The Board of Directors of the Company (as of 31st March, 2010) (**'the Board'** for brevity) consisted of 13 Directors. 12 Directors were Non-Executive Directors and only 1 Director was Executive Director. 8 Directors were Independent Directors.

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

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

- The details of other directorships of the Directors (as of 31st March, 2010) of the Company are as under: -

Name of the Director	Number of Companies in which Directorships held*	Number of Companies of which Chairman
Mr. Abhay Firodia	10	1
Mr. Prasan Firodia	3	--
Mr. S. N. Inamdar	12	1
Mr. Bharat V. Patel	4	--
Mr. Pratap Pawar	17	2
Mrs. Anita Ramachandran	8	--
Mr. S. Padmanabhan	14	--
Mr. L. Lakshman	9	1
Mr. Sudhir Mehta	4	1
Mr. Vinay Kothari	4	--
Mr. Atul Chordia	35	14
Mr. S. A. Gundecha	4	--
Mr. R. B. Bhandari	1	--

\* includes directorship in private companies.

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

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

- During the Financial Year 2009-10, seven meetings of the Board were held on 25th April, 2009, 27th June, 2009, 27th July, 2009, 26th September, 2009, 24th October, 2009, 2nd January, 2010 and 23rd January, 2010. The attendance of Directors during the Financial Year 2009-10 for Board Meetings and General Meeting are as under: -

Name of the Director	Number of Board Meetings attended	Whether present at Annual General Meeting
Mr. Abhay Firodia	6	Yes
Mr. Prasan Firodia	7	Yes
Mr. S. N. Inamdar	6	Yes
Mr. Bharat V. Patel	4	No
Mr. Pratap Pawar	6	Yes
Mrs. Anita Ramachandran	3	Yes
Mr. S. Padmanabhan	4	No
Mr. L. Lakshman	5	Yes
Mr. Sudhir Mehta	5	Yes
Mr. Vinay Kothari	7	Yes
Mr. Atul Chordia #	--	--
Mr. S. A. Gundecha	7	Yes
Mr. R. B. Bhandari	7	Yes

# Appointed as Additional Director w.e.f. 23rd January, 2010.

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

7. The Directors made all disclosures as per the requirement of the Companies Act, 1956 from time to time to the Board of Directors regarding their financial interest in the transactions with the Company. The related party disclosure forms part of the notes to accounts as per the disclosure requirement of Accounting Standard No.18 issued by the Institute of Chartered Accountants of India and of the Companies (Accounting Standards) Rules, 2006. The Directors have informed the Company about the Committee Positions occupied by them in other Companies and changes therein.
8. Mr. Abhay Firodia resigned as the Managing Director of the Company w.e.f. 6th November, 2009 but continues to be the Chairman of the Company. Mr. Prasan Firodia was appointed as the Managing Director of the Company w.e.f. 6th November, 2009.

The details of remuneration paid to these Executive Directors during the financial year 2009-10 is as under:

Name of the Director	Salary (Rs.)	Value of Perquisites (Rs.)
Mr. Abhay Firodia*	38,66,667	30,03,295***
Mr. Prasan Firodia**	9,66,667	1,71,000

\* upto 5th November, 2009. \*\* w.e.f. 6th November, 2009.

\*\*\* including retirement benefit such as Gratuity.

The reappointment and remuneration paid to Mr. Abhay Firodia as the Managing Director was approved by the Members in the 48th Annual General Meeting held on 29th September, 2007.

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

9. The details of sitting fees paid to Non-Executive Directors during the financial year 2009-10 are as under: -

Name of the Director	Sitting fees paid for attending Board Meetings and Committee Meetings (Rs.)
Mr. Abhay Firodia	10,000*
Mr. Prasan Firodia	50,000**
Mr. S. N. Inamdar	80,000
Mr. Bharat V. Patel	50,000
Mr. Pratap Pawar	1,30,000
Mrs. Anita Ramachandran	30,000
Mr. S. Padmanabhan	40,000
Mr. L. Lakshman	50,000
Mr. Sudhir Mehta	50,000
Mr. Vinay Kothari	1,30,000
Mr. S. A. Gundecha	1,30,000
Mr. R. B. Bhandari	70,000

\* Paid after 5th November, 2009. \*\* Paid before 6th November, 2009.

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

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

Name of the Director	Nature of Payment	Amount Paid (Rs.)
Mr. S. N. Inamdar	Professional fees.	50,000
	Interest paid on fixed deposits placed with the Company.	77,000
Mr. S. A. Gundecha	Interest paid on fixed deposits placed with the Company.	2,21,959
Mr. R. B. Bhandari	Interest paid on fixed deposits placed with the Company.	7,23,041

No Stock Options are granted to any of the Directors.

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

Name of the Director	Number of shares held
Mr. Abhay Firodia	1,60,755*
Mr. Prasan Firodia	2,03,463**
Mr. S. N. Inamdar	800
Mr. Vinay Kothari	101
Mr. Atul Chordia	400
Mr. S. A. Gundecha	2,012
Mr. R. B. Bhandari	8,408

\* Non-Executive Director from 6th November, 2009.

\*\*Non-Executive Director till 5th November, 2009.

12. The value of purchases and sales from/to Jaya Hind Industries Limited, which is a company deemed to be a Promoter as per the provisions of the Securities & Exchange Board of India (Substantial Acquisition of Shares) Regulations, 1997 were Rs. 42,08,60,622 and Rs. 3,86,67,470, respectively. The Company accepted fresh deposits of Rs. 25,00,00,000 from Jaya Hind Investments Private Limited, a Promoter of the Company as per the above referred Regulations. The Company paid interest of Rs. 6,32,03,765 on these deposits. The total amount of these deposits outstanding as on 31st March, 2010 was Rs. 71,50,00,000.

MAN FORCE Trucks Private Limited, a joint venture of the Company with MAN Nutzfahrzeuge AG, ceased to be a subsidiary of the Company during the first quarter of the Financial Year 2009-10. Similarly, Tempo Finance (West) Private Limited ceased to be a subsidiary of the Company in the last quarter of the Financial Year 2009-10. The total value of purchases, services availed and sales and services rendered to MAN FORCE Trucks Private Limited during the entire Financial Year 2009-10 were Rs.5,76,97,900 and Rs. 86,62,17,147 respectively. No financial transaction was entered with Tempo Finance (West) Private Limited.



13. Mr. Abhay Firodia and Mr. Atul Chordia were appointed as Additional Directors by the Board of Directors w.e.f. 6th November, 2009 and 23rd January, 2010, respectively. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Abhay Firodia and Mr. Atul Chordia holds office till the conclusion of ensuing Annual General Meeting. The Company has received notices proposing candidature of Mr. Abhay Firodia and Mr. Atul Chordia for directorship.
14. Mrs. Anita Ramachandran, Mr. R. B. Bhandari, Mr. Sudhir Mehta and Mr. S. A. Gundecha, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment.
15. The requisite information about these Directors is as under: -

**Mrs. Anita Ramachandran**

Mrs. Anita Ramachandran, 55, is a Commerce Graduate with Post Graduation in Business Management and Management Science. Mrs. Ramachandran is a renowned expert in Human Resource Management. She has wide experience in Corporate Consultancy Services. She is presently heading Cerebrus Consultants Private Limited, Mumbai.

She holds directorships in the following companies: -

Cerebrus Consultants Private Limited, Connexus Consultants Private Limited, HCL Infosystems Limited, UTI AMC Limited, Geometric Limited, Godrej & Boyce Mfg. Co. Limited, Swadhaar Finserve Private Limited and UTI Venture Funds Mgt. Co. Private Limited.

The Committee positions held by Mrs. Ramachandran are as under: -

Name of the Company	Committee Positions
HCL Infosystems Ltd.	a) Employee Compensation & Employee Satisfaction Committee - Chairperson b) Audit Committee - Member c) Nomination Committee - Member
Geometric Ltd.	a) Audit Committee - Member b) Compensation Committee - Member
UTI AMC Ltd.	a) HR Committee - Chairperson
Godrej & Boyce Mfg. Co. Ltd.	a) Audit Committee - Member

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

**Mr. R. B. Bhandari**

Mr. R. B. Bhandari, 65, is a Commerce Graduate. Mr. Bhandari has a long experience in Company accounts and Internal Audit functions. Mr. Bhandari worked as an Internal Auditor of the Company for over 20 years.

He holds directorship in R. K. Force Motors Limited.

Mr. Bhandari holds 8,408 equity shares of Rs.10 each of the Company.

The Company has received intimation in the

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

**Mr. Sudhir Mehta**

Mr. Sudhir Mehta, 41, holds a Bachelor's Degree from Depauw University of U.S.A., and Master's Degree in Business Management from the University of Chicago. He has extensive experience as an Investment Banker and as an Entrepreneur.

He holds directorships in the following companies :-

Pinnacle Industries Limited, Rizhome Industries Private Limited, MAN FORCE Trucks Private Limited and Perform Fitness Solutions Private Limited.

He is presently working as the Managing Director of MAN FORCE Trucks Private Limited.

Mr. Sudhir Mehta is a relative of Mr. Abhay Firodia, Chairman of the Company and Mr. Prasan Firodia, Managing Director of the Company.

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

**Mr. S. A. Gundecha**

Mr. S. A. Gundecha, 56, is a Commerce Graduate with a degree in Law and is an Associate Member of the Institute of Company Secretaries of India. Mr. Gundecha is a Practising Advocate. Mr. Gundecha was associated with the Company as the Company Secretary from 1981 to 2002 and has an experience in taxation, legal and financial matters.

Mr. Gundecha holds directorships in the following companies: -

Dhanna Engineering Private Limited, Tempo Finance (North) Private Limited and Eldon CS Enclosures Private Limited.

Mr. Gundecha holds 2,012 equity shares of Rs.10 each of the Company.

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

**Mr. Abhay Firodia**

Mr. Abhay Firodia, 65, is B.A. (Hons) and is bestowed with the honorary degree of "Doctor of Science" by Rajiv Gandhi Proudyogiki Vishwavidyalaya (State Technological University), Madhya Pradesh. He was leading the Company as Managing Director since 1987. He has an experience of business management of over 42 years.

