



**19th ANNUAL REPORT  
2008 - 2009**



## MAZDA LIMITED

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### BOARD OF DIRECTORS :

NANALAL C. MEHTA (Chairman)  
SORAB R. MODY (Managing Director)  
SAMUEL W. CROLL - III  
DADY K. CONTRACTOR  
MOHIB N. KHERICHA  
SHEILA S. MODY  
HOUTOXI F. CONTRACTOR  
HARBHAJANSINGH B. KHALSA  
PERCY X. AVARI (Whole-Time Director)  
SHANAYA S. MODY (Whole-Time Director)

### FINANCIAL CONTROLLER :

CYRUS J. BHAGWAGAR

### COMPANY SECRETARY :

NISHITH C. KAYASTH

### REGISTERED OFFICE :

C/1-39/13/16 G.I.D.C., Naroda,  
Ahmedabad-382 330.

### BANKERS :

State Bank of India  
Overseas Branch,  
3<sup>rd</sup> floor, Amrit Jayanti Bhavan, Navjivan P.O.,  
B/h Gujarat Vidhyapith, Ahmedabad-380 014.

### AUDITORS :

Apaji Amin & Co., Chartered Accountants  
304, Akansha Building, Near Mount Carmel School,  
Navrangpura, Ahmedabad-380 009.

### SHARES LISTED AT :

**Ahmedabad Stock Exchange Limited**  
Kamdhenu Complex,  
Opp. Sahajanand Complex,  
Panjarapole, Ambawadi,  
Ahmedabad-380 015.  
(Company Code - 36100)

**Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400 001.  
(Company Code - 523792)

### REGISTRAR & SHARE TRANSFER AGENT :

Sharepro Services (India) Pvt. Ltd.  
13-AB, Samhita Warehousing Complex,  
Sakinaka Tel. Exch. Lane, Andheri Kurla Road,  
Sakinaka, Mumbai-400 072.



## NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of members of Mazda Limited will be held at the registered office of the company at C/1-39/13/16 GIDC, Naroda, Ahmedabad-382 330, on Tuesday, 29<sup>th</sup> September, 2009 at 09.30 a.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2009 and the Balance Sheet as at that date and the reports of the Directors and the Auditor's thereon.
2. To declare dividend for the year ended 31<sup>st</sup> March, 2009.
3. To appoint a Director in place of Mr. Mohib N. Khericha, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dady K. Contractor, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Harbhajansingh B. Khalsa, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

#### 7. **Revision in remuneration of Ms. Shanaya S. Mody, Whole-Time Director**

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

“RESOLVED THAT in partial modification of resolution no. 8 passed by members at the Annual General Meeting held on 26<sup>th</sup> September 2007 and in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), and any other permission from the statutory authorities if required, the consent of the company be and is hereby accorded to the increase in remuneration with effect from 1<sup>st</sup> April 2009 as are set out in the agreement to be entered into between the company and Ms. Shanaya S. Mody, a draft whereof is placed before this meeting, which agreement is hereby specifically sanctioned and with liberty to the Board of Directors (hereinafter referred to as “the board” which term shall be deemed to include any committee of the board including remuneration committee thereof) to alter and vary the terms and conditions of the said remuneration in such manner as may be agreed to between the Board and Ms. Shanaya S. Mody provided such variations/alterations are in accordance with the limits specified in schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force or any amendments thereof).”

“FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to this resolution.”

**8. Revision in remuneration of Mr. Percy X. Avari, Whole-Time Director**

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

“RESOLVED THAT in partial modification of resolution no. 9 passed by members at the Annual General Meeting held on 26<sup>th</sup> September 2007 and in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), and any other permission from the statutory authorities if required, the consent of the company be and is hereby accorded to the increase in remuneration payable with effect from 1<sup>st</sup> April, 2009 as are set out in the agreement to be entered into between the company and Mr. Percy X. Avari, a draft whereof is placed before this meeting, which agreement is hereby specifically sanctioned and with liberty to the Board of Directors (hereinafter referred to as “the board” which term shall be deemed to include any committee of the board including remuneration committee thereof) to alter and vary the terms and conditions of the said remuneration in such manner as may be agreed to between the Board and Mr. Percy X. Avari provided such variations/alterations are in accordance with the limits specified in schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force or any amendments thereof).”

“FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to this resolution.”

Registered Office:  
C/1-39/13/16 GIDC,  
Naroda, Ahmedabad – 382 330

By Order of the Board,

Place : Ahmedabad  
Date : 31/07/2009

**Nishith Kayasth**  
**Company Secretary**

**NOTES:**

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
- (3) The Register of Members and the Share Transfer Books of the company will remain closed from 18<sup>th</sup> September, 2009 to 25<sup>th</sup> September, 2009 (both days inclusive).
- (4) Members are requested to bring the copy of their Annual Report and the duly filed Attendance Slip at the Annual General Meeting.
- (5) The dividend warrants pertaining to earlier years issued by the company are not yet encashed by some of the members. Hence, those members who have not encashed the dividend warrants may please get the same revalidated by the company and encash them at the earliest to avoid inconvenience at a later date.
- (6) Members holding shares in physical form are requested to notify immediately the change, if any, in their registered address. The members holding shares in demat mode may contact their Depository Participant for change in their registered address.
- (7) The equity shares of the company are available for dematerialisation, as the company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Shares is INE885E01034.

Registered Office:  
C/1-39/13/16 GIDC,  
Naroda, Ahmedabad – 382 330

Place : Ahmedabad  
Date : 31/07/2009

By Order of the Board,

**Nishith Kayasth**  
**Company Secretary**



## ANNEXURE TO NOTICE

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

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out material facts relating to the Special Business mentioned at Item No. 7 and 8 in the accompanying Notice and should be taken as forming part of the notice.

#### ITEM NOS. 7 & 8

Your directors at their meeting held on 31<sup>st</sup> July, 2009 have, subject to the shareholders approval and as per the provisions contained in the Articles of Association of the company, revised the remuneration payable to both Ms. Shanaya S. Mody and Mr. Percy X. Avari with effect from 1<sup>st</sup> April, 2009, as recommended by the remuneration committee of the Board in its meeting held on the same day.

#### **The salient features of the revised draft agreement with Ms. Shanaya S. Mody and Mr. Percy X. Avari with respect to revision in remuneration are as under:**

CLAUSE 1 : The remuneration payable to Ms. Shanaya with effect from 1<sup>st</sup> April, 2009 will comprise salary, perquisites and other allowances; the aggregate monetary value of such salary and perquisites being limited to Rs. 26.93 Lacs per annum and Rs. 9.00 Lacs per annum as performance allowance. The remuneration payable to Mr. Percy X. Avari with effect from 1<sup>st</sup> April, 2009 will comprise salary, perquisites and other allowances; the aggregate monetary value of such salary and perquisites being limited to Rs. 26.93 Lacs per annum and Rs. 9.00 Lacs per annum as performance allowance.

CLAUSE 2 : The salary and perquisites payable to Ms. Shanaya S. Mody and Mr. Percy X. Avari subject to aforesaid limits will include salary, house rent allowance, medical benefit, leave travel concession, fees for club, personal accident insurance premium, and other amenities as mentioned in the draft agreement. The performance allowance subject to aforesaid limits will be payable on monthly basis.

In resolution no. 7 none of the Directors, except Ms. Shanaya S. Mody herself and Mr. Sorab R. Mody and Mrs. Sheila S. Mody, being relatives, are interested or concerned in this resolution.

In resolution no. 8 none of the Directors, except Mr. Percy X. Avari himself is interested or concerned in this resolution.

The above statement may be treated as an abstract, as required pursuant to Section 302 of Companies Act, 1956.

The revised draft agreement to be entered into between the company and Ms. Shanaya and Mr. Percy are available for inspection at the registered office of the company on any working day between 11.00 a.m. to 5.00 p.m. excluding Tuesdays upto the date of ensuing AGM.

The details required to be given regarding directors liable to retire by rotation and proposed to be re-appointed are given in the Corporate Governance Report.

Information required to be given as per Schedule XIII Part II Section II 1(B) is as under:

**I. General Information :**

**(1) Nature of Industry**

Mazda Limited is predominantly an engineering company producing different types of engineering equipments like vacuum systems, evaporators, vacuum pumps and different type of valves. The equipments manufactured by your company are widely used in the petrochemicals, power generation, edible oil extraction, steel manufacturing and other industries. The company is in production of the equipments as per the clients requirements. The company has also started its food division which manufactures soft drink concentrates, essences and jams etc.

**(2) Financial Performance of the company during last 2 years :**

(Rs. in Lacs)

Particulars	2008-09	2007-08
Total Income	<b>7,747.05</b>	6,420.86
Total Expenditure	<b>6,322.96</b>	5,467.81
Profit before tax	<b>1,424.09</b>	953.05
Provision for Taxation including deferred Tax	<b>513.27</b>	357.58
Profit after Tax	<b>910.82</b>	595.47

**(3) Export performance for the year**

For the year ended March 31, 2009 the amount of earnings in foreign currency is Rs. 1521.89 Lacs. The total expenditure in Foreign Currency for the year ended March 31, 2009 is Rs. 29.47 Lacs. The company has business relationship with Croll Reynolds International Inc. and the same is holding 12% equity shares in Mazda Limited. The company has business relationship for technical designs and drawings for Turbine Bypass Valves business with KE Kauer Engineering, a company based in Germany.

**II. (a) Information about Ms. Shanaya S. Mody:**

- **Background Details:** Ms. Shanaya aged 28 years, has done B.A. (Arts) from the University of New South Wales, Australia and she has done M.Sc. (International Employment Relations & Human Resources Management) from London School of Economics. She has joined Mazda Limited as Manager (Human Resources Developments). Thereafter she has been appointed as a Whole-Time Director of the company with effect from 1<sup>st</sup> April, 2007.
- **Past Remuneration:** Ms. Shanaya has drawn 29.41 Lacs per annum in the last financial year i.e. 2008-09 towards salary, perquisites and other allowances from Mazda Limited.

- **Job Profile and Suitability:** Ms. Shanaya has joined Mazda Limited as Manager (Human Resources Developments) and she has the responsibility of the overall administration of the company. Thereafter she has been appointed as Whole-Time Director of the company. She is looking after the food division business started by the company as a part of its diversification strategy.

Ms. Shanaya is looking after the overall administration of the company as well as the food division business. The overall efforts given by her to successfully taking the business of the food division by making it double within one year in terms of turnover justifies the remuneration proposed to be paid to Ms. Shanaya as a Whole-Time Director of the company.