Mr. Firodia presently holds directorships in the following companies: -

Jaya Hind Industries Limited, Prasanna Holdings Private Limited, Jaya Hind Investments Private Limited, Dhanna Engineering Private Limited, Dhoot Compack Limited, Bharat Hotels Limited, Dhoot Industrial Finance Limited, RAN Chemicals Private Limited and MAN FORCE Trucks Private Limited.

Mr. Firodia holds 1,60,755 equity shares of the Company.

Mr. Abhay Firodia is father of Mr. Prasan Firodia, Managing Director of the Company.

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

#### **Mr. Atul Chordia**

Mr. Atul Chordia, 45, holds a Bachelor's Degree in Commerce. Mr. Chordia has a wide experience as an entrepreneur. He is associated with several projects connected with construction, hospitality and infrastructure. He acts as a director of several companies involved in these activities.

Mr. Chordia holds directorships in the following companies: -

Aquarius Properties Private Limited, Ashray Premises Private Limited, AR Ventures Funds Management Limited, Balewadi Properties Private Limited, Courtyard Properties Private Limited, Cybele Paradise Private Limited, Chalez Properties And Investments Private Limited, EON Hadapsar Infrastructure Private Limited, EON Kharadi Infrastructure Private Limited, EON Hinjewadi Infrastructure Private Limited, EON Aviation Private Limited, Fast Fun & Frolic Private Limited, Hinjewadi Techpark Private Limited, ICC Realty (India) Private Limited, India Land Infrastructure Development Private Limited, Lohegaon Integrated Township Development Corporation Private Limited, Panchshil Techpark Private Limited, Pansy Properties Private Limited, P-Vision Integrated Townships Private Limited, Panchshil Overseas Private Limited, Panchshil Infrastructure Holdings Private Limited, P-One Infrastructure Private Limited, Pune Infoport Private Limited, Panchshil Corporate Park Private Limited, Premsagar Hotels Private Limited, Panchshil Infrastructure Private Limited, Panchshil Hotels Private Limited, Precast India Infrastructures Private Limited, RVS Hospitality & Development Private Limited, Sportive Financial Services Private Limited, Ssilverwoods Properties Private Limited, Sheshadri Properties Private Limited, Wakad Realty Private Limited, Wagholi Properties Private Limited and Zero G Apartments Private Limited.

Mr. Chordia holds 400 equity shares of Rs.10 each of the Company.

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

#### **COMMITTEES**

16. The Board reconstituted a Remuneration Committee consisting of three Independent Directors viz. Mr. S. N. Inamdar, Chairman of the Committee, Mr. Bharat V. Patel and Mr. Pratap Pawar. The Remuneration Committee met on 27th June, 2009 and 24th October, 2009. The Remuneration Committee considered and approved the remuneration to Mr. Prasan Firodia on his appointment as the Managing Director w.e.f. 6th November, 2009.
17. The Board in its meeting held on 23rd January, 2010, reconstituted Audit Committee. Now this Committee consists of four Directors - Mr. Vinay Kothari, Mr. Pratap Pawar, Mr. S. Padmanabhan and Mr. S. A. Gundecha. Mr. Pratap Pawar, Mr. Vinay Kothari and Mr. S. Padmanabhan are Non-Executive Independent Directors, whereas Mr. S. A. Gundecha is a Non-Executive Director. Mr. Vinay Kothari, Chairman of the Audit Committee, has majored in finance and accounts in his MBA degree.  
The terms of reference of the Audit Committee includes oversight of Company's reporting processes and financial information, review of financial statements, both audited and unaudited, review of accounting policies and practices, review of compliance with accounting standards, recommendation of appointment and remuneration of auditors, review of related party transactions and other areas indicated in Clause 49 of the Listing Agreement executed by the Company with Stock Exchanges and as per the provisions of Section 292A of the Companies Act, 1956.
18. The Audit Committee met on 25th April, 2009, 27th June, 2009, 27th July, 2009, 24th October, 2009, 2nd January, 2010 and 23rd January, 2010. Mr. Pratap Pawar attended five meetings, Mr. Vinay Kothari and Mr. S. A. Gundecha attended all the six meetings. Mr. S. Padmanabhan was appointed as a member of the committee w.e.f. 23rd January, 2010.
19. The Audit Committee reviewed the Unaudited Financial Results (Provisional) for the three quarters and Audited Annual Accounts for the financial year 2009-10 in its meetings. During the year under report, the Audit Committee interacted with the Statutory Auditors and the Cost Auditors of the Company regarding internal control systems, discussed the financial results/cost accounting records, and also held a post statutory audit review of the financial/cost accounts. This Committee also interacted with executives of the Company on finance related matters including with the officials of Internal Audit department of the Company. The Committee reviewed the risk management policies; insurance cover sought by the Company and also the foreign exchange exposure management systems. The remuneration of the Auditors was decided in consultation with the Audit Committee. Extensive data/details connected with the financial management of the Company and on other related aspects were submitted to the Committee in each of the meetings. The Certificate from the Managing Director and the Head of Finance Department was also submitted to the Audit Committee and to the Board. The Audit Committee is empowered to require presence of any of the employee of the Company. No employee has sought access to the Audit Committee during the year under report.
20. The Board has appointed a Committee as Shareholders'/Investors' Grievance Committee consisting of two Non - Executive Directors, viz. Mr. Sudhir Mehta and Mr. Vinay Kothari. Ms. Ruchi Agarwal, Assistant Company Secretary, is the designated Compliance Officer. During the year under report 10 investor's grievances were received and all these grievances were resolved to the satisfaction of the concerned member. As of 31st March, 2010 no grievance was pending. As of date of report, 18

transfer of shares/transmission of shares held in physical form is / are pending. During the year under report, the Company processed 167 share transfers and requests for dematerialization of shares. As of date, no shareholder's grievance is pending.

## SHAREHOLDERS

21. As members are aware, the Company has appointed Registrar & Transfer Agent- Link Intime India Private Limited, Block No. 202, 'A' Wing, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune-411 001 to handle demat and physical share transfers as well as other shares related activities of the Company.
22. The Unaudited Financial Results for the first, second and third quarters and Audited Results for the last quarter were made available to the Stock Exchanges where the shares of the Company are quoted on the same day on which they were approved and taken on record by the Board. The Unaudited Financial Results for the quarter ended on 30th June, 2009, 30th September, 2009, 31st December, 2009 and Audited Results for the Financial Year 2009-10 were published in The Economic Times and Maharashtra Times after the information was made available to the Stock Exchanges in the prescribed format. The working results of the Company are available on the Company's website www.forcemotors.com. The Unaudited Quarterly Results are subject to limited review by the Statutory Auditors of the Company. The appropriate certificates for each quarter have been filed with the Stock Exchanges on 27th July, 2009, 24th October, 2009 and 23rd January, 2010.
23. **General Body Meetings:** The details of the last three Annual General Meetings are as under: -

Annual General Meeting Held On	Time	Location	Number of Special Resolution	Subject of Special Resolution
29th September, 2007	11.30 a.m.	Bombay-Pune Road, Akurdi, Pune - 411 035.	--	--
27th September, 2008	11.30 a.m.	Bombay-Pune Road, Akurdi, Pune - 411 035.	--	--
26th September, 2009	11.30 a.m.	Bombay-Pune Road, Akurdi, Pune - 411 035.	--	--

Extraordinary General Meetings of the Members of the Company were held on 13th June, 2009 and 16th January, 2010. On 13th June, 2009, the Members of the Company passed a Special Resolution as per the provisions of Section 309 of the Companies Act, 1956 giving approval for payment of commission to Non-Working Directors up to 1% of the net profits of the Company from the Financial year 2008-09 to 2012-13; whereas in the Extraordinary General Meeting held on 16th January, 2010, the Members passed an Ordinary Resolution in respect of appointment and payment of remuneration to Mr. Prasan Firodia as the Managing Director of the Company.

24. There was no matter, required to be dealt by the Company, by passing a resolution through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

25. No penalties were imposed by the Stock Exchanges or SEBI on the Company in any manner related to capital markets.
26. No presentation was made to any institutional investors or analyst during the year 2009-10.
27. **Annual General Meeting**  
Time : 11.30 a.m.  
Date : 25th September, 2010.  
Venue : Registered Office of the Company at Mumbai-Pune Road, Akurdi, Pune - 411 035.
28. **Financial Calendar**  
Unaudited Financial Results will be published on or before  
For Quarter 1 : 14th August  
For Quarter 2 : 14th November  
For Quarter 3 : 14th February  
Audited Results : 30th May
29. **Period of book closure :** Thursday, 23rd September, 2010 to Saturday, 25th September, 2010. (both days inclusive)
30. The Board has recommended a payment of dividend of Rs. 3 per share on 1,31,76,262 equity shares of Rs. 10 each fully paid up. The Dividend, if declared, by the members of the Company will be paid after 25th day of September, 2010.
31. Shares of the Company are listed on the Pune Stock Exchange Limited and Bombay Stock Exchange Limited. Annual Listing fee for the financial year 2010-11 has been paid to both the Exchanges.
32. The Stock Code allotted by Bombay Stock Exchange Limited is 500033.
33. Market price data during the financial year 2009-10 is as under:

Month	Share Price		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2009	78.00	61.05	11,492.10	9,546.29
May 2009	111.70	66.00	14,930.54	11,621.30
June 2009	139.00	92.00	15,600.30	14,016.95
July 2009	173.95	104.10	15,732.81	13,219.99
August 2009	162.20	120.00	16,002.46	14,684.45
September 2009	178.55	153.40	17,142.52	15,356.72
October 2009	216.30	153.25	17,493.17	15,805.20
November 2009	346.80	216.10	17,290.48	15,330.56
December 2009	319.95	278.00	17,530.94	16,577.78
January 2010	403.00	272.00	17,790.33	15,982.08
February 2010	313.00	254.00	16,669.25	15,651.99
March 2010	416.00	271.70	17,793.01	16,438.45



34. Distribution of shareholding as on 31st March, 2010 was as under: -

Category (Shares)	Number of shareholders	Percentage to total shareholders	Number of shares	Percentage to total number of shares held
1 to 500	6402	87.69	677646	5.14
501 to 1000	440	6.03	319124	2.42
1001 to 2000	217	2.97	305239	2.32
2001 to 3000	70	0.96	170170	1.29
3001 to 4000	41	0.56	145463	1.10
4001 to 5000	19	0.26	88620	0.68
5001 to 10000	47	0.64	331039	2.51
10001 & above	65	0.89	11138961	84.54
Total	7301	100	13176262	100

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

As of 31st March, 2010, the number of equity shares of the Company held through depositories were 54,44,362.

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

37. The Company's plants are located at Mumbai-Pune Road, Akurdi, Pune – 411 035 and Plot No.3, Sector

No.1, Pithampur Industrial Estate, Pithampur, District Dhar – 454 775, Madhya Pradesh.

The address for correspondence is –

Shares Department,  
Force Motors Limited,  
Mumbai-Pune Road,  
Akurdi, Pune – 411 035.  
Phone - (020) 27476381,  
e-mail : compliance-officer@forcemotors.com

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

38. **COMPLIANCES**

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

## **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

### **To the members of Force Motors Limited**

We have examined the compliance of conditions of Corporate Governance by Force Motors Limited, for the year ended 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

Place : Pune  
Date : 24th July, 2010

**S. S. Athavale**  
Partner  
Membership No. 83374

## AUDITORS' REPORT

### To The Members of Force Motors Limited

We have audited the attached Balance Sheet of Force Motors Limited as at 31st March 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet and the Profit and Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - (b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Pune  
Date : 21st May, 2010

**S. S. Athavale**  
Partner  
Membership No. 83374



## ANNEXURE TO THE AUDITORS' REPORT

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off major part of the fixed assets.
2. (a) The inventory has been physically verified during the year by the management, which is, in our opinion, at reasonable intervals.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
3. (a) The Company has not granted any loans to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- (b) The Company has not taken any loans from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, except unsecured loans from one party, balance outstanding of which is Rs. 71.50 crores.
- (c) The rate of interest and other terms and conditions of loans taken by the Company, secured or unsecured, are *prima facie* not prejudicial to the interest of the Company.
- (d) The payment of the principal amount and interest are also regular.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom-duty, Excise-duty, Cess, Service-tax and other statutory dues applicable to it.  
According to the information and explanations given to us, no undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise-duty, Cess, Service tax and other statutory dues applicable to it were outstanding, as at the balance sheet date for a period of more than six months from the date they became payable.

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

Type of the dues	Amount outstanding (Rs. Lakhs)	Forum
Customs Duty	12.98	Asst. Commissioner of Customs, Mumbai, CESAT, Mumbai
Sales Tax	236.22	Dy. Commissioner of Sales Tax, Pune, Maharashtra Sales Tax Tribunal, Mumbai, Dy. comm. (Appeals) III Commercial Taxes, Jaipur, Dy. Commissioner of Commercial Tax, Sitarampur, Dy. Commissioner of Commercial tax, Jhansi, Asst. Commissioner of Commercial Tax, Indore, Dy. Commissioner of Commercial Tax, Indore and Appellate Board, Bhopal.
Excise Duty	171.80	CESAT, New Delhi, CESAT, West Regional Bench, Mumbai, CESTAT, New Delhi, Commissioner of (Appeals), Indore.

10. There are no accumulated losses as at the Balance Sheet date. The Company has not incurred cash losses during the financial year covered by our audit, nor in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares,

debentures and other securities.

13. The provisions of any special statute applicable to chit funds are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The term loans have been applied for the purpose for which they were raised.
17. The funds raised on short-term basis have not been used for long term investment.
18. The Company has not made preferential allotment of shares during the year.
19. No money has been raised by debenture issues during the year.
20. No money has been raised by public issues during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Place : Pune  
 Date : 21st May, 2010

**S. S. Athavale**  
 Partner  
 Membership No. 83374

## Balance Sheet as at 31st March, 2010

	Schedule	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>I SOURCES OF FUNDS :</b>				
<b>1. Shareholders' Funds</b>				
(a) Share Capital	1	13,17,90,383		<b>13,17,90,383</b>
(b) Reserves and Surplus	2	270,13,73,449		<b>214,33,96,203</b>
			283,31,63,832	<b>227,51,86,586</b>
<b>2. Loan Funds</b>				
(a) Secured Loans	3	62,00,27,100		<b>94,08,43,760</b>
(b) Unsecured Loans	4	85,82,83,000		<b>66,83,79,000</b>
			147,83,10,100	<b>160,92,22,760</b>
			8,80,29,164	<b>33,82,28,719</b>
<b>3. Deferred Tax Liability (Net)</b>				
			<b>Total</b>	<b>422,26,38,065</b>
<b>II APPLICATION OF FUNDS :</b>				
<b>1. Fixed Assets</b>				
(a) Gross Block	5	937,73,26,862		<b>901,20,36,268</b>
(b) Less : Depreciation		653,42,28,681		<b>611,94,86,122</b>
(c) Net Block		284,30,98,181		<b>289,25,50,146</b>
(d) Capital Work-in-progress		12,23,14,061		<b>20,15,16,758</b>
			296,54,12,242	<b>309,40,66,904</b>
<b>2. Investments</b>				
	6		56,74,46,559	<b>57,15,66,809</b>
<b>3. Current Assets, Loans and Advances</b>				
(a) Inventories	7	193,72,67,974		<b>196,03,12,283</b>
(b) Sundry Debtors		150,22,72,898		<b>122,89,12,964</b>
(c) Cash and Bank Balances		25,70,91,800		<b>16,62,67,796</b>
(d) Other Current Assets		3,02,005		<b>4,63,490</b>
(e) Loans and Advances		64,75,48,346		<b>70,98,95,099</b>
			434,44,83,023	<b>406,58,51,632</b>
<b>4. Less : Current Liabilities &amp; Provisions</b>				
(a) Liabilities	8	303,79,10,538		<b>309,70,52,810</b>
(b) Provisions		43,99,28,190		<b>41,17,94,470</b>
			347,78,38,728	<b>350,88,47,280</b>
Net Current Assets			86,66,44,295	<b>55,70,04,352</b>
			<b>Total</b>	<b>422,26,38,065</b>

As per our separate report of even date attached

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

**S. S. Athavale**  
Partner  
Membership No. 83374

**Ruchi Agarwal**  
Asst. Co. Secretary

**Prasan Firodia** Managing Director  
**Sudhir Mehta** Director

Place : Pune  
Date : 21st May, 2010

Pune  
Date : 21st May, 2010

## Profit & Loss Account for the year ended 31st March, 2010

	Schedule	Rupees	For the year ended 31st March, 2010 Rupees	For the year ended 31st March, 2009 Rupees
<b>INCOME</b>				
Sales including Excise Duty		1075,80,46,970		866,72,31,245
<b>Less : Excise duty</b>		119,77,07,008		116,21,75,164
Net Sales		956,03,39,962		750,50,56,081
<b>Less : Commission on Sales</b>		48,37,344		1,44,00,547
Other Income	9		955,55,02,618 96,30,68,334	749,06,55,534 366,93,53,355
			1051,85,70,952	1116,00,08,889
<b>EXPENDITURE</b>				
Materials	10	732,85,61,527		646,23,79,123
Other Expenses	11	240,88,90,963		245,04,31,970
Depreciation		41,99,55,157		41,82,56,236
		1015,74,07,647		933,10,67,329
<b>Less : Expenditure included in above items, capitalised.</b>		6,76,85,165		7,22,01,724
			1008,97,22,482	925,88,65,605
<b>PROFIT FOR THE YEAR</b>			42,88,48,470	190,11,43,284
<b>Less : Provision for Taxation - Current Tax</b>		7,47,60,000		17,06,20,000
- Fringe Benefit Tax		--		69,10,000
- Deferred Tax		(25,01,99,555)		47,53,71,649
[Current Tax includes Rs. 16,60,000/- (Rs. 16,20,000/-) for Wealth Tax]			(17,54,39,555)	65,29,01,649
<b>Less : Taxation provision in respect of earlier year</b>			62,099	26,11,597
<b>PROFIT AFTER TAX</b>			60,42,25,926	124,56,30,038
<b>Add : Balance of Profit as per last account</b>			88,74,69,082	(35,81,60,956)
Amount available for appropriation			149,16,95,008	88,74,69,082
<b>APPROPRIATIONS</b>				
Proposed Dividend			3,95,28,786	--
Provision for Tax on Distributed Profits			67,19,894	--
Transfer to General Reserve			6,04,22,593	--
<b>Balance carried forward</b>			138,50,23,735	88,74,69,082
Basic and Diluted Earnings per share (Rs.) (Nominal value per share Rs. 10/-)			45.86	94.54

As per our separate report of even date attached

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

**Prasan Firodia** Managing Director  
**Sudhir Mehta** Director

**S. S. Athavale**  
Partner  
Membership No. 83374

**Ruchi Agarwal**  
Asst. Co. Secretary

Place : Pune  
Date : 21st May, 2010

Pune  
Date : 21st May, 2010



## Schedules forming part of the Balance Sheet

### SCHEDULE 1 : SHARE CAPITAL

	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>Authorised :</b>		
2,00,00,000 <b>(2,00,00,000)</b> Shares of Rs.10/- each	20,00,00,000	<b>20,00,00,000</b>
<b>Issued :</b>		
1,32,13,802 <b>(1,32,13,802)</b> Equity Shares of Rs.10/- each	13,21,38,020	<b>13,21,38,020</b>
<b>Subscribed and paid up :</b>		
1,31,76,262 <b>(1,31,76,262)</b> Equity Shares of Rs.10/- each fully paid up [of the above 2,00,918 <b>(2,00,918)</b> Equity Shares are allotted as fully paid Shares pursuant to a contract without payment being received in cash and 57,29,934 <b>(57,29,934)</b> Equity Shares are allotted as fully paid Bonus Shares by capitalisation of reserves]	13,17,62,620	<b>13,17,62,620</b>
	13,17,62,620	<b>13,17,62,620</b>
<b>Add :</b> Amount paid on Forfeited Shares	27,763	<b>27,763</b>
Total	13,17,90,383	<b>13,17,90,383</b>