- **Proposed Remuneration:** The proposed remuneration has been mentioned above in clause 1 in the salient features of the draft agreement.
- **Performance Allowance :** In addition to the Salary and Perquisites as referred above, Ms. Shanaya shall also be entitled to performance allowance which shall be payable to her on monthly basis based on the discretion of the Board.

The salary, perquisites and other allowances are within the limits prescribed by the Schedule XIII of the Companies Act, 1956 as applicable to the company.

- **Comparative remuneration profile with respect to Industry, size of the company, profile of the person and position :**

The proposed remuneration compares favorably with that being offered to similarly qualified persons from industry and the professionals with an international educational background. The remuneration being proposed is considered to be appropriate, having regard to factors such as position held, present contribution to the company and qualification merits of the appointee.

- **Pecuniary Relationship:** Ms. Shanaya is daughter of Mr. Sorab R. Mody, Managing Director and Mrs. Sheila S. Mody, Director of the company except this; she does not have any pecuniary relationship directly or indirectly with the company or any other director of the company.

## II. (b) Information about Mr. Percy X. Avari:

- **Background Details:** Mr. Percy aged 41 years, is a mechanical engineer with almost 20 years of experience in the field of designing and marketing of engineering products in Mazda Limited.
- **Past Remuneration:** Mr. Percy has drawn 29.41 Lacs per annum in the last financial year towards salary and other perquisites from Mazda Limited.
- **Job Profile and Suitability:** Mr. Percy has started his work with Mazda Limited in design and marketing department. Looking at the performance and capabilities of Mr. Percy, he has been appointed as a Whole-Time Director with effect from 29<sup>th</sup> January, 2003. He has the responsibility of the overall designing and marketing of engineering products of the company.

Mr. Percy has designed vacuum systems for a variety of applications which has helped the company to grow at a rapid pace and create vast scope for its products in the engineering industry.

- **Proposed Remuneration:** The proposed remuneration has been mentioned above in clause 1 in the salient features of the draft agreement.



- **Performance Allowance** : In addition to the Salary and Perquisites as referred above, Mr. Percy shall also be entitled to performance allowance which shall be payable to him on monthly basis based on the discretion of the Board.

The salary, perquisites and other allowances are within the limits prescribed by the Schedule XIII of the Companies Act, 1956 as applicable to the company.

- **Comparative remuneration profile with respect to Industry, size of the company, profile of the person and position:**

The proposed remuneration compares favorably with that being offered to similarly qualified and experienced persons from the similar industry. The remuneration being proposed is considered to be appropriate, having regard to factors such as position held, present contribution to the company, age and experience with the company of the appointee.

- **Pecuniary Relationship:** Mr. Percy does not have any pecuniary relationship directly or indirectly with the company or any other director of the company.

### III. Other Information:

Mazda Limited is a growing company and in the present scenario, the remuneration to its Whole-Time Directors has to be commensurate with the industry at large. Therefore, the insufficiency of the profit for payment of remuneration to its Whole-Time Directors can be eliminated by performance of the top level management i.e. Whole-Time Directors. The outlook of the company is very encouraging. With present capacity and expansion plans of the company and with establishment of fourth unit, the company will be able to grow at a rapid pace. The presence of the company in the global market will help it to expand its export based performance over the years. With this present scenario of economic growth and with unique model for business of engineering goods, your company is well placed to tap the existing business potential.

By Order of the Board,

Place : Ahmedabad  
Date : 31/07/2009

**Nishith Kayasth**  
**Company Secretary**



## DIRECTORS' REPORT

**To,  
THE MEMBERS,  
MAZDA LIMITED**

Your Directors have pleasure in presenting the Nineteenth Annual Report on the business and operations of the company along with the Audited Accounts for the year ended March 31, 2009.

### 1. FINANCIAL RESULTS

(Rs. in Lacs)

Sr. No.	Particulars	2008-09	2007-08
i.	Sales (excluding excise duty) and other Income	8129.45	6023.21
ii.	Profit before interest, depreciation and tax	1555.81	1078.59
iii.	Interest	(-) 25.68	(-) 25.23
iv.	Tax Expenses	(-) 513.27	(-) 357.58
v.	Cash Profit	1016.86	695.78
vi.	Depreciation	(-) 106.05	(-) 100.31
vii.	Prior period & Extra ordinary items	18.86	(-) 2.37
viii.	Profit for the year	929.67	593.10
ix.	Balance of Profit brought forward	1657.00	1169.62
x.	Total Profit available for appropriation	2586.67	1762.72
xi.	Transfer to general reserve	70.00	31.00
xii.	Proposed Dividend	85.16	63.87
xiii.	Dividend Tax	14.47	10.85
xiv.	Profit carried to Balance Sheet	2417.04	1657.00

### 2. DIVIDEND & TRANSFER TO GENERAL RESERVE

Your directors have recommended a dividend of Rs. 2.00/- per equity share (previous year Rs. 1.50/- per equity share) which amounts to Rs. 85.16 Lacs i.e. 20% of the paid-up capital for the year ended 31<sup>st</sup> March, 2009, subject to approval of the shareholders at the ensuing Annual General Meeting of the company. The total outflow due to dividend payment for the current year will be Rs. 99.63 Lacs which includes dividend distribution tax of Rs. 14.47 Lacs.

Your directors propose to transfer the amount of Rs. 70.00 Lacs (Previous year 31.00 Lacs) to the General Reserve, having regard to the requirements of Section 205 (2A) of the Companies Act, 1956 and with reference to the Companies (Transfer of profits to Reserve) Rules, 1975.

### 3. OPERATIONS

The year under review has been another excellent year for your company. The total income of the company during the year increased by about 21% to Rs. 77.47 Crores against Rs. 64.21 Crores of the previous financial year.

The profit before tax also increased by about 49% to Rs. 14.24 Crores from Rs. 9.53 Crores of the previous financial year. The profit after tax has increased by 53% to Rs. 9.11 Crores from Rs. 5.95 Crores of the previous financial year.

### 4. FINANCE AND ACCOUNTS

During the year under review, your company has regularly paid the principal and interest to the term lender and there has been no default towards them. The company is at present using financial assistance in the form of working capital facilities and Term Loan from State Bank of India, Ahmedabad. Your company had overall banking limits of Rs. 16.51 Crores to capture its fund requirements. The company in the current year i.e. financial year 2009-10 increased the banking limits to Rs. 17.05 Crores within that company has obtained limits for the foreign currency exposure which gives the company to quote at competitive rates in the international market for their food division business which is completely export oriented.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

- (a) **Industry Structure and Developments:** The Indian economy has experienced very tough time due to financial crisis all over the world. During the year under review manufacturing sector is also affected with the slow down of the overall economy. The export figures have come down drastically in the Indian markets. The fluctuations in the inflation and indices of the stock exchanges are parameters of the financial melt down. The business sentiment had a deep impact due to volatility in the world economy.

### Engineering Business:

In the overall bad scenario of the economic conditions, your company has performed well in the engineering sector. Your company has maintained its presence in the automotive, agricultural, heavy engineering, electrical equipments and power industry. During the year, your company has manufactured and installed Oslo Evaporative Crystallizer in Ihsedu Speciality Chemicals Ltd. These equipments cater to Sodium Sulphate, Cobalt Sulphate, Nickel Sulphate, Copper Sulphate and Ammonium Sulphate applications. Mazda has executed major orders received from Alstom Switzerland for large power plant installations upto 1,000 Mega Watts projects.

In the current year under review, your company has started its third unit situated at Odhav which was un-operational in the past several years. The unit has eased down the problems of space within the two units.

### Food Business:

Mazda's food Division – Bcool, has now become a recognised brand name in several countries around the world. Despite the increasing commodity prices, with its focus on exports, since inception, the business has more than doubled its sales in the current financial year 2008-09 under review. This year your company has added new product lines comprising of sauces including Soya sauce, Tomato sauce, Tomato ketchup and distilled vinegar. To capture new markets along with the strong demand from repeat customers have led to the purchase of new machines such as a second Fluid bed dryer, rapid mixer grinder, multi mill blender and sifter. These new machines will increase the division's capacity by up to double the current capacity. The food division plans on increasing their product offering and their international competitiveness through the introduction of new product lines through innovative R&D.

- (b) **Segment-wise Performance:** Your company has divided segments in two stages i.e. Engineering Division and Food division.

Your company has continued its growth prospective in its engineering business and its Sales has increased by almost 33% in the current year.

The food business of your company has registered an excellent growth in the year under review with the jump in the turnover of almost 104% in the current year.

- (c) **Outlook:** The growth momentum experienced over last few years is not expected to continue during the financial year 2009-10. The global slow down and financial crisis have had its impact on the Indian economy and it will also impact your company for its future prospective. Your company is a strong and established player in its products and is expected to have much better place in the engineering sector by increasing its product capacity and manpower sources. Therefore, the focus in the current financial year would be to reduce costs, improve efficiencies and generate cash from reduction of receivables and inventory, apart from tapping every opportunity in the market place to increase sales volumes.

As mentioned earlier your company has re-started the third unit at Odhav and the acquisition of the fourth unit has been completed and all necessary approvals have been received. The construction of the fourth unit will commence shortly.

- (d) **Opportunities and threats:** The business of the company is continuously expanding by way of adding the capacity of the production by setting up new factory. The benefits derived from enhancement of capacity will give the company the edge of the technology over its competitors. The overall economy scenario will impact on the company's future prospectus.

The international slow down of the economy will bring down the demand of our products in the international market. The domestic demand can remain same if financial conditions remain stable. The possibilities of project delays of our customers will dampen the overall growth of the company.

- (e) **Internal control systems and risk management:** The Company has an adequate Internal Audit System that cultivates reliable financial reporting, safeguards assets, encourage adherence to Management Policies. The Internal Control Systems have been designed in such a way that, not only do they prevent fraud and misuse of the company's resources but also protect shareholders' interest. These systems are regularly reviewed, modified and improved upon, to conform to changes in the business environment and processes. The company has appointed an Audit Committee, which on regular intervals, in co-ordination with internal and statutory auditors, reviews the adequacy of Internal Control System within the company. All audit findings are reported in a structured manner with suggestions and recommendations from the audit department. Based upon the recommendations of Audit Committee, the report has been prepared by the Internal Audit Department.