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

**SCHEDULE 2 : RESERVES AND SURPLUS**

	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>1. Capital Reserve :</b>			
As per last account		25,00,000	25,00,000
<b>2. Share Premium :</b>			
As per last account		59,19,77,215	59,19,77,215
<b>3. General Reserve :</b>			
As per last account	66,14,49,906		66,14,49,906
Add : Transfer from Profit & Loss Account	6,04,22,593		--
		72,18,72,499	66,14,49,906
<b>4. Balance as per Profit and Loss Account</b>		138,50,23,735	88,74,69,082
	Total	270,13,73,449	214,33,96,203

**SCHEDULE 3 : SECURED LOANS**

		As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
1. Loans & Advances from Banks on Cash Credit Accounts		5,50,27,100	14,98,43,760
2. Term Loan from Banks		56,50,00,000	79,10,00,000
[Due in next 12 months Rs. 22,60,00,000/- (Rs. 22,60,00,000/-)]			
	Total	62,00,27,100	94,08,43,760

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

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

**SCHEDULE 4 : UNSECURED LOANS**

	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
1. Fixed Deposits	14,32,83,000	<b>20,33,79,000</b>
[ Due in next 12 months Rs. 9,55,83,000/- ( <b>Rs. 8,87,64,000/-</b> ) ]		
2. Inter corporate Deposits	71,50,00,000	<b>46,50,00,000</b>
Total	<u>85,82,83,000</u>	<u><b>66,83,79,000</b></u>

**SCHEDULE 5 : FIXED ASSETS**

	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
1. Net Fixed Assets, as per Annexure		284,30,98,181	<b>289,25,50,146</b>
2. Capital Work-in-progress :			
(i) Buildings under construction	1,05,65,605		<b>10,98,28,348</b>
(ii) Machinery under installation / in transit	5,80,63,421		<b>4,72,27,639</b>
(iii) Other Assets	5,36,85,035		<b>4,44,60,771</b>
		<u>12,23,14,061</u>	<u><b>20,15,16,758</b></u>
Total		<u>296,54,12,242</u>	<u><b>309,40,66,904</b></u>

**SCHEDULE 6 : INVESTMENTS (Long Term)**

	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>1. Trade Investments :</b>		
<b>Unquoted</b>		
6,48,000 <b>(10,60,050)</b> Equity Shares of Rs.10/- each, fully paid, in Tempo Finance (West) Private Limited	65,29,049	<b>1,06,49,299</b>
5,57,97,101 <b>(5,57,97,101)</b> Equity Shares of Rs.10/- each, fully paid, in MAN FORCE TRUCKS Private Limited	55,79,71,010	<b>55,79,71,010</b>
25,000 <b>(25,000)</b> Equity Shares of Rs.10/- each, fully paid, in Tempo Finance (North) Private Limited	2,50,000	<b>2,50,000</b>
<b>2. Other Investments :</b>		
<b>Quoted</b>		
63,125 <b>(63,125)</b> Equity Shares of Rs. 10/- each, fully paid, in ICICI Bank Limited	26,96,250	<b>26,96,250</b>
<b>Unquoted</b>		
5 <b>(5)</b> Shares of Rs. 50/- each, fully paid, in Mittal Tower Premises Co-Operative Society Limited	250	<b>250</b>
Total	<u>56,74,46,559</u>	<u><b>57,15,66,809</b></u>

Aggregate amount of Investments :	As on 31-03-2010		As on 31-03-2009	
	Cost Rupees	Market Value Rupees	Cost Rupees	Market Value Rupees
Quoted	26,96,250	6,01,39,188	<b>26,96,250</b>	<b>2,09,95,375</b>
Unquoted	56,47,50,309	--	<b>56,88,70,559</b>	--



**SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES**

	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>A. CURRENT ASSETS :</b>			
<b>1. Inventories :</b>			
(i) Stores and Spares	17,18,96,398		<b>18,28,71,682</b>
(ii) Finished Goods	25,00,81,269		<b>31,67,89,806</b>
(iii) Excise Duty on Inventory of Finished Goods	2,14,93,254		<b>2,42,48,564</b>
(iv) Work-in-progress	31,26,55,921		<b>31,61,29,177</b>
(v) Raw Materials and Components, including Rs. 17,87,22,645/- <b>(Rs. 7,09,98,656/-)</b> in transit	118,11,41,132		<b>112,02,73,054</b>
		193,72,67,974	<b>196,03,12,283</b>
<b>2. Sundry Debtors :</b>			
Unsecured			
(i) Debts outstanding for a period exceeding six months :			
- Considered Good	38,49,25,489		<b>48,35,18,702</b>
- Considered Doubtful	4,17,26,034		<b>4,17,26,034</b>
	42,66,51,523		<b>52,52,44,736</b>
(ii) Other Debts	111,73,47,409		<b>74,53,94,262</b>
	154,39,98,932		<b>127,06,38,998</b>
<b>Less : Provision for Doubtful Debts</b>	<b>4,17,26,034</b>		<b>4,17,26,034</b>
		150,22,72,898	<b>122,89,12,964</b>
<b>3. Cash and Bank Balances :</b>			
(i) Cash balance and cheques on hand	24,18,77,448		<b>15,41,19,678</b>
(ii) Balance with scheduled banks in current accounts	66,06,321		<b>94,65,787</b>
(iii) Balance with scheduled banks in deposit accounts	86,08,031		<b>26,82,331</b>
		25,70,91,800	<b>16,62,67,796</b>
<b>4. Other Current Assets :</b>			
Interest accrued on deposits		3,02,005	<b>4,63,490</b>
<b>B. LOANS AND ADVANCES :</b>			
Unsecured, Considered good			
<b>1. Advances recoverable in cash or in kind or for value to be received</b>			
- Considered Good	16,11,16,061		<b>19,54,10,269</b>
- Considered Doubtful	77,50,200		<b>77,50,200</b>
	16,88,66,261		<b>20,31,60,469</b>
<b>Less : Provision for Doubtful Advances</b>	<b>77,50,200</b>		<b>77,50,200</b>
	16,11,16,061		<b>19,54,10,269</b>
<b>2. Sundry Advances</b>			
- Considered Good	79,88,812		<b>63,59,234</b>
- Considered Doubtful	10,82,945		<b>12,18,740</b>
	90,71,757		<b>75,77,974</b>
<b>Less : Provision for Doubtful Advances</b>	<b>10,82,945</b>		<b>12,18,740</b>
	79,88,812		<b>63,59,234</b>
<b>3. Sundry Deposits</b> [including Govt. Securities of Rs. 1,79,600/- <b>(Rs. 1,79,600/-)</b> , cost Rs. 1,73,995/- <b>(Rs. 1,73,995/-)</b> deposited with Govt. Authorities]	6,67,40,746		<b>6,42,33,860</b>
<b>4. Advances against capital expenditure</b>	33,48,20,065		<b>32,64,64,784</b>
<b>5. Advance payment of Tax (Net of provision)</b> [ Contra Refer Schedule 8 item (B)-8 ]	7,68,82,662		<b>11,74,26,952</b>
		64,75,48,346	<b>70,98,95,099</b>
<b>Total</b>		<b>434,44,83,023</b>	<b>406,58,51,632</b>

**SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS**

	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>(A) CURRENT LIABILITIES :</b>			
1. Sundry Creditors	235,72,99,922		<b>239,92,33,479</b>
2. Advances and Deposits against Orders	63,01,44,810		<b>60,41,76,072</b>
3. Unclaimed Dividend	10,64,782		<b>10,76,710</b>
4. Interest accrued but not due on loans, advances and deposits	1,19,19,054		<b>1,29,43,096</b>
5. Other Liabilities	3,74,81,970		<b>7,96,23,453</b>
		303,79,10,538	<b>309,70,52,810</b>
<b>(B) PROVISIONS :</b>			
6. For Product Warranties and Service Charges	6,21,61,203		<b>7,02,75,850</b>
7. For Gratuity and Leave Encashment	33,15,18,307		<b>34,15,18,620</b>
8. For Taxation :			
Taxation provision for the earlier years	25,27,60,605		<b>7,44,63,605</b>
Taxation provision for the year	7,47,60,000		<b>17,75,30,000</b>
	32,75,20,605		<b>25,19,93,605</b>
<b>Less</b> : Advance payment of tax	40,44,03,267		<b>36,94,20,557</b>
[ Contra Refer Schedule 7 item B-5 ]	(7,68,82,662)		<b>(11,74,26,952)</b>
9. Proposed Dividend	3,95,28,786		--
10. Provision for Tax on distributed Profit	67,19,894		--
		43,99,28,190	<b>41,17,94,470</b>
	Total	347,78,38,728	<b>350,88,47,280</b>

## Schedules forming part of the Profit & Loss Account

### SCHEDULE 9 : OTHER INCOME

	Rupees	For the year ended 31st March, 2010 Rupees	For the year ended 31st March, 2009 Rupees
Machining and Processing charges		1,79,08,871	1,61,51,193
Miscellaneous receipts :			
Refunds	58,64,325		32,63,280
Service Charges received	30,64,10,760		22,37,46,890
Other receipts	35,94,73,830		31,95,36,241
		67,17,48,915	54,65,46,411
Interest :			
On Short Term Deposits with Banks	7,61,456		9,15,374
Others	2,23,89,228		2,22,35,426
[Income-tax deducted at source Rs. 1,96,757/- (Rs. 3,87,039/-) ]			
		2,31,50,684	2,31,50,800
Income from Investments		6,94,375	7,14,288
Excess provision in previous year written back		2,70,20,622	1,78,74,491
Profit on sale of Assets		59,48,217	19,36,601
Profit on sale of Investments in Subsidiary Company		54,86,650	295,27,24,940
Profit on sale of other Investments		--	11,02,54,631
Gain arising out of Licence arrangement [Refer Note No. 20 (a)]		21,11,10,000	--
	Total	96,30,68,334	366,93,53,355

### SCHEDULE 10 : MATERIALS

		For the year ended 31st March, 2010 Rupees	For the year ended 31st March, 2009 Rupees
Raw material and Components consumed		670,60,45,748	567,13,54,295
Stores consumed		44,03,57,823	39,11,37,814
Fabrication and processing charges		4,48,17,202	4,04,80,653
Freight, octroi, entry tax etc.		6,71,58,961	4,83,72,889
Increase (-) / Decrease (+) in Stock-in-Trade		7,01,81,793	31,10,33,472
	Total	732,85,61,527	646,23,79,123

**SCHEDULE 11 : OTHER EXPENSES**

	Rupees	For the year ended 31st March, 2010 Rupees	For the year ended 31st March, 2009 Rupees
Power and Fuel		19,71,06,775	14,70,41,209
Repairs :			
Buildings	1,55,03,454		1,28,57,700
Machinery	4,43,04,959		4,41,03,270
Others	1,68,81,326		1,26,91,308
		7,66,89,739	6,96,52,278
Warranty Claims and Service charges		6,84,84,246	9,35,35,051
Publicity and Sales promotion		10,72,42,770	7,20,60,143
Salaries, Wages, Bonus, Leave encashment etc.		110,64,80,540	101,64,66,043
Contribution to Provident Fund and other Funds & Schemes		9,77,55,899	14,10,61,227
Staff and Labour Welfare Expenses		5,59,70,874	4,79,50,101
Insurance		2,48,03,023	1,82,16,410
Rent		43,26,853	46,80,498
Rates, Taxes and duties		2,55,60,991	4,42,36,255
Forwarding charges		11,75,91,630	9,98,61,924
Miscellaneous Expenses		20,61,52,557	27,73,24,825
Prior year expenses		10,01,218	33,67,944
Guarantee Commission to Banks		10,81,247	15,69,869
Audit Fees, Legal and Professional charges		14,78,24,726	4,87,90,150
Directors' Fees		8,20,000	8,10,000
Interest :			
On Fixed Loans	14,11,84,971		25,59,41,695
On Bank and Other accounts	2,66,17,513		9,61,50,227
		16,78,02,484	35,20,91,922
Royalty and Technical Know-how fees		21,77,629	6,55,000
Loss on sale of Assets		17,762	9,82,282
Provision for Doubtful Debts / Advance		--	1,00,78,839
		Total	
		240,88,90,963	245,04,31,970



### Annexure to Schedule 5 — Fixed Assets

	Intangible Assets		Free Hold Land	Lease Hold Land	Buildings	Plant, Machinery & Equipment	Dies and Jigs	Electric Installation	Furniture & Fixtures	Electric Fittings	Vehicles	Aircraft	Total	Previous Year Total	
	Rupees	Rupees													
GROSS BLOCK															
Cost as at															
31st March, 2009	46,56,47,911	3,00,47,003	★	1,60,53,256	68,87,67,904	522,97,27,206	187,76,66,074	11,48,11,007	6,28,00,449	1,76,87,948	19,10,31,287	31,77,96,223	901,20,36,268	856,05,29,169	
Additions	31,28,047	1,45,38,610	--	--	14,86,20,154	5,77,53,645	12,89,64,523	7,37,568	9,40,879	29,52,802	2,25,64,062	--	38,02,00,290	46,05,49,328	
Deductions	--	--	--	--	1,63,404	12,94,860	1,27,31,207	--	93,500	--	6,26,724	--	1,49,09,696	90,42,229	
Cost as at															
31st March, 2010	46,87,75,958	4,45,85,613		1,60,53,256	83,72,24,654	528,61,85,991	199,38,99,390	11,55,48,575	6,36,47,828	2,06,40,750	21,29,68,625	31,77,96,223	937,73,26,862	901,20,36,268	
DEPRECIATION															
Up to 31st															
March, 2009	32,27,42,594	--	--	10,81,640	26,30,66,819	412,73,39,659	106,34,93,000	7,12,66,287	3,92,91,349	99,38,222	11,86,29,920	10,26,36,632	611,94,86,122	570,43,03,469	
This Year	3,71,86,985	--	--	4,29,835	2,29,08,059	17,30,69,309	14,61,00,257	43,28,213	30,70,500	9,88,949	1,40,76,461	1,77,96,589	41,99,55,157	41,82,56,236	
Deductions	--	--	--	--	39,947	10,25,560	37,55,488	--	32,045	--	3,59,558	--	52,12,598	30,73,583	
Depreciation as at															
31st March, 2010	35,99,29,579	--	--	15,11,475	28,59,34,931	429,93,83,408	120,58,37,769	7,55,94,500	4,23,29,804	1,09,27,171	13,23,46,823	12,04,33,221	653,42,28,681	611,94,86,122	
Net Block as at															
31st March, 2010	10,88,46,379	4,45,85,613		1,45,41,781	55,12,89,723	98,68,02,582	78,80,61,621	3,99,54,075	2,13,18,024	97,13,579	8,06,21,802	19,73,63,002	284,30,98,181	289,25,50,146	
Net Block as at															
31st March, 2009	14,29,05,317	3,00,47,003		1,49,71,616	42,57,01,085	110,23,87,547	81,41,73,074	4,35,44,720	2,35,09,100	77,49,726	7,24,01,367	21,51,59,591	289,25,50,146	285,62,25,700	

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

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

★★ Includes office premises on ownership basis Rs. 5,00,000/-.

Includes residential premises in Co-Op. Society to be formed.

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

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

As per our separate report of even date attached

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

**Prasan Firodia**  
**Sudhir Mehta**  
Managing Director  
Director

**S. S. Athavale**  
Partner  
Membership No. 83374

**Ruchi Agarwal**  
Asst. Co. Secretary

Place : Pune  
Date : 21st May, 2010

Pune  
Date : 21st May, 2010

## Notes forming part of the Accounts for the Year Ended 31st March, 2010.

### 1. Accounting Policies :

#### A. Depreciation :

##### (a) Tangible Assets :

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

##### (b) Intangible Assets :

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

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

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

#### B. Investments (Long Term) :

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

#### C. Valuation of Inventory :

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

#### D. Employees Retirement Benefit :

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

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

#### E. Research and Development Expenses:

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

#### F. Foreign Currency Transactions:

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

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

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

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

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

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

<b>2.</b>	Estimated amounts of contracts remaining to be executed on Capital Accounts as at 31st March, 2010 and not provided for.	Rupees 15,97,36,074	<b>Rupees (5,02,83,948)</b>
<b>3.</b>	(a) The Company's Income-tax and Wealth-tax assessments have been completed upto the accounting year 2006-2007.		
	(b) The Company is registered as a dealer under various State Sales Tax Laws. The Company's Sales-tax assessments have been completed up to the accounting year 2004-2005 of Akurdi Plant & 2006-2007 of Pithampur Plant.		
<b>4.</b>	<b>Payment to Auditors: (Net of service tax)</b>	Rupees	<b>Rupees</b>
	(a) As Auditors	9,00,000	<b>(9,00,000)</b>
	(b) For Tax Audit	40,000	<b>(40,000)</b>
	(c) For Certificates	1,83,000	<b>(1,50,500)</b>
	(d) For Expenses and others	27,731	<b>(31,010)</b>
	(e) Provident Fund Audit Fees	15,000	<b>(15,000)</b>

**5. Managerial Remuneration :**

	<b>To the Chairman &amp; Managing Director</b>		<b>To the Managing Director</b>	
	For the period 01.04.09 to 05.11.09 Rupees	2008-09 Full Year Rupees	For the period 06.11.09 to 31.03.10 Rupees	2008-09 Full Year Rupees
(a) Salary	14,33,333	(23,10,000)	9,66,667	(--)
(b) Leave Encashment	24,33,334	(--)	--	(--)
(c) Contribution to Provident Fund, Superannuation Scheme and Gratuity Scheme	4,64,833	(6,38,406)	1,71,000	(--)
(d) Gratuity Paid	25,38,462	(--)	--	(--)
(e) Perquisites paid for and estimated monetary value of perquisites availed of	--	(10,075)	--	(--)

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

**6. Contingent Liability in respect of :**

	Rupees	Rupees
(a) Letters of Credit and Bank Guarantees outstanding	16,77,31,479	<b>(11,51,92,204)</b>
(b) Taxes and Duties	17,70,06,859	<b>(14,04,13,794)</b>
(c) Others	20,86,22,597	<b>(18,31,75,443)</b>

Based on the allegation that Education Cess is payable on Automobile Cess, the Central Excise Department, Pithampur, issued four Show Cause Notices in respect of Excise Duty paid by utilising Cenvat Credit availed by the Company demanding duty of Rs. 275,03,92,760/-. The very basis of this alleged demand does not survive, in view of the subsequent decision of the Excise Authorities at Pithampur that the Education Cess is not payable on Automobile Cess.

(d) A foreign company has initiated legal proceedings in a court, having no jurisdiction, claiming notional and unfounded damages, relating to export business, which was not entered into by the Company. The Company has not submitted to the jurisdiction of the foreign court, as advised. This information is disclosed as per the provisions of Schedule VI to the Companies Act, 1956 only to indicate the alleged claims made against the Company.

7. As of 31st March, 2010, the Company has not received any intimation as to the status as a Micro, Small & Medium Enterprises from any of the suppliers, with a copy of the Memorandum filed as per the provisions of Section 8 of the Micro, Small and Medium Enterprises Development Act, 2006.