The company's internal process covers processes for identification, assessment and mitigation of various kinds of risks, which includes strategic, operational, financial and environmental risks. Such risks are discussed and the decisions to mitigate such risks are taken in the Board and Audit Committee meetings and other functional committee meetings wherein senior management is involved.

The company's internal control processes cover, amongst others, processes for identification, assessment and mitigation of various kinds of risks, which includes strategic, operational, financial, environmental and reputation risks.

- (f) **Human Resources and Industrial Relations:** The Company's HR processes ensure the availability of a competent and motivated team of employees. The company follows the philosophy of market level compensation and benchmarks its compensation levels with other companies in the engineering sector.

The company has employed 199 personnel as at 31<sup>st</sup> March, 2009 consisting of persons well qualified in technical and managerial skills and having the requisite competence required for their tasks.

Industrial relations during the year continued to be cordial and peaceful.

- (g) **Cautionary statement:** Certain statement in the Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied therein. The company does not assume any obligation for such variations.

## 6. EXPORTS AND TECHNOLOGY DEVELOPMENTS

Exports for the year were at Rs. 15.57 Crores as compared to Rs. 10.45 Crores for the previous year increasing by almost 49% compared to the last year. The export business with the Croll Reynolds Inc., USA is growing with the increased demand in the international markets for the engineering products.

Due to technological advancements, your company has derived benefits like improvements in the quality of the current products, cost reductions, development of new and critical products with development of new designs for its products.

## 7. FIXED DEPOSITS

Your company has not accepted new Fixed Deposits during the year under review. The matured Fixed Deposits are repaid in time. The existing Fixed Deposits are within the limits prescribed under Companies (Acceptance of Deposits) Rules, 1975 as amended to date.

## 8. DIRECTORS

Mr. Mohib N. Khericha, Director, who retires by rotation and being eligible offers himself for re-appointment.

Mr. Dady K. Contractor, Director, who retires by rotation and being eligible offers himself for re-appointment.

Mr. Harbhajansingh B. Khalsa, Director, who retires by rotation and being eligible offers himself for re-appointment.

The brief resume of the appointing directors are given in the Corporate Governance Report.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March, 2009 and of the profit of the company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a going concern basis.

## 10. REPORT ON CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the stock exchanges, a separate section on Corporate Governance together with a certificate from the Statutory Auditors confirming compliance is set out in the Annexure forming part of this report.

## 11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption, Research & Development and Foreign Exchange earnings & outgo are given in Annexure – A which forms part of Directors' Report.

## 12. EMPLOYEES

As required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended to date, the particulars of which are given in Annexure – B which forms part of this Directors' Report.

## 13. AUDITORS

M/s. Apaji Amin & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The notes to the accounts referred to in the Auditors' report are self-explanatory and, therefore, do not call for any further comments.

## 14. APPRECIATION

Your Board takes this opportunity to express its sincere appreciation of the excellent contribution made by all its employees towards the overall performance of your company. Your Directors also thank all the shareholders, distributors, suppliers, bankers and other business associates for their valuable service and support during the year under review.

For and on behalf of the Board,

Place : Ahmedabad  
Date : 31/07/2009

**S. R. MODY**  
Managing Director

## ANNEXURE - A TO DIRECTORS' REPORT

### COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

#### FORM - B

Sr. No.	Particulars	Action taken
1.	<b>Research &amp; Development (R&amp;D)</b>	
A.	Specific areas in which R&D carried out by the company	Product improvement and cost controlling
B.	Benefits derived as a result of the above R&D	Enhanced capacity and improved performance of the production capacity
C.	Future plan of action	Cost effective production and product development
D.	Expenditure on R&D a. Capital b. Recurring c. Total d. Total R&D expenditure as a percentage of total turnover	Nil Nil Nil Nil
2.	<b>Technology absorption, adaptation and innovation</b>	
A.	Efforts, in brief, made towards technology absorption, adaptation and innovation	The technology for manufacturing of turbine by-pass valves from Ke Kauer Engineering, Germany is fully absorbed.
B.	Benefits derived as a result of the above efforts	The Company has designed new Turbine Bye Pass Valves using Disc Stack design from further R&D done on the technology absorbed from KE Kauer Engineering.
C.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: a. Technology imported b. Year of import c. Has technology been fully absorbed? d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	N.A. N.A. N.A. N.A.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Inflow:

- On Sale of Products Rs. 15,21,88,988

Foreign Exchange Outgo:

- On Foreign Travel Rs. 16,67,608
- On Subscription Rs. 36,309
- On Purchase of Materials Rs. 67,88,669
- On purchase of capital goods Rs. 5,11,659
- Payment of Dividend Rs. 7,49,250
- Technical consultancy expenses Rs. 4,40,160
- Equipment repairs expenses Rs. 53,837

**TOTAL** Rs. 1,02,47,492

**ANNEXURE – B TO DIRECTORS' REPORT**

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2009.

Sr. No.	Name	Designation	Remuneration* (Rs.)	Qualification	Experience (Yrs)	Commencement of Employment	Age (Yrs)	Particulars of Last Employment/ Employer/ Last Post & Period for which post held
1.	Sorab R. Mody	Managing Director	71,81,832	B.Com.	30	01/12/1991	62	J.N. Marshall Ltd. - Branch Manager
2.	Percy X. Avari	Whole-Time Director	29,40,800	Mech. Engg.	20	01/12/1991	41	---
3.	Shanaya S. Mody	Whole-Time Director	29,40,800	B.A. (Arts) & M.SC (IERHRM)	3	01/04/2006	28	---

\* Remuneration includes Salary, Commission, Leave Travel Assistance, Medical Reimbursement & other Allowances.

For and on behalf of the Board,

Place : Ahmedabad  
Date : 31/07/2009

**S. R. MODY**  
Managing Director



## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

The following is a report on Corporate Governance Code as implemented by your company.

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The philosophy of the company in relation to Corporate Governance is to ensure adherence to Corporate Governance in letter and spirit and to provide transparent disclosures and reporting that conforms fully to laws, regulations and guidelines, and to promote ethical conduct throughout the organisation. Good Corporate Governance leads to long-term shareholders value and enhances interests of the other stakeholders.

We, at Mazda believe in ethical business conduct, integrity and commitment to values. We take pleasure in reporting that your company's existing policies and procedures are in conformity with the requirements stipulated under clause 49 of the Listing Agreement.

### 2. BOARD OF DIRECTORS

The company's board consists of 10 members out of whom 3 members are executive directors, 2 members are Non-executive and 5 members are independent directors. The company has a non-executive and independent Chairman. Therefore, composition of the Board is in conformity with clause 49 of the Listing Agreement with the stock exchanges.

#### (a) Composition of Board

Name of the Directors	Category of Directors	No. of Board Meetings Held while holding the office	Attended while holding the office	Attendance at the last AGM	No. of Directorship in other Companies*	No. of Committees in which member / Chairman*
Dr. Nanalal C. Mehta (Chairman)	Non-Executive & Independent	4	1	No	NIL	NIL
Mr. Sorab R. Mody (Managing Director)	Promoter & Executive	4	4	Yes	NIL	NIL
Mr. Mohib N. Khericha	Non-Executive & Independent	4	4	Yes	4	2 / 2
Mr. Samuel W. Croll-III	Non-Executive	4	0	No	NIL	NIL
Mr. Dady K. Contractor	Non-Executive & Independent	4	3	No	6	3 / 1
Mrs. Sheila S. Mody	Non-Executive	4	4	Yes	NIL	NIL
Mrs. Houtoxi F. Contractor	Non-Executive	4	1	No	NIL	NIL
Mr. Percy X. Avari	Executive	4	4	Yes	NIL	NIL
Mr. Harbhajansingh B. Khalsa	Non-Executive & Independent	4	4	No	NIL	NIL
Ms. Shanaya S. Mody	Executive	4	4	Yes	NIL	NIL

\* excluding private companies & Mazda Limited



**(b) Remuneration of directors**

Non-executive directors are paid sitting fees only for their directorship in your company. The details of remuneration paid to the directors for the year ended 31<sup>st</sup> March, 2009 are as follows:

Name of Directors	Sitting Fees (Rs.)	Salaries, Perquisites & other Allowances (Rs.)	Commission (Rs.)	Total (Rs.)
Dr. Nanalal C. Mehta (Chairman)	20,000	NIL	NIL	20,000
Mr. Sorab R. Mody (Managing Director)	NIL	29,04,000	42,77,832	71,81,832
Mr. Mohib N. Khericha	83,000	NIL	NIL	83,000
Mr. Samuel W. Croll-III	NIL	NIL	NIL	NIL
Mr. Dady K. Contractor	30,000	NIL	NIL	30,000
Mrs. Sheila S. Mody	88,000	NIL	NIL	88,000
Mrs. Houtoxi F. Contractor	10,000	NIL	NIL	10,000
Mr. Harbhajansingh B. Khalsa	83,000	NIL	NIL	83,000
Mr. Percy X. Avari	NIL	29,40,800	NIL	29,40,800
Ms. Shanaya S. Mody	NIL	29,40,800	NIL	29,40,800

**(c) Details of Board Meetings held during the year:**

During the year under review, four board meetings were held on following dates:

30 April 2008	28 July 2008	24 October 2008	23 January 2009
---------------	--------------	-----------------	-----------------

**3. REMUNERATION COMMITTEE**

The remuneration Committee reviews and makes recommendations on annual salaries, performance linked incentive, perquisites and other employment conditions of Executive directors.

The Remuneration Committee comprises of three non-executive and independent directors. The present members of the committee are Mr. Mohib N. Khericha, Dr. Nanalal C. Mehta and Mr. Harbhajansingh B. Khalsa.

Only one meeting of remuneration committee was held on 28<sup>th</sup> July, 2008 and except Dr. Nanalal C. Mehta, all members had attended the meeting.

**4. AUDIT COMMITTEE**

The Audit Committee of Directors comprises of three Non-executive and independent Directors. The present members of Committee are Mr. Mohib N. Khericha, Dr. Nanalal C. Mehta and Mr. Harbhajansingh B. Khalsa. The Company Secretary acts as the secretary to the Committee. All the members of the Audit Committee are financially literate. Mr. Mohib N. Khericha acts as a chairman of the Audit Committee.

The Terms of Reference of the Audit Committee includes those specified under Clause 49 of the Listing Agreement with the stock exchanges as well as under section 292A of the Companies Act, 1956. The provisions are to hold periodic discussions and to review with the statutory auditors and internal auditors of the company regarding internal control systems, scope of audit and observations of the auditors, if any. The Audit Committee also reviews the quarterly, half yearly and annual financial results of the company before submission to the Board. The Audit Committee also recommends to the Board on any matter relating to the financial management of the company including the Audit Report.