**8. Details of Intangible Assets are as under :**

<b>Class of Intangible Assets</b>	<b>Software</b>	<b>Technical Know-how acquired on or after 1-4-2003</b>	<b>Technical Know-how acquired upto 1-4-2003</b>	<b>Technical Know-how internally generated</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
(a) Useful life of the asset	5 years	10 years	6 years	6 years
(b) Cost as at the beginning of the year	8,66,02,005 (8,49,57,504)	20,45,05,354 (20,45,05,355)	8,22,00,834 (8,22,00,834)	9,23,39,718 (9,23,39,718)
(c) Additions during the year	31,28,047 (16,44,500)	-- (--)	-- (--)	-- (--)
(d) Deduction during the year	-- (--)	-- (--)	-- (--)	-- (--)
(e) Cost as at the end of the year	8,97,30,052 (8,66,02,005)	20,45,05,354 (20,45,05,355)	8,22,00,834 (8,22,00,834)	9,23,39,718 (9,23,39,718)
(f) Amortisation upto 31-3-2009	8,15,32,743 (7,57,18,098)	10,10,26,504 (8,05,40,582)	8,22,00,834 (8,22,00,834)	5,79,82,513 (4,25,92,622)
(g) Amortisation during the year	39,58,039 (58,14,644)	2,04,85,923 (2,04,85,922)	-- (--)	1,27,43,023 (1,53,89,891)
(h) Amortisation on Deductions	-- (--)	-- (--)	-- (--)	-- (--)
(i) Amortisation upto 31-3-2010	8,54,90,782 (8,15,32,743)	12,15,12,427 (10,10,26,504)	8,22,00,834 (8,22,00,834)	7,07,25,536 (5,79,82,513)
(j) Net carrying cost as at the end of the year	42,39,270 (50,69,262)	8,29,92,927 (10,34,78,850)	-- (--)	2,16,14,182 (3,43,57,205)
(k) Net carrying cost as at the beginning of the year	50,69,262 (92,39,406)	10,34,78,850 (12,39,64,773)	-- (--)	3,43,57,205 (4,97,47,096)

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

Class of Goods	Licensed Capacity Per Annum (in Nos.)	Installed Capacity Per Annum (in Nos.)	Production (in Nos.)
(i) On-road automobiles having 4 or more wheels such as Light, Medium and Heavy Commercial Vehicles, Jeep type vehicles and passenger cars covered under sub-heading (5) of heading (7) of First Schedule to IDR Act including Three Wheelers.	60,000* <b>(60,000)</b>	55,000 <b>(55,000)</b>	19,881 <b>(14,987)</b>
(ii) Agricultural Tractor	12,000 <b>(12,000)</b>	12,000 <b>(12,000)</b>	616 <b>(968)</b>
(iii) Diesel Engines for other purposes	7,500 <b>(7,500)</b>	6,000 <b>(6,000)</b>	72 <b>(25)</b>
(iv) Moulds, Dies, Press Tools, Jigs & Fixtures	1,000 <b>(1,000)</b>	500 <b>(500)</b>	1,498** <b>(1,716)</b>

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

\*\* Includes 1,312 **(1,461)** Capitalised for self-use.

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

**(b) Stock and Turnover :**

Class of Goods		Stock at Commencement	Stock At Close	Turnover
(i) On-road automobiles having 4 or more wheels such as Light, Medium and Heavy Commercial Vehicles, Jeep type vehicles and passenger cars covered under sub-heading (5) of heading (7) of First Schedule to IDR Act including Three Wheelers.	Nos.	552 <b>(1,676)</b>	447 # <b>(552)</b>	19,986* <b>(16,108)</b>
	Amount	17,42,23,507 <b>(42,27,06,279)</b>	13,87,98,637 <b>(17,42,23,507)</b>	699,78,37,034 <b>(530,23,36,637)</b>
(ii) Agricultural Tractor	Nos.	104 <b>(201)</b>	106 <b>(104)</b>	614@ <b>(1065)</b>
	Amount	3,47,18,354 <b>(5,77,13,090)</b>	3,05,37,701 <b>(3,47,18,354)</b>	19,80,21,046 <b>(33,82,51,317)</b>
(iii) Diesel Engines for other purposes	Nos.	3 <b>(3)</b>	5** <b>(3)</b>	44*** <b>(25)</b>
	Amount	1,88,651 <b>(2,14,424)</b>	3,58,452 <b>(1,88,651)</b>	22,04,954 <b>(15,22,564)</b>
(iv) Moulds, Dies, Press Tools, Jigs & fixtures	Nos.	108 <b>(73)</b>	126 <b>(108)</b>	168 <b>(220)</b>
	Amount	2,14,67,556 <b>(48,27,774)</b>	1,79,31,345 <b>(2,14,67,556)</b>	6,81,87,746 <b>(1,68,01,518)</b>
(v) Other Items	Amount			229,40,89,182 <b>(184,61,44,045)</b>

\* Includes 3 **(Nil)** vehicles capitalised and includes 1 **(2)** vehicles given free of cost.

@ Includes 2 **(1)** tractor capitalised.

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

\*\*\* Includes 2 **(9)** as service replacement and 5 **(Nil)** engines given free of cost.

# Excludes Nil **(1)** vehicle written off and Nil **(2)** vehicles scrapped.

**10 Details of Raw Materials Consumption :**
**(a) Raw materials including Components Consumed**

		QUANTITY		VALUE	
				Rupees	Rupees
Steel and other metals	Tons	9,779	<b>(9,561)</b>	68,49,26,667	<b>(46,96,89,126)</b>
	Mtrs.	77,703	<b>(50,861)</b>		
Castings and Forgings	Nos	16,53,357	<b>(11,54,092)</b>	41,33,23,718	<b>(29,49,08,335)</b>
Components		--	--	560,77,95,363	<b>(490,67,56,834)</b>
TOTAL				670,60,45,748	<b>(567,13,54,295)</b>



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

	Rupees		Percentage	
Imported	137,16,48,109	<b>(127,22,55,752)</b>	20.45	<b>(22.43)</b>
Indigenous	533,43,97,639	<b>(439,90,98,543)</b>	79.55	<b>(77.57)</b>
Total	670,60,45,748	<b>(567,13,54,295)</b>	100.00	<b>(100.00)</b>

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

Class of Provisions and brief description	Carrying Amount of provisions as at 1-4-2009	Additional provisions made during the year	Paid during the year against provisions	Amounts reversed and written back	Carrying Amount of provisions as at 31-3-2010
	Rupees	Rupees	Rupees	Rupees	Rupees
(a) Warranty	96,11,042	1,18,89,282	93,53,156	--	1,21,47,168
	<b>(1,97,53,203)</b>	<b>(68,59,939)</b>	<b>(1,70,02,100)</b>	--	<b>(96,11,042)</b>
(b) Free Service Coupons	6,06,64,808	2,27,64,966	3,34,15,731	--	5,00,14,043
	<b>(4,51,61,401)</b>	<b>(4,63,93,057)</b>	<b>(3,08,89,650)</b>	--	<b>(6,06,64,808)</b>

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

	Rupees	Rupees
<b>(a) C.I.F. Value of Imports :</b>		
(i) Raw Materials	2,67,49,939	<b>(9,86,78,641)</b>
(ii) Components	105,79,92,828	<b>(124,08,57,035)</b>
(iii) Spare Parts for Resale	--	<b>(3,41,511)</b>
(iv) Capital Goods	31,13,476	<b>(1,52,503)</b>
(v) Machinery Spares, Tools & Others	1,27,77,344	<b>(1,83,23,444)</b>
<b>(b) Expenditure in Foreign Currency (on Payment basis) :</b>	Rupees	Rupees
(i) Travelling and Other expenses	52,63,355	<b>(1,39,95,084)</b>
(ii) Technical services and consultation fees (net of tax)	1,65,72,974	<b>(1,80,81,175)</b>
<b>(c) Earnings in Foreign Currency :</b>	Rupees	Rupees
Exports on FOB basis	26,96,40,484	<b>(30,08,47,323)</b>

13. The amount of net exchange differences included in the Profit / Loss for the year on revenue account is Rs. 1,99,42,964/- Credit **(Rs. 2,47,07,416/- Debit)** and on Capital account is Rs. 1,80,92,073/- Credit **(Rs. 16,78,597/- Debit)**.

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

	Rupees	Rupees
(i) Capital Expenditure	1,23,37,871	<b>(67,32,730)</b>
(ii) Revenue Expenditure	28,89,23,027	<b>(21,43,15,598)</b>

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

**15. The Company's liabilities and obligations in foreign currency outstanding as at 31st March, 2010, net of receivables are as under :**

Liability	Hedged by forward cover contracts with bankers		Not hedged by forward cover contracts or other derivative instruments	
	Foreign currency	Amount (Rs.)	Foreign currency	Amount (Rs.)
In Euro	--	--	42,44,571	25,65,54,605
	<b>(--)</b>	<b>(--)</b>	<b>(3,00,305)</b>	<b>(2,02,53,912)</b>
In Japanese Yen	--	--	1,21,20,945	58,56,841
	<b>(--)</b>	<b>(--)</b>	<b>(23,22,000)</b>	<b>(12,07,208)</b>

**16. Details of Deferred Tax Assets / (Liabilities) :**

Nature of Timing difference	As at 31st March, 2010	As at 31st March, 2009
(i) Difference between accounting and tax depreciation (cumulative)	(31,44,45,813)	<b>(33,82,28,719)</b>
(ii) Other Timing differences	15,95,65,253	--
(iii) Business / Depreciation Loss	6,68,51,396	--
<b>TOTAL</b>	<b>(8,80,29,164)</b>	<b>(33,82,28,719)</b>

Considering the increase in turnover of the Company, profits for the year ended on 31st March, 2010, growth in the sale of types of products being manufactured and sold by the Company, the Board of Directors of the Company is of the opinion that the Deferred Tax Asset arising out of expenses incurred, provisions made being timing difference and the Deferred Tax Asset in respect of carry forward business losses, as on 31st March, 2009 after considering the profit for the financial year ended on that day need to be recognised as per the provisions of Accounting Standard 22 being part of the Companies (Accounting Standards) Rules, 2006. Accordingly, the Company has recognised the Deferred Tax Assets of Rs. 22,64,16,649, as detailed above.

**17. Earnings per Share :**

	31.03.2010	31.03.2009
<b>Values used in calculating Earnings Per Share :</b>		
<b>(a) Numerator :</b>		
Profit / (Loss) after tax (Rs.)	60,42,25,926	<b>124,56,30,038</b>
<b>(b) Denominator :</b>		
Number of Equity Shares	1,31,76,262	<b>1,31,76,262</b>
Weighted average number of Equity Shares	1,31,76,262	<b>1,31,76,262</b>

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

	Gratuity (Rs.)		Leave Entitlement (Rs.) (Long Term)	
	31st March, 2010	31st March, 2009	31st March, 2010	31st March, 2009
<b>(a) Amount to be recognised in Balance Sheet</b>				
(i) Present Value of the Obligation	36,04,73,462	37,13,45,247	13,50,80,761	11,94,43,931
(ii) Funded Status	16,50,70,780	14,92,70,558	--	--
(iii) Net Asset / (Liability) recognised in Balance Sheet	(19,54,02,682)	(22,20,74,689)	(13,50,80,761)	(11,94,43,931)
<b>(b) Expenses recognised in the statement of Profit and Loss Account at the end.</b>				
(i) Current Service Cost	2,13,95,761	2,25,10,879	1,50,12,577	1,32,94,217
(ii) Interest Cost	2,52,90,345	2,73,89,972	80,75,661	82,68,783
(iii) Expected Return on Plan Assets	(1,40,37,864)	(1,31,28,980)	--	--
(iv) Net actuarial (gain) / loss recognised in the year	(2,90,33,826)	2,05,55,988	39,53,052	98,72,865
(v) Expenses recognised in the statement of Profit and Loss Account at the end	36,14,416	5,73,27,859	2,70,41,290	3,14,35,865
<b>(c) Present value of obligation as at the end</b>				
(i) Present value of obligation as at the beginning	37,13,45,247	34,32,37,311	11,94,43,931	10,65,51,535
(ii) Interest Cost	2,52,90,345	2,73,89,972	80,75,661	82,68,783
(iii) Current Service Cost	2,13,95,761	2,25,10,879	1,50,12,577	1,32,94,217
(iv) Benefits paid	(3,02,86,423)	(4,20,04,694)	(1,14,04,460)	(1,85,43,469)
(v) Actuarial (gain) / loss on obligation	2,72,71,468	2,02,11,779	39,53,052	98,72,865
(vi) Present value of obligation as at the end	36,04,73,462	37,13,45,247	13,50,80,761	11,94,43,931
<b>(d) Actuarial Assumptions :</b>				
(i) Discount Rate	8.20%	7.10%	8.20%	7.10%
(ii) Salary escalation rate	10.00%	10.00%	10.00%	10.00%
(iii) Rate of Return on Plan Assets	9.35%	9.35%	--	--
(iv) Mortality Rate	As per standard table of LIC (1994-95)			

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

The Liability for Earned leave, for Temporary Employees (short term) has been provided on actual basis, amounting to Rs. 10,34,864/- **(Rs. 1,59,316/-)**.

**19. Related party disclosures ( As identified by the Management )**
**(A) Name of the related parties and nature of related party relationship where control exists are as under :**

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

**(B) Disclosure of Transactions with these parties are mentioned below : (Rs. In Lacs)**

Type of Related party	Nature of Transaction	Volume of Transactions during 2009-10	Amount outstanding as on 31-03-2010	
			Receivables	Payables
(i) Joint Venture Company MAN FORCE TRUCKS Private Limited	: Sale of Raw Materials & Components	5,028.52 <b>(2,676.06)</b>	6,546.54 <b>(2,074.40)</b>	-- <b>(--)</b>
	: Sale of Capital Assets	183.85 <b>(159.92)</b>	-- <b>(--)</b>	-- <b>(--)</b>
	: Machinery received on Loan	1,647.02 <b>(6,043.07)</b>	-- <b>(--)</b>	9,933.97 <b>(8,286.95)</b>
	: Purchase of Material	576.98 <b>(212.11)</b>	-- <b>(--)</b>	-- <b>(--)</b>
	: Reimbursement of Expenses	66.22 <b>(14.64)</b>	-- <b>(--)</b>	-- <b>(--)</b>
	: Service Charges	3,379.71 <b>(2,291.16)</b>	2,555.43 <b>(5,256.76)</b>	-- <b>(--)</b>
	: Others	3.88 <b>(21.23)</b>	-- <b>(--)</b>	-- <b>(--)</b>
(a) Key Management Personnel	: Managerial Remuneration	80.08 <b>(29.58)</b>	-- <b>(--)</b>	0.24 <b>(0.20)</b>
(b) Relatives of Key Management Personnel	: Expenditure on Rent	2.85 <b>(2.40)</b>	-- <b>(--)</b>	-- <b>(--)</b>
(c) Other Related Parties	: The Service of Information Systems / Department are shared with one of the related parties	Not quantified		
(ii) Jaya Hind Industries Ltd.	: Purchase of Capital Goods	74.88 <b>(784.67)</b>	-- <b>(507.68)</b>	26.02 <b>(--)</b>
	: Purchase of Raw Materials, Components & Others	4,078.34 <b>(3,133.40)</b>	-- <b>(--)</b>	263.44 <b>(148.22)</b>
	: Sundry Sales	177.10 <b>(204.25)</b>	-- <b>(--)</b>	-- <b>(--)</b>

(Rs. In Lacs)

Type of Related party	Nature of Transaction	Volume of Transactions during 2009-10	Amount outstanding as on 31-03-2010	
			Receivables	Payables
	: Processing Charges recovered	25.77 <b>(21.79)</b>	-- <b>(--)</b>	-- <b>(--)</b>
	: Material Given on Loan	-- <b>(0.02)</b>	14.78 <b>(14.78)</b>	-- <b>(--)</b>
	: Machinery given on Loan	156.13 <b>(323.75)</b>	3,619.97 <b>(3,464.96)</b>	-- <b>(--)</b>
	: Expenses recovered	183.80 <b>(384.93)</b>	-- <b>(--)</b>	-- <b>(--)</b>
	: Expenses reimbursed	55.38 <b>(48.11)</b>	-- <b>(--)</b>	-- <b>(--)</b>
(iii) Jaya Hind Investments Private Limited	: Inter Corporate Deposit	2500 <b>(24,250)</b>	-- <b>(--)</b>	7,150 <b>(4,650)</b>
	: Interest on Inter Corporate Deposit (Gross)	632.04 <b>(1,267.78)</b>	-- <b>(--)</b>	-- <b>(--)</b>
	: Sale of Investment in Tempo Finance (West) Pvt. Ltd.	97.07 <b>(--)</b>	-- <b>(--)</b>	-- <b>(--)</b>
(iv) Pinnacle Industries Ltd.	: Purchase of Capital Goods	8.06 <b>(--)</b>	-- <b>(--)</b>	-- <b>(--)</b>
	: Purchase of Raw Materials, Components & Others	5,109.21 <b>(3,943.46)</b>	-- <b>(--)</b>	37.45 <b>(621.74)</b>
	: Sundry Sales	30.24 <b>(20.81)</b>	-- <b>(--)</b>	-- <b>(--)</b>
	: Processing Charges recovered	0.03 <b>(0.65)</b>	-- <b>(--)</b>	-- <b>(--)</b>
	: Material Given on Loan	-- <b>(--)</b>	0.30 <b>(0.30)</b>	-- <b>(--)</b>
	: Machinery given on Loan	9.86 <b>(9.57)</b>	46.73 <b>(36.78)</b>	-- <b>(--)</b>
	: Expenses recovered	30.04 <b>(25.45)</b>	-- <b>(--)</b>	-- <b>(--)</b>
	: Expenses reimbursed	1.08 <b>(13.60)</b>	-- <b>(--)</b>	-- <b>(--)</b>

20. (a) As reported earlier, the Company obtained Licenses, in respect of Technology and Know-how, for manufacture of Gear Boxes. The Company was in discussion with the Licensor viz. ZF Friedrichshafen AG, Germany, in respect of exhaustive arrangement connected with these licensed products, but as the Company and the Licensor could not reach an agreement in respect of various aspects of technology and business, as agreed, the licensor permitted to retain part of the advance received by the Company. This arrangement; thus has resulted in gain arising out of the Licensing Agreement. The said gain of Rs. 21,11,10,000 has been treated as a non-revenue gain and exceptional item as it relates to intangible assets owned by the Company.
- (b) During the year under report, the Company sold 4,22,050 equity shares of Rs. 10 each of Tempo Finance (West) Private Limited, erstwhile subsidiary of the Company, and made a gain of Rs. 54,86,650.
- (c) As per the provisions of Schedule VI of the Companies Act, 1956 and guidance note issued by the Institute of Chartered Accountants of India, the above gains have been credited to the Profit & loss Account for the financial year 2009-10.

21. No amount, as on 31st March, 2010, became due for transfer to the credit of the Investors Education and Protection Fund.
22. Sundry Debtors include Rs. 91,01,96,865, being the amount receivable from MAN FORCE TRUCKS Pvt. Ltd.
23. The Company is operating in a Single Segment.
24. **Interest in Joint Venture :**

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2010	Percentage of ownership interest as at 31st March, 2009
MAN FORCE TRUCKS Private Limited	India	50%	Not applicable as the Company was Subsidiary.

The Company's interest in the Joint Venture is reported as Long Term Investments (Schedule 6) and stated at cost. The Company's share of each of the assets, liabilities, income and expenditure (each without elimination of, the effect of transactions between the Company and the joint venture), contingent liabilities and capital commitments as at 31st March, 2010 are as under :

	As at 31st March, 2010 (Rupees)
<b>I. Assets</b>	
1. Fixed Assets (Net) [including Capital WIP]	118,44,61,424
2. Current Assets, Loans and Advances	
(a) Inventories	117,19,58,007
(b) Sundry Debtors	27,08,20,963
(c) Cash and Bank Balances	7,94,08,044
(d) Loans and Advances	45,79,79,107
<b>II. Liabilities</b>	
1. Loan Funds	102,32,80,415
2. Current Liabilities and Provisions	
(a) Liabilities	165,29,83,156
(b) Provisions	2,87,03,758
<b>III. Contingent Liabilities</b>	1,00,09,204
<b>IV. Capital Commitments</b> (Estimated amount of contracts remaining to be executed on Capital Accounts)	3,31,62,717
	For the year ended 31st March, 2010 (Rupees)
<b>V. Income</b>	
1. Sales (net of excise duty)	195,43,72,899
2. Other Income	9,23,53,263
<b>VI. Expenses</b>	
1. Materials	163,35,49,915
2. Other Expenses	47,67,68,249
3. Depreciation	8,80,71,420
<b>VII. Profit / (Loss) for the Year</b>	(15,16,63,423)

25. Previous year / period's figures are re-arranged wherever necessary and shown in brackets.

As per our separate report of even date attached

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

**Prasan Firodia** Managing Director  
**Sudhir Mehta** Director

**S. S. Athavale**  
Partner  
Membership No. 83374

**Ruchi Agarwal**  
Asst. Co. Secretary

Place : Pune  
Date : 21st May, 2010

Pune  
Date : 21st May, 2010



## PART - IV

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**I Registration Details**

Registration No.