The Chairman of the Audit Committee has attended the Annual General Meeting of the company.

**Details of Audit Committee meetings and attendance:**

During the year under review, four Audit Committee meetings were held on the following dates:

30 April 2008                      28 July 2008                      24 October 2008                      23 January 2009

Mr. Mohib N. Khericha and Mr. Harbhajansingh B. Khalsa were present in all the meetings and Dr. Nanalal C. Mehta was present in meeting held on 23<sup>rd</sup> January, 2009.

**5. SHAREHOLDERS' GRIEVANCE COMMITTEE**

The Shareholders' Grievance committee comprises of Dr. Nanalal C. Mehta (Non-Executive & Independent Director), Mr. Percy X. Avari and Mrs. Sheila S. Mody. The Committee looks into various matters relating to:

- Expeditious redressal of investors grievances;
- Transfer and transmission of shares;
- Issue of duplicate share certificates;
- Review of shares dematerialised;
- All other matters related to shares.

During the year 2008-09, 13 complaints were received from shareholders. All the complaints were resolved and no complaint is pending with the company.

**6. SHARE TRANSFER COMMITTEE**

During the year under review, share transfer committee met 24 times. All valid requests for share transfers received during the year have been acted upon and there were no shares pending for transfer as on March 31, 2009. Both the members were present in all the meetings.

**7. GENERAL BODY MEETINGS**

The details of the Annual General Meetings held during the last three years are as follows:

<b>Date</b>	<b>Venue</b>	<b>Time</b>	<b>Special resolution passed, if any</b>
29 September 2008	C/1-39/13/16 G.I.D.C., Naroda, Ahmedabad – 382 330	9.30 A M	No
26 September 2007	C/1-39/13/16 G.I.D.C., Naroda, Ahmedabad-382 330	9.30 A M	Yes (2 Nos.)
30 September 2006	C/1-39/13/16 G.I.D.C., Naroda, Ahmedabad-382 330	9.30 A M	Yes (2 Nos.)

## 8. DISCLOSURES

- There were no transactions of a materially significant nature with the promoters, the Directors or the Management or relatives that may have potential conflict with the interest of the company at large.

Related party transactions are disclosed in the Notes Forming Parts of Accounts in this Annual Report.

There are no non-compliances by the company on any matter related to capital markets, during the last three years. Similarly, there are no penalties or strictures imposed by Stock Exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years.

- The company has implemented the Whistle Blower policy and the same has been reviewed by the Audit Committee. No complaints have been received under the policy during the financial year under review.
- Code of Conduct for Board of Directors were circulated and approved by the Board. All the Board members and senior management personnel have affirmed compliances with the said code for the year ended 31<sup>st</sup> March, 2009.
- A certificate from the Managing Director and Financial Controller on the financial statements of the company in terms of clause 49 of the Listing Agreement with the stock exchanges was placed before the Board and the same forms part of this Report.
- The Board receives on a quarterly basis, certificates of compliance with the provisions of all applicable laws from the Managing Director and Compliance officer, which are taken on record by the Board.
- Mazda Limited has complied with mandatory requirements of Corporate Governance Code. The Board would review implementation of non-mandatory requirements of Corporate Governance Code in due course of time. Auditors' certificate regarding compliance of Corporate Governance Code for the financial year 2008-09 is annexed to this report.

## 9. BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

- 1) **Mr. Mohib N. Khericha, Director of the company retires by rotation and being eligible offers himself for re-appointment.**

Mr. Mohib N. Khericha aged 57 years, has been on the Board of the company since 1992. He is a Chartered Accountant by profession and in active practice for over 27 years in the area of capital structuring, restructuring, financial management and loan syndication etc. He was the Chairman of the Capital Market Committee of the Gujarat Chamber of Commerce and Industry during the year 2003-04. He is the Managing Director of the Chartered Capital and Investment Limited, a category – I Merchant Banker.

### **Details of directorship in other companies are as under:**

- Chartered Capital And investment Limited, Managing Director
- Photoquip India Limited
- Chartered Logistics Limited
- Kirloskar Power Build Gears Limited
- Ravindu Motors Private Limited
- Vijay Farms Private Limited
- TD Power Systems Private Limited
- D F Power Systems Private Limited

### **Details of Member/Chairmanship in other committees:**

- Member of Shareholders' Grievance Committee in Chartered Capital and Investment Limited
- Chairman of Shareholders' grievance Committee and Audit Committee and member of Remuneration Committee of Photoquip India Limited

His vast experience in the field of capital planning and restructuring has immensely helped the company for arrangement of funds.

He is not holding any shares in your company.

**2) Mr. Dady K. Contractor, Director of the company retires by rotation and being eligible offers himself for re-appointment.**

Mr. Dady K. Contractor aged 81 years is a commerce graduate and a Certified Associate and Fellow of the Indian Institute of Bankers (IIB). He has served the Central Bank of India in various capacities and has retired as an Executive Director of it. He has a vast experience of over 42 years in the areas of Banking, Finance and Administration.

**Details of directorship in other companies are as under:**

- Jai Corp Limited
- Tufropes Private Limited
- The Victoria Mills Limited
- Zoroastrian Co-operative Bank Limited
- Advisory & Analytics India Private Limited
- IL&FS Trust Company Limited
- Centre for Promotion of Entrepreneurship (Section 25 Company)
- Lupin Limited

**Details of Member/Chairmanship in other committees:**

- Member of Audit Committee of Jai Corp Limited
- Member of Audit Committee and Chairman of Investors' Grievance Committee of Lupin Limited
- Member of Audit Committee of IL&FS Trust Company Limited.

He is holding 5000 shares in your company.

**3) Mr. Harbhajansingh B. Khalsa, Director of the company retires by rotation and being eligible offers himself for re-appointment.**

Mr. Harbhajansingh B. Khalsa aged 62 years has been on the company since 2003. He is a commerce graduate. He has a vast experience in the Engineering Industry. He is not holding directorship in any other company. He is not holding any shares in your company.

**10. MEANS OF COMMUNICATION**

- |   |  |
|---|--|
| • Half-Yearly report sent to each household of shareholders                           | No   |
| • Quarterly Results – Newspapers in which normally published                          | Economic Times (English & Gujarati edition)  |
| • Web site, where displayed   | At Companies web site <a href="http://www.mazdalimited.com">www.mazdalimited.com</a> |
| • Presentation made to Institutional Investors or to Analysts                         | No   |
| • Whether Management Discussion and Analysis Report is a part of Annual Report or not | Yes  |

## 11. GENERAL SHAREHOLDERS INFORMATION

- AGM - Date Tuesday, 29<sup>th</sup> September, 2009
- - Time 9.30 AM
- - Venue C/1-39/13/16 G.I.D.C., Naroda, Ahmedabad- 382 330
  
- Financial Calendar (Tentative) April 2009 to March 2010
  - (a) First Quarter Results Last week of July 2009
  - (b) Second Quarter Results Last week of October 2009
  - (c) Third Quarter Results Last week of January 2010
  - (d) Fourth Quarter Results Last week of April 2010
  - (e) Results for the year ending March 2009 (Audited) Last week of July 2010
  
- Date of Book Closure 18<sup>th</sup> September, 2009 to 25<sup>th</sup> September, 2009  
(Both days inclusive)
  
- Dividend Payment Date (Tentative) 15<sup>th</sup> October, 2009
  
- Listing on Stock Exchanges
  - Bombay Stock Exchange Limited
  - Ahmedabad Stock Exchange Limited
 Listing fees for the period 2009-2010 has been paid to the stock exchanges.
  
- Stock Code
  - Bombay Stock Exchange Limited: 523792
  - Ahmedabad Stock Exchange Limited: 36100
  
- Demat ISIN No. For NSDL and CDSL INE885E01034
  
- CIN NO. L29120GJ1990PLC014293
  
- Registrar and Share Transfer Agent
  - Sharepro Services (India) Pvt. Ltd.
  - 13-AB, Samhita Warehousing Complex,
  - Sakinaka Tel. Exch. Lane, Andheri Kurla Road,
  - Sakinaka, Mumbai-400 072.
  
- Share Transfer System
  - Transfers of Shares are processed by the Share Transfer Agents and approved by the Share Transfer Committee, which meets at frequent intervals. Share transfers are registered and returned within 15 days from the date of receipt, if the relevant documents are complete in all respects.
  
- Name and email address of the
  - Mr. Nishith C. Kayasth, Company Secretary
  - Compliance officer of the company
  - Email: [nishith@mazdalimited.com](mailto:nishith@mazdalimited.com)
  
- Dematerialisation of shares and liquidity 85.78% of the paid-up capital has been dematerialised as on March 31, 2008.
  
- Plant Location
  - Unit-I** C/1-39/13/16 GIDC, Naroda, Ahmedabad- 382 330
  - Unit-II** Plot No. 11 & 12, Hitendranagar Sahakari Vasahat Ltd., N.H. Road, Naroda, Ahmedabad- 382 340
  - Unit-III** C/1, A-5, GIDC, Odhav, Ahmedabad- 382 415
  
- Address for correspondence
  - Mazda Limited - Corporate Office:**
  - 650/1, Mazda House, Panchvati 2<sup>nd</sup> Lane,
  - Ambawadi, Ahmedabad- 380 006.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant for any queries related to change of address or change in bank mandate.

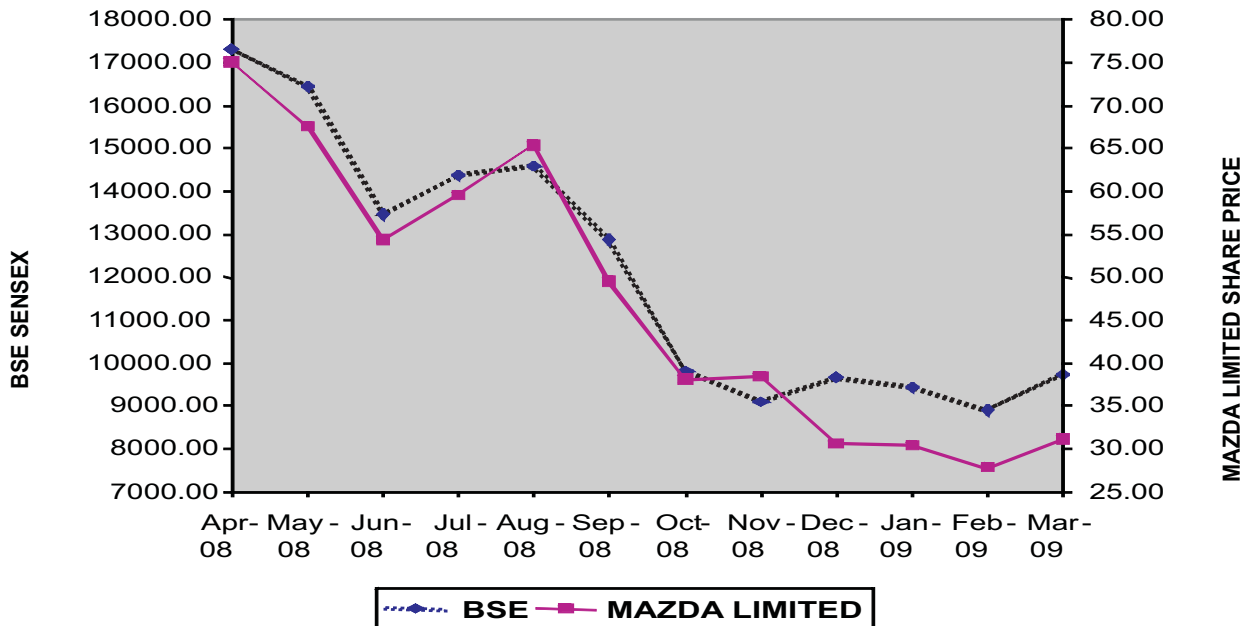


- Monthly Highs and Lows of Market Price of the company's Shares Traded on Bombay Stock Exchange Limited for the period April 2008 to March 2009 :

Month	Bombay Stock Exchange Limited (BSE)	
	High	Low
April, 2008	77.00	61.40
May, 2008	84.00	66.10
June, 2008	69.55	53.00
July, 2008	62.00	42.45
August, 2008	74.95	55.05
September, 2008	71.90	48.00
October, 2008	54.95	32.05
November, 2008	48.65	35.10
December, 2008	39.90	26.20
January, 2009	38.90	28.10
February, 2009	32.70	27.75
March, 2009	33.65	23.00

Source: BSE Website

- Stock Price Performance in comparison to BSE Sensex





• Shareholding pattern as on March 31,2009

Categories	No. of Shares held	% of Total Shareholding
<b>Promoter's Holding</b>		
Promoters and its group (Indian)	12,51,846	29.40
Foreign Promoters	NIL	NIL
<b>Sub-Total</b>	<b>12,51,846</b>	<b>29.40</b>
<b>Non-promoter's Holding</b>		
Banks & Financial Institutions	800	0.02
Private Corporate Bodies	6,07,657	14.27
Indian Public	18,14,480	42.61
NRIs	83,717	1.97
Overseas Corporate Bodies	4,99,500	11.73
<b>Sub-Total</b>	<b>30,06,154</b>	<b>70.60</b>
<b>Grand-Total</b>	<b>42,58,000</b>	<b>100.00</b>

• Distribution of shareholding as on March 31, 2009

Shareholding	Shareholders		No. of shares	
	Folios	% of total Nos.	Shares	% of total shares
Less than 500	4886	88.85	6,33,539	14.88
501 to 1000	311	5.66	2,54,897	5.99
1001 to 2000	147	2.67	2,24,360	5.27
2001 to 3000	46	0.84	1,16,335	2.73
3001 to 4000	22	0.40	82,109	1.93
4001 to 5000	17	0.31	80,047	1.88
5001 to 10000	30	0.54	2,10,768	4.95
10001 and above	40	0.73	26,55,945	62.37
<b>Total</b>	<b>5499</b>	<b>100.00</b>	<b>42,58,000</b>	<b>100.00</b>

For and on behalf of the Board,

Place : Ahmedabad  
Date : 31/07/2009

**S. R. MODY**  
Managing Director



**CERTIFICATION BY MANAGING DIRECTOR  
& FINANCIAL CONTROLLER OF THE COMPANY**

**To,  
The Board of Directors**

We to the best of our knowledge and belief certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2009 and that to the best of our knowledge and belief :
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the company during the year which are fraudulent, illegal or violate the company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We further certify that :
  - a. there have been no significant changes in internal control over financial reporting during the year;
  - b. there have been no significant changes in accounting policies during the year and the same have been disclosed in notes to the financial statements; and
  - c. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Ahmedabad  
Date : 31/07/2009

**C. J. BHAGWAGAR**  
Financial Controller

**S. R. MODY**  
Managing Director





## AFFIRMATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

To,  
The Board of Directors

The company has adopted a Code of Conduct for all the Board members and senior executives of the company, including the Managing Director.

I hereby confirm that all Board members and Senior Management personnel have affirmed compliance with the Code of Conduct applicable to them in respect of the year ended 31st March, 2009.

Place : Ahmedabad  
Date : 31/07/2009

**S. R. MODY**  
Managing Director

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## COMPLIANCE CERTIFICATE FOR CORPORATE GOVERNANCE

To the members of Mazda Limited,

We have examined the compliance of conditions of Corporate Governance by Mazda Limited for the year ended March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to review of the procedures and implementations thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of the 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 clause 49 of the above mentioned Listing Agreement.

We state that in respect of investors grievances received during the year ended 31<sup>st</sup> March, 2009, no investor grievances were pending as per the records maintained by the Shareholders / investors' Grievances Committee.

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 and on behalf of,  
**APAJI AMIN & CO.**  
Chartered Accountants

Place : Ahmedabad  
Date : 31/07/2009

**(T. B. SETHNA)**  
Partner  
Membership No. 35476



## AUDITORS' REPORT

To the Members,  
MAZDA LIMITED

1. We have audited the attached Balance Sheet of **MAZDA LIMITED** as at 31<sup>st</sup> March, 2009, the Profit & Loss Account and the Cash Flow Statement of the Company 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.
2. We conducted our audit in accordance with 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 mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept at the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) In our opinion, and based on information and explanation given to us, none of the directors are disqualified as on 31<sup>st</sup> March, 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon and with reference to Note No. 10 regarding gratuity and leave encashment as per AS -15 gives the information required by the Companies Act, 1956, in the manner so required, and presented a true and fair view, in conformity with the accounting principles generally accepted in India:
    - i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009.
    - ii) In so far as it relates to the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
    - iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

FOR APAJI AMIN & CO.,  
CHARTERED ACCOUNTANTS,

PLACE : AHMEDABAD  
DATE : 31/07/2009

(T. B. SETHNA)  
PARTNER  
Membership No. 35476

## ANNEXURE TO AUDITORS' REPORT

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

1. In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets on the basis of available information.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regards to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. The Company has not disposed of substantial part of fixed assets during the year; accordingly the going concern status of the Company is not affected.
  
2. In respect of its inventories:
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of such verification is reasonable.
  - b. In our opinion and according to the information and explanation given to us, 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. The Company is maintaining proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
  
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
  - b. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - c. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
  - d. In respect of loans taken by the Company in earlier years, the interest payments are regular and the principal amount is repayable on demand.
  - e. There is no overdue amount in respect of loans taken by the Company.
  
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. Further on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control systems.

5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
- According to the information and explanations given to us, we are of the opinion that 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; and
  - According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements an exceeding the value of five lac rupees in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956.
9. In respect of statutory dues:
- According to the information and explanations given to us and the records of the Company examined by us, in our opinion undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date of becoming payable.
  - According to the information and explanations given to us and the records of the Company examined by us, the particulars of Sales Tax as at March 31, 2009 which have not been deposited on account of a dispute pending are as under:

<b>Name of the Statute</b>	<b>Period to which amount relates</b>	<b>Authority where dispute is pending</b>	<b>Amount (Rs. In Lacs)</b>
Central Sales Tax Act, 1951	Assessment year 2000-01	Gujarat Sales Tax Tribunal	3.26

10. The Company has no accumulated losses and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders as at the balance sheet date.
12. According to the information and explanations given to us, 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 fund / nidhi / mutual benefit fund/ society are not applicable to the Company.
14. The Company has no transactions relating to trading in securities, debentures and other investments.

15. According to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us on an overall basis, the term loans have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. During the period covered by Audit Report, the company has not issued any debentures. Therefore, a provision of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanatory given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

PLACE : AHMEDABAD  
DATE : 31/07/2009

**FOR APAJI AMIN & CO.,  
CHARTERED ACCOUNTANTS,**

**(T.B. SETHNA)  
PARTNER**

**Membership No. 35476**



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

SR. NO.	PARTICULARS	SCHEDULE	AS AT 31/03/2009 Rs.	AS AT 31/03/2008 Rs.
	<b>SOURCES OF FUNDS</b>			
I	<b>SHAREHOLDERS' FUNDS</b>			
	SHARE CAPITAL	A	4,25,80,000	4,25,80,000
	RESERVES & SURPLUS	B	<u>29,83,07,468</u>	<u>21,53,03,488</u>
			<b>34,08,87,468</b>	<b>25,78,83,488</b>
II	<b>BORROWED FUNDS</b>			
	SECURED LOANS	C	4,05,53,021	4,46,65,679
	UNSECURED LOANS	D	<u>15,00,000</u>	<u>15,00,000</u>
			<b>4,20,53,021</b>	<b>4,61,65,679</b>
III	<b>DEFERRED TAX LIABILITY</b>		<b>1,54,37,290</b>	<b>1,42,23,505</b>
	<b>TOTAL</b>		<b><u>39,83,77,779</u></b>	<b><u>31,82,72,672</u></b>
	<b>APPLICATION OF FUNDS</b>			
I	<b>FIXED ASSETS</b>	E		
	GROSS BLOCK		19,19,19,461	17,26,49,067
	LESS : DEPRECIATION		<u>6,56,25,329</u>	<u>5,89,02,069</u>
			<b>12,62,94,132</b>	<b>11,37,46,998</b>
	CAPITAL WORK IN PROGRESS		---	11,87,636
			<b>12,62,94,132</b>	<b>11,49,34,634</b>
II	<b>INVESTMENTS</b>	F	<b>3,000</b>	<b>3,000</b>
III	<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
	INVENTORIES	G	13,83,29,420	16,78,87,124
	DEBTORS	H	20,12,40,900	11,16,81,510
	CASH & BANK BALANCES	I	20,44,210	15,14,843
	LOANS, ADVANCES & DEPOSITS	J	<u>15,93,32,126</u>	<u>13,53,48,492</u>
			<b>50,09,46,656</b>	<b>41,64,31,969</b>
	<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
	CURRENT LIABILITIES	K	9,37,50,437	10,39,12,607
	PROVISIONS	L	<u>13,51,15,572</u>	<u>10,91,84,324</u>
			<b>22,88,66,009</b>	<b>21,30,96,931</b>
	<b>NET CURRENT ASSETS</b>		<b>27,20,80,647</b>	<b>20,33,35,038</b>
	<b>TOTAL</b>		<b><u>39,83,77,779</u></b>	<b><u>31,82,72,672</u></b>

NOTES FORMING PARTS OF ACCOUNTS

M

THE SCHEDULES REFERRED TO ABOVE AND THE NOTES THEREON FORMAN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR ATTACHED  
REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

**FOR APAJI AMIN & CO.,  
CHARTERED ACCOUNTANTS,**

SORAB R. MODY  
**MANAGING DIRECTOR**

SHEILA S. MODY  
**DIRECTOR**

MOHIB N. KHERICHA  
**DIRECTOR**

(T. B. SETHNA)  
**PARTNER**  
**MEMBERSHIP NO. 35476**

CYRUS J. BHAGWAGAR  
**FINANCIAL CONTROLLER**

NISHITH C. KAYASTH  
**COMPANY SECRETARY**

PLACE : AHMEDABAD  
DATE : 31/07/2009

PLACE : AHMEDABAD  
DATE : 31/07/2009



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

SR. NO.	PARTICULARS	SCHEDULE	YEAR ENDED 31/03/2009 Rs.	YEAR ENDED 31/03/2008 Rs.
<b>I.</b>	<b>INCOME</b>			
	GROSS SALES		87,46,08,083	67,42,42,936
	LESS : EXCISE DUTY		<u>6,93,90,916</u>	<u>7,20,41,195</u>
	NET SALES		80,52,17,167	60,22,01,741
	OTHER INCOME	N	<u>77,27,495</u>	<u>1,19,223</u>
			<u>81,29,44,662</u>	<u>60,23,20,964</u>
	INCREASE/(DECREASE) IN STOCK OF SEMI-FINISHED & FINISHED GOODS		<u>(3,82,40,149)</u>	<u>3,97,64,909</u>
	<b>TOTAL - I</b>		<u><u>77,47,04,513</u></u>	<u><u>64,20,85,873</u></u>
<b>II</b>	<b>EXPENDITURE</b>			
	MANUFACTURING & OTHER EXPENSES	O	46,91,34,708	41,37,60,428
	ADMINISTRATIVE & SELLING EXPENSES	P	14,99,88,678	12,04,66,489
	INTEREST	Q	25,67,746	25,22,936
	DEPRECIATION	E	<u>1,06,05,041</u>	<u>1,00,30,989</u>
	<b>TOTAL - II</b>		<u>63,22,96,173</u>	<u>54,67,80,842</u>
<b>III</b>	<b>PROFIT BEFORE TAX (I-II)</b>		<u>14,24,08,340</u>	9,53,05,031
<b>IV</b>	<b>LESS: PROVISION FOR TAXATION</b>			
	CURRENT INCOME TAX		4,54,56,000	3,20,00,000
	DEFERRED TAX		46,31,354	12,55,924
	FRINGE BENEFIT TAX		8,27,795	7,59,200
	EXCESS/ (SHORT) PROVISION OF INCOME TAX		<u>4,11,545</u>	<u>17,42,574</u>
			<u>5,13,26,694</u>	<u>3,57,57,698</u>
<b>V</b>	<b>PROFIT AFTER TAX (III-IV)</b>		<u>9,10,81,646</u>	5,95,47,333
<b>VI</b>	<b>PRIOR PERIOD &amp; EXTRA ORDINARY ITEMS</b>		<u>18,85,628</u>	<u>(2,37,259)</u>
<b>VII</b>	<b>PROFIT FOR THE YEAR (V+VI)</b>		<u>9,29,67,274</u>	5,93,10,074
	BALANCE OF SURPLUS BROUGHT FORWARD		<u>16,56,99,801</u>	<u>11,69,62,198</u>
	SURPLUS AVAILABLE FOR APPROPRIATION		<u>25,86,67,075</u>	<u>17,62,72,272</u>
<b>VIII</b>	<b>APPROPRIATIONS</b>			
	TRANSFER TO GENERAL RESERVE		70,00,000	31,00,000
	PROPOSED DIVIDEND		85,16,000	63,87,000
	DIVIDEND TAX		14,47,294	10,85,471
	BALANCE CARRIED TO BALANCE SHEET		<u>24,17,03,781</u>	<u>16,56,99,801</u>
	<b>TOTAL</b>		<u>25,86,67,075</u>	<u>17,62,72,272</u>
	<b>BASIC/DILUTED EARNINGS PER SHARE</b>		<u>21.39</u>	<u>13.98</u>
	(refer notes to account Point No. 5 of Schedule M)			

NOTES FORMING PARTS OF ACCOUNTS

M

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AS PER OUR ATTACHED  
REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

**FOR APAJI AMIN & CO.,  
CHARTERED ACCOUNTANTS,**

**SORAB R. MODY  
MANAGING DIRECTOR**

**SHEILA S. MODY  
DIRECTOR**

**MOHIB N. KHERICHA  
DIRECTOR**

(T. B. SETHNA)  
**PARTNER  
MEMBERSHIP NO. 35476**

**CYRUS J. BHAGWAGAR  
FINANCIAL CONTROLLER**

**NISHITH C. KAYASTH  
COMPANY SECRETARY**

PLACE : AHMEDABAD  
DATE : 31/07/2009

PLACE : AHMEDABAD  
DATE : 31/07/2009



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

PARTICULARS	Year ended 31/03/2009	Year ended 31/03/2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax & Extra Ordinary Items	14,24,08,340	9,53,05,031
<b>Adjusted for :</b>		
Depreciation	1,06,05,041	1,00,30,989
Interest income	(15,53,003)	(15,89,021)
Rent Paid	19,91,791	17,77,308
Donation Given	74,000	75,000
Profit / Loss on Sale of Assets	1,86,044	2,46,155
Interest and finance charges	41,20,749	41,11,957
Exchange Rate Difference	(75,35,358)	10,27,030
	<b>78,89,264</b>	<b>1,56,79,418</b>
<b>Operating Profits before working capital changes</b>	<b>15,02,97,604</b>	<b>11,09,84,449</b>
<b>Working capital adjustments :</b>		
Debtors	(8,95,59,390)	(61,97,878)
Inventories	2,95,57,704	(6,09,13,384)
Other Receivables	(2,40,85,846)	1,12,73,160
Creditors	(68,67,077)	47,23,679
Other Payables	1,30,47,299	50,00,165
	<b>(7,79,07,310)</b>	<b>(4,61,14,258)</b>
<b>Cash generated from operations</b>	<b>7,23,90,294</b>	<b>6,48,70,191</b>
Direct Taxes paid	(4,67,84,404)	(3,62,05,832)
<b>Cash Flow before Extra ordinary Items</b>	<b>2,56,05,890</b>	<b>2,86,64,359</b>
Extraordinary Items	54,69,567	(31,16,597)
	<b>3,10,75,457</b>	<b>2,55,47,762</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,10,75,457</b>	<b>2,55,47,762</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,92,70,394)	(2,22,64,952)
Sale of fixed assets	28,77,179	5,60,000
SBI TDRs (Deposit)	---	2,00,00,000
Interest received	15,53,003	15,89,021
	<b>(1,48,40,212)</b>	<b>(1,15,931)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,48,40,212)</b>	<b>(1,15,931)</b>



PARTICULARS	Year ended 31/03/2009	Year ended 31/03/2008
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term Borrowings from Bank	(24,01,326)	(8,88,257)
Working Capital Loans from Bank	(17,11,332)	(1,30,79,612)
Interest paid	(41,20,749)	(41,11,957)
Dividend tax paid	(10,85,471)	(10,85,471)
Dividend Paid	(63,87,000)	(63,87,000)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(1,57,05,878)</b>	<b>(2,55,52,297)</b>
<b>Net decrease in Cash &amp; Cash Equivalents (A+B+C )</b>	<b>5,29,367</b>	<b>(1,20,465)</b>
Add : Cash & Cash Equivalents as at 01/04/2008	<b>15,14,843</b>	<b>16,35,308</b>
Cash & Cash Equivalents as at 31/03/2009	<b>20,44,210</b>	<b>15,14,843</b>

**Notes :**

1. The cash flow statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.
2. All figures shown in brackets are outflow.
3. The previous year's figures have been regrouped wherever necessary to make them comparable with this year's figures .

AS PER OUR ATTACHED  
REPORT OF EVEN DATE

**FOR APAJI AMIN & CO.,  
CHARTERED ACCOUNTANTS,**

(T. B. SETHNA)  
**PARTNER**  
**MEMBERSHIP NO. 35476**

PLACE : AHMEDABAD  
DATE : 31/07/2009

FOR AND ON BEHALF OF THE BOARD

SORAB R. MODY  
**MANAGING DIRECTOR**

CYRUS J. BHAGWAGAR  
**FINANCIAL CONTROLLER**

PLACE : AHMEDABAD  
DATE : 31/07/2009

SHEILA S. MODY  
**DIRECTOR**

NISHITH C. KAYASTH  
**COMPANY SECRETARY**

MOHIB N. KHERICHA  
**DIRECTOR**



## SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	AS AT 31/03/2009 Rs.	AS AT 31/03/2008 Rs.
<b>SCHEDULE - A : SHARE CAPITAL</b>		
AUTHORISED 50,00,000 EQUITY SHARES OF RS.10/- EACH	5,00,00,000	5,00,00,000
ISSUED AND SUBSCRIBED 42,58,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID-UP	4,25,80,000	4,25,80,000
<b>TOTAL</b>	<u>4,25,80,000</u>	<u>4,25,80,000</u>
<b>SCHEDULE - B : RESERVES &amp; SURPLUS</b>		
SURPLUS OF PROFIT & LOSS A/C	24,17,03,781	16,56,99,801
SHARE PREMIUM ON EQUITY WARRANT	3,00,00,000	3,00,00,000
GENERAL RESERVE :		
OPENING BALANCE	1,50,10,750	
ADD : TRANSFER FROM P&L A/C	<u>70,00,000</u>	1,50,10,750
CAPITAL RESERVE	4,24,937	4,24,937
CAPITAL BUYBACK RESERVE	41,68,000	41,68,000
<b>TOTAL</b>	<u>29,83,07,468</u>	<u>21,53,03,488</u>
<b>SCHEDULE - C : SECURED LOANS</b>		
SBI - EPC A/C	1,00,80,734	---
SBI - TERM LOAN	18,81,842	44,94,414
SBI - CHEQUE PURCHASE	6,03,355	10,65,447
SBI - OD A/C (CP LINKED WORKING CAPITAL LOAN)	2,22,84,482	3,36,14,456
CAR LOANS	52,82,045	45,54,750
ICICI BANK - CRAIN LOAN	4,20,562	9,36,612
<b>TOTAL</b>	<u>4,05,53,021</u>	<u>4,46,65,679</u>
<b>Notes :</b>		
1.	Cash credit facility, Term Loan, Export Packing Credit, Bill purchase facility and Cheque Purchase facility from the State Bank of India are secured by the Pledge/Hypothecation of stock, Book debts and equitable mortgage of the assets of the company and co-lateral security of premises owned by Mr. S. R. Mody, situated at Odhav GIDC and also personally guaranteed by Mr. S. R. Mody, who is the Managing Director of the company.	
2.	Car Loans are secured against Hypothecation of cars.	
<b>SCHEDULE - D : UNSECURED LOANS</b>		
FIXED DEPOSIT FROM DIRECTOR	15,00,000	15,00,000
<b>TOTAL</b>	<u>15,00,000</u>	<u>15,00,000</u>

## SCHEDULE - E : DEPRECIATION

SR. NO.	PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK			
		AS ON 01/04/08	ADDITIONS DEDUCTIONS/ TRANSFER	AS ON 31/03/09	AS ON 01/04/08	FOR THE YEAR	ADJUSTMENT ON TRANSFER	AS ON 31/03/09	AS ON 31/03/08
1.	Factory Shed (Unit-I)	62,02,459	---	62,02,459	30,04,451	2,07,162	---	32,11,613	31,98,008
2.	Factory Shed (Unit-II)	2,28,80,653	---	2,28,80,653	37,61,517	7,64,214	---	45,25,731	1,91,19,136
3.	Factory Shed (Unit-III)	---	38,91,221	38,91,221	---	72,919	---	72,919	---
4.	Office Building (2nd floor)	12,47,345	24,24,500	36,71,845	20,332	22,898	---	43,230	12,27,013
5.	Factory Building (Food Div)	71,06,823	3,38,066	74,44,889	14,07,702	2,40,185	---	16,47,887	56,99,121
6.	Plant & Machinery[Engineering]	5,20,41,211	46,49,154	5,66,90,365	1,12,89,692	25,46,922	1,460	1,38,35,154	4,07,51,519
7.	Plant & Machinery[Food Division]	36,71,467	4,42,902	41,14,369	2,92,205	1,81,226	---	4,73,431	33,79,262
8.	R & D Machinery [Engineering]	31,76,911	---	31,76,911	22,32,564	1,50,903	---	23,83,467	9,44,347
9.	R & D Equipment [Biotech]	8,91,105	---	8,91,105	2,75,127	42,328	---	3,17,455	6,15,978
10.	Electrical Installation	89,69,793	4,81,968	94,51,761	31,20,193	4,37,670	---	35,57,863	58,49,600
11.	Furniture & Fixtures	102,23,930	9,22,104	1,11,46,034	36,45,822	6,68,136	18,409	42,95,549	65,78,108
12.	Office Equipments	58,14,684	6,92,936	65,07,620	23,96,789	2,84,837	---	26,81,626	34,17,895
13.	Vehicles	1,52,02,549	37,22,783	1,89,25,332	60,50,117	12,39,970	14,75,119	58,14,968	91,52,432
14.	Computers	81,90,328	22,83,949	1,04,74,277	71,14,711	10,36,649	23,80,112	57,71,248	10,75,617
15.	Patterns	18,20,140	3,31,912	21,52,052	7,53,546	2,36,166	6,681	9,83,031	10,66,594
16.	Technical Design & Drawing	1,04,99,392	---	1,04,99,392	60,79,660	4,98,721	---	65,78,381	44,19,732
17.	Technical Know-How	1,00,99,904	---	1,00,99,904	73,64,358	11,80,274	---	85,44,632	27,35,546
18.	Computer Software	46,10,373	3,04,500	49,14,873	93,283	7,93,861	---	8,87,144	45,17,090
	<b>TOTAL</b>	17,26,49,067	2,04,85,995	19,19,19,461	5,89,02,069	1,06,05,041	38,81,781	6,56,25,329	11,37,46,998
	<b>PREVIOUS YEAR</b>	15,36,67,777	2,10,77,316	17,26,49,067	5,01,60,951	1,00,30,989	12,89,871	5,89,02,069	---
	<b>Capital Work-in-Progress</b> (Previous Year)	---	11,87,636	11,87,636	---	---	---	---	11,87,636

PARTICULARS	ASAT 31/03/2009 Rs.	ASAT 31/03/2008 Rs.
<b>SCHEDULE - F : INVESTMENTS</b>		
<u>UNQUOTED :</u>		
100 EQUITY SHARES OF RS.30/- EACH OF BOMBAY MERCANTILE CO-OPERATIVE BANK LTD.	3,000	3,000
<b>TOTAL</b>	<u>3,000</u>	<u>3,000</u>
<b>SCHEDULE - G: INVENTORIES</b>		
RAW MATERIALS - ENGINEERING	7,23,33,906	6,50,29,220
RAW MATERIALS - FOOD DIVISION	69,10,672	59,31,706
SEMI FINISHED GOODS - ENGINEERING	3,67,64,447	7,04,32,054
FINISHED GOODS - ENGINEERING	1,85,01,307	2,22,98,801
CONSUMABLE STORES & SPARES - ENGINEERING	29,80,435	25,81,642
SEMI FINISHED GOODS - FOOD DIV.	8,38,653	16,13,701
<b>TOTAL</b>	<u>13,83,29,420</u>	<u>16,78,87,124</u>
<b>SCHEDULE - H : DEBTORS</b>		
(UNSECURED - CONSIDERED GOOD, UNLESS OTHERWISE STATED)		
DEBTORS OUTSTANDING FOR MORE THAN SIX MONTHS	1,50,35,843	1,36,85,116
DEBTORS OUTSTANDING FOR LESS THAN SIX MONTHS	18,62,05,057	9,79,96,394
<b>TOTAL</b>	<u>20,12,40,900</u>	<u>11,16,81,510</u>
<b>SCHEDULE - I : CASH &amp; BANK BALANCES</b>		
CASH ON HAND	5,34,974	1,67,669
BANK BALANCES (WITH SCHEDULE BANKS IN CURRENT A/C)	4,58,161	4,54,575
BANK BALANCES IN DIVIDEND A/CS	5,86,370	5,27,245
EEFC ACCOUNT	4,64,705	3,65,353
<b>TOTAL</b>	<u>20,44,210</u>	<u>15,14,843</u>
<b>SCHEDULE - J : LOANS, ADVANCES &amp; DEPOSITS</b>		
(UNSECURED - CONSIDERED GOOD, UNLESS OTHERWISE STATED)		
BALANCE WITH EXCISE AUTHORITIES	98,75,083	1,37,91,692
DEPOSITS AGAINST BANK GUARANTEES	1,05,00,000	85,80,976
SECURITY DEPOSITS AGAINST PROPERTY	90,00,000	90,00,000
GRATUITY INVESTMENT FUND	1,25,70,561	---
OTHER DEPOSITS	53,25,173	38,39,278
ADVANCE TAXES	10,15,19,225	9,44,46,448
LOAN & ADVANCES TO EMPLOYEES	30,50,444	12,72,421
ADVANCES RECOVERABLE IN CASH OR KIND	67,94,896	33,64,744
PREPAID EXPENSES	6,96,745	10,52,934
<b>TOTAL</b>	<u>15,93,32,126</u>	<u>13,53,48,492</u>

PARTICULARS	ASAT 31/03/2009 Rs.	ASAT 31/03/2008 Rs.
<b>SCHEDULE - K : CURRENT LIABILITIES</b>		
ADVANCES FROM CUSTOMERS	1,84,89,218	2,34,18,940
SUNDRY CREDITORS FOR GOODS	5,53,49,521	6,40,77,060
SUNDRY CREDITORS FOR EXPENSES	1,52,84,785	1,34,24,323
SALES TAX LIABILITIES	23,33,102	8,29,814
SERVICE TAX LIABILITIES	---	52,986
UNCLAIMED DIVIDEND	5,86,370	5,27,245
OTHER CURRENT LIABILITIES	17,07,441	15,82,238
<b>TOTAL</b>	<b><u>9,37,50,437</u></b>	<b><u>10,39,12,607</u></b>

**Note :** Sundry creditors for goods and expenses includes due to SSI Rs. 41,66,063/- Previous Year Rs. 16,34,025/-

**SCHEDULE - L : PROVISIONS**

PROVISION FOR INCOME TAX	9,63,56,000	8,93,00,000
PROVISION FOR FRINGE BENEFIT TAX	15,51,200	15,09,166
PROPOSED DIVIDEND	85,16,000	63,87,000
PROVISION FOR DIVIDEND TAX	14,47,294	10,85,471
PROVISION FOR BONUS	56,09,878	13,27,013
LEAVE ENCASHMENT PAYABLE	26,56,650	5,42,966
GRATUITY PAYABLE	1,15,69,183	---
EXCISE DUTY ON F.G. PAYABLE	27,15,491	48,35,595
PROVISION FOR MANAGING DIRECTOR'S COMMISSION	42,77,832	28,66,535
PROVISION FOR EXPENSES	4,16,044	13,30,578
<b>TOTAL</b>	<b><u>13,51,15,572</u></b>	<b><u>10,91,84,324</u></b>



## SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

PARTICULARS	YEAR ENDED 31/03/2009 Rs.	YEAR ENDED 31/03/2008 Rs.
<b>SCHEDULE - N : OTHER INCOME</b>		
DISCOUNT	12,406	1,19,223
EXCHANGE RATE DIFFERENCE	75,35,358	---
OTHER INCOME (MISCELLANEOUS)	1,79,731	---
<b>TOTAL</b>	<u>77,27,495</u>	<u>1,19,223</u>
<b>SCHEDULE - O : MANUFACTURING &amp; OTHER EXPENSES</b>		
RAW MATERIAL CONSUMPTION	37,08,87,306	33,28,34,766
POWER & FUEL EXPENSES	71,20,445	75,43,169
EXCISE & CUSTOM DUTY	13,46,018	34,91,697
FACTORY CONSUMABLE EXPENSES	1,70,15,105	1,22,81,318
FACTORY RENT	9,68,760	11,91,240
INSPECTION & TESTING CHARGES	29,39,188	21,44,746
INWARD FREIGHT & CARTING CHARGES	38,59,385	75,91,634
LABOUR CHARGES	5,57,58,176	4,05,13,562
REPAIRS & MAINTENANCE (PLANT & MACHINERY)	41,71,883	29,15,928
WAGES	50,68,442	32,52,367
<b>TOTAL</b>	<u>46,91,34,708</u>	<u>41,37,60,427</u>
<b>SCHEDULE - P : ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
ADVERTISEMENT EXPENSES	6,82,573	5,45,057
AUDIT FEES	2,50,000	2,02,248
BANK CHARGES	47,30,960	19,41,311
SALES TAX EXPENSES	26,15,953	31,60,170
CESS DUTY	---	24,158
CONSULTANCY CHARGES	40,67,274	50,41,310
DEBIT / CREDIT BALANCES WRITTEN-OFF	56,93,930	44,82,003
DIRECTORS' MEDICAL EXPENSES	4,27,028	3,61,000
DIRECTORS' REMUNERATION	79,23,600	67,83,600
DIRECTORS' SITTING FEES	3,14,000	3,84,000
MANAGING DIRECTOR'S COMMISSION	42,77,832	28,66,535
DONATION	74,000	75,000
EXHIBITION EXPENSES	---	46,349
ELECTRICITY EXPENSES	6,00,296	3,85,573
EQUIPMENT REPAIR EXPENSES	40,85,867	64,45,458
EXCHANGE RATE DIFFERENCE	---	10,27,030
FOREIGN TRAVELING EXPENSES	21,23,227	18,54,927
INSURANCE EXPENSES	24,30,028	19,44,789
LEASE, LICENSE FEES & RENT	10,23,031	5,86,068
LIQUIDATED DAMAGES	1,15,45,480	26,12,269
LOSS ON SALE OF ASSETS	1,86,044	2,46,155
MUNICIPAL TAX	4,34,177	2,95,825
OTHER ADMINISTRATIVE & SELLING EXPENSES	1,40,76,830	1,32,86,145
OUTWARD FREIGHT & CHARGES	1,27,66,078	84,24,881
CONVEYANCE EXPENSES	13,47,841	12,03,877

PARTICULARS	YEAR ENDED 31/03/2009 Rs.	YEAR ENDED 31/03/2008 Rs.
<b><u>PAYMENT TO &amp; PROVISIONS FOR EMPLOYEES</u></b>		
Salaries and Bonus	4,11,57,796	2,79,47,806
Staff welfare expenses	22,78,678	18,78,522
Contribution to Provident & other Funds	47,98,260	30,31,912
Staff training expenses	16,150	46,021
PRINTING & STATIONERY EXPENSES	13,24,256	12,65,167
REPAIRS & MAINTENANCE (BUILDING)	4,81,438	7,80,201
REPAIRS & MAINTENANCE (OTHERS)	24,32,829	18,29,914
ROYALTY	---	4,64,308
SALES COMMISSION EXPENSES	1,16,74,608	1,44,81,318
SERVICE TAX EXPENSES	---	1,25,764
SHARE LISTING FEES	26,854	25,000
SHARE TRANSFER EXPENSES	39,277	30,552
TELEPHONE, FAX EXPENSES	17,49,364	20,09,057
TRAVELING EXPENSES	23,33,120	23,25,209
<b>TOTAL</b>	<b><u>14,99,88,678</u></b>	<b><u>12,04,66,489</u></b>
 <b>SCHEDULE - Q : INTEREST</b>		
INTEREST ON SBI - BILL/ CHEQUE PURCHASE	22,466	89,952
INTEREST ON SBI - CASH CREDIT	27,57,586	27,56,595
INTEREST ON SBI - EXPORT PACKING CREDIT	2,34,296	---
INTEREST ON VEHICLE LOANS	5,29,810	1,66,447
INTEREST ON FIXED DEPOSITS	1,65,000	1,65,000
INTEREST ON SBI-TERM LOAN	4,11,591	9,33,963
<b>SUB TOTAL</b>	<b><u>41,20,749</u></b>	<b><u>41,11,957</u></b>
LESS : INTEREST EARNED	<b><u>15,53,003</u></b>	<b><u>15,89,021</u></b>
<b>TOTAL</b>	<b><u>25,67,746</u></b>	<b><u>25,22,936</u></b>

## SCHEDULE – M: NOTES FORMING PART OF ACCOUNTS

### SIGNIFICANT ACCOUNTING POLICIES

#### A. ACCOUNTING CONVENTION

**i) Basis of Preparations of Financial Statements :**

The financial statements have been prepared and presented under the historical cost convention on accrual and going concern basis of accounting in accordance with the accounting principles generally accepted in India (“GAAP”) and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and with the relevant provisions of the Companies Act, 1956.

**ii) Use of Estimates :**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### B. SALES

- i) Sales are inclusive of Excise duty charged to customers and net of discount and rebates allowed.
- ii) Revenue is recognised based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery :
- **Revenue from sale of goods:** It is recognised when the substantial risks and rewards of ownership is transferred to the buyer under the terms of contract.
  - **Interest:** Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
  - **Other Income:** Revenue in respect of other income / services rendered is recognised when no significant uncertainty as to measurability or collectability exists.

#### C. FIXED ASSETS

Fixed assets are carried at cost less accumulated depreciation and impairment losses if any.

All costs relating to the acquisition and installation of fixed assets, net of CENVAT credit, are capitalised.

Exchange differences relating to acquisition of fixed assets are adjusted in the cost of assets.

#### D. DEPRECIATION

Depreciation on fixed assets is provided on straight line method at the rates provided by Schedule XIV to the Companies Act, 1956.

Depreciation on additions / disposal of fixed assets during the year is provided on pro-rata basis according to the period during which the assets are put to use.

#### E. INVENTORIES

- i) Finished products produced by the Company are valued at lower of cost or market value. Cost includes direct materials and labour and a proportion of manufacturing overheads, excise duty has been charged on finished goods.



ii) Work in Progress is valued at cost of direct materials, labour and other manufacturing overheads upto estimated stage of process.

iii) Raw materials & stores and spares:

Raw materials & stores and spares are valued at Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The cost is determined using First In First Out ( FIFO ) method.

## **F. RESEARCH & DEVELOPMENT**

Revenue expenditure pertaining to Research & Development is charged to revenue under respective heads of accounts in the year in which they are incurred. Capital Expenditure on Research & Development is shown as an addition to Fixed Assets.

## **G. EMPLOYEE BENEFITS**

### **i) Defined Contribution Plan**

Company's contribution paid/ payable during the year to Provident Fund, Family Pension Funds, Employees State Insurance Corporation and Labour Welfare Fund are recognised in the Profit & Loss Account.

### **ii) Defined Benefit Plan**

At the reporting date, Company's liabilities towards gratuity / leave encashment is determined by independent actuarial valuation using the projected unit credit method which considers each year of services as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the statement of Profit & Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using discounted rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined obligation.

## **H. INVESTMENTS**

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in nature. Current investments are stated at lower of cost or fair value.

## **I. TRANSACTIONS IN FOREIGN CURRENCIES**

- i) Foreign exchange transactions are recorded at the rates of exchange on the dates of the respective transactions.
- ii) Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year have been restated at closing rate.
- iii) The difference arising in translation of monetary assets and liabilities and gains and losses on foreign exchange transactions are recognised in the Profit & Loss Account.
- iv) Exchange difference arising on repayment in respect of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the respective fixed assets.

## **J. IMPAIRMENT OF ASSETS**

The company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indications exist, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to Profit & Loss Account. If at the Balance Sheet date there is an indication that previously assessed impairment losses no longer exist, than such loss is reversed and the asset is restated to that effect.

**K. INTANGIBLE ASSET**

Intangible asset is stated at cost of acquisition less accumulated amortisation. Technical know how is amortised over the period of six years.

**L. BORROWING COST**

Borrowing cost attributable to the acquisition, construction or production of qualifying assets is capitalised as a part of the cost of that asset. Borrowing cost which are not attributable to the qualifying assets, are recognised as an expense in the period in which they are incurred.

**M. TAXATION**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred income tax is measured based on the income tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are only recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets, if any. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**N. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**O. EXPENDITURE DURING CONSTRUCTION PERIOD**

Expenditure during construction period is included under capital work-in- progress and the same is allocated to the respective fixed assets on completion of construction.

## NOTES TO ACCOUNTS

### 1. CONTINGENT LIABILITY

2008-09  
Rs. in Lacs

2007-08  
Rs. in Lacs

i) Income tax:

1. Block assessment order for which Income-tax department is in appeal	20.46	20.46
2. For assessment year 2000-01 for which Income-tax department is in appeal	5.23	---
3. For assessment year 1999-2000 for which Income-tax department is in appeal	2.22	2.22
4. For assessment year 1998-99 for which Income-tax department is in appeal	3.08	4.20
5. For assessment year 1996-97 for which Income-tax department is in appeal	4.05	5.56
<b>Total</b>	<b>35.04</b>	<b>32.44</b>

ii) Sales tax:

Disputed demand of sales tax for the assessment year 2000-01	3.26	3.26
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### 2. MANAGERIAL REMUNERATION

2008-09  
Rs. in Lacs

2007-08  
Rs. in Lacs

1. Salary & Perquisites	83.55	71.55
2. LTA	4.31	3.61
3. Commission to Managing Director	42.78	28.67

### 3. PAYMENT TO STATUTORY AUDITORS

2008-09  
Rs.

2007-08  
Rs.

1. For Audit Work	2,20,600	1,68,540
2. For Income Tax Matters	---	71,734
3. For Tax Audit Work	55,150	33,708
4. For Certifications	38,666	11,089
<b>Total</b>	<b>3,14,416</b>	<b>2,85,071</b>

**Note :** The payment to Auditors figures mentioned above are inclusive of service tax.

### 4. CURRENT ASSETS, LOANS AND ADVANCES

In the opinion of the Board, all current assets, loans and advances and other receivables are approximately of the value stated if realised in the ordinary course of business.

### 5. EARNINGS PER SHARE

In accordance with the Accounting Standard-20 (AS-20) 'Earnings Per Share