0	1	1	1	7	2
---	---	---	---	---	---

 State Code 

1	1
---	---

 (Refer Code List 1)

Balance Sheet Date

3	1	-	0	3	-	2	0	1	0
---	---	---	---	---	---	---	---	---	---

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

Public Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Rights Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Bonus Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Private Placement

			N	I	L				
--	--	--	---	---	---	--	--	--	--

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

Total Liabilities

-	-	4	9	5	6	1	4	9
---	---	---	---	---	---	---	---	---

Total Assets

-	-	7	8	7	7	3	4	2
---	---	---	---	---	---	---	---	---

**Sources of Funds :**

Paid-up Capital

-	-	-	1	3	1	7	9	0
---	---	---	---	---	---	---	---	---

Reserves &amp; Surplus

-	-	2	7	0	1	3	7	3
---	---	---	---	---	---	---	---	---

Secured Loan

-	-	-	6	2	0	0	2	7
---	---	---	---	---	---	---	---	---

Unsecured Loan

-	-	-	8	5	8	2	8	3
---	---	---	---	---	---	---	---	---

Deferred Tax Liability

-	-	-	-	8	8	0	2	9
---	---	---	---	---	---	---	---	---

**Application of Funds :**

Net Fixed Assets

-	-	2	9	6	5	4	1	2
---	---	---	---	---	---	---	---	---

Investments

-	-	-	5	6	7	4	4	2
---	---	---	---	---	---	---	---	---

Net Current Assets

-	-	-	8	6	6	6	4	4
---	---	---	---	---	---	---	---	---

Misc. Expenditure

			N	I	L			
--	--	--	---	---	---	--	--	--

Accumulated Losses

			N	I	L			
--	--	--	---	---	---	--	--	--

Deferred Tax Asset

-	-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---	---

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

Turnover

-	-	1	0	5	1	8	5	7	1
---	---	---	---	---	---	---	---	---	---

Total Expenditure

-	-	1	0	0	8	9	7	2	2
---	---	---	---	---	---	---	---	---	---

+ - Profit / Loss Before Tax

√		(+)	4	2	8	8	4	8
---	--	-----	---	---	---	---	---	---

+ - Profit / Loss After Tax

√		(+)	6	0	4	2	2	6
---	--	-----	---	---	---	---	---	---

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

Earning per Share in Rs.

-	-	(+)	4	5	.	8	6
---	---	-----	---	---	---	---	---

Dividend rate %

-	3	0
---	---	---

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

1 Item Code No.  
(ITC Code)

-	-	8	7	0	2	1	0
---	---	---	---	---	---	---	---

Product Description

T	R	A	X																
---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2 Item Code No.  
(ITC Code)

-	-	8	7	0	3	1	0
---	---	---	---	---	---	---	---

Product Description

M	I	N	I	D	O	R													
---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

3 Item Code No.  
(ITC Code)

-	-	8	7	0	2	9	0
---	---	---	---	---	---	---	---

Production Description

T	R	A	V	E	L	L	E	R											
---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

As per our separate report of even date attached

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

**Prasan Firodia** Managing Director  
**Sudhir Mehta** Director

**S. S. Athavale**  
Partner  
Membership No. 83374

**Ruchi Agarwal**  
Asst. Co. Secretary

Place : Pune  
Date : 21st May, 2010

Pune  
Date : 21st May, 2010

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,</b>	2010 Rupees	2009 Rupees
<b>(A) Cash flow from Operating Activities :</b>		
Net Profit / (Loss) before tax and extraordinary items	42,88,48,470	190,11,43,284
Adjustments for :		
Depreciation	41,99,55,157	41,82,56,236
Adjustment for Foreign exchange loss / (gain)	(2,76,47,375)	4,19,62,567
Interest Income on bank deposits & others	(10,22,215)	(10,39,653)
Profit on sale of Investments	(54,86,650)	(306,29,79,571)
Dividend / Income from trade investments	(6,94,375)	(7,14,288)
Loss / (Profit) on sale of assets	(59,30,455)	(9,54,319)
Interest expense	16,78,02,484	35,20,91,922
Provision for bad, doubtful debts and debit balances	--	1,00,78,839
<b>Operating Profit before Working Capital Changes</b>	<b>97,58,25,041</b>	<b>(34,21,54,983)</b>
Increase in Sundry Debtors and Loans & Advances	(24,52,67,842)	16,77,04,046
(Increase) / Decrease in Inventories	2,30,44,309	44,64,36,244
Increase in Sundry Creditors and Other Payables	(13,26,00,102)	(41,15,75,782)
<b>Cash generated from operations</b>	<b>62,10,01,406</b>	<b>(13,95,90,475)</b>
Direct Taxes paid	(3,42,77,809)	(20,30,23,036)
<b>Net Cash flow from Operating Activities</b> (A)	<b>58,67,23,597</b>	<b>(34,26,13,511)</b>
<b>(B) Cash flow from investing activities :</b>		
Purchase of fixed assets	(22,27,59,162)	(46,02,56,063)
Proceeds from sale of assets / equipments	1,56,27,554	69,22,965
Interest received	10,22,215	10,39,653
Proceeds from sale of Investments	96,06,900	321,74,15,331
Dividend / Income from trade investments	6,94,375	7,14,288
<b>Net cash flow from Investing Activities</b> (B)	<b>(19,58,08,118)</b>	<b>276,58,36,174</b>
<b>(C) Cash flow from financing activities :</b>		
Proceeds of long-term borrowings	(4,29,15,000)	(128,58,87,000)
Proceeds of short-term borrowings	(8,79,97,660)	(76,40,67,170)
Interest paid	(16,88,26,526)	(37,97,53,155)
<b>Net cash flow from Financing Activities</b> (C)	<b>(29,97,39,186)</b>	<b>(242,97,07,325)</b>
<b>Net increase / (Decrease) in Cash and Cash equivalents</b> (A+B+C)	<b>9,11,76,293</b>	<b>(64,84,662)</b>
Cash and Cash equivalents as at 01-04-2009	16,63,80,921	17,28,65,583
Cash and Cash equivalents as at 31-03-2010 (excluding unrealised exchange fluctuation gain)	25,75,57,214	16,63,80,921

As per our separate report of even date attached

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

**Prasan Firodia** Managing Director  
**Sudhir Mehta** Director

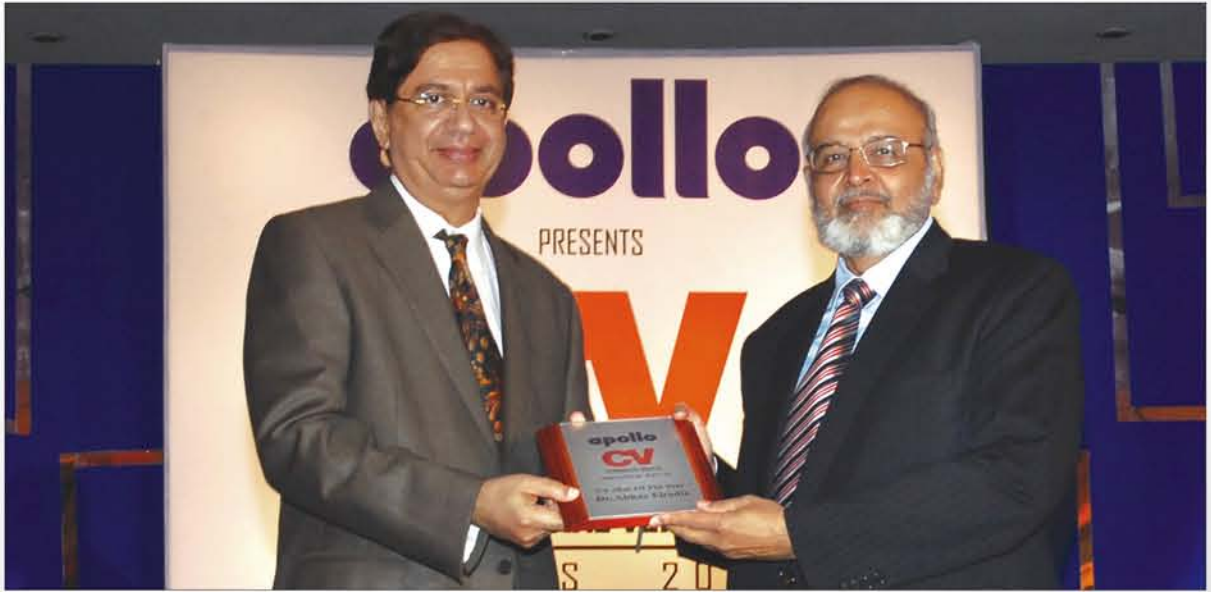
**S. S. Athavale**  
Partner  
Membership No. 83374

**Ruchi Agarwal**  
Asst. Co. Secretary

Place : Pune  
Date : 21st May, 2010

Pune  
Date : 21st May, 2010





Dr. Abhay Firodia, Chairman, Force Motors awarded 'Commercial Vehicle Man of the year - 2010'



New Cathodic Electrodeposition Paint Shop Inaugurated





**FORCE**

**FORCE MOTORS LIMITED**

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

[www.forcemotors.com](http://www.forcemotors.com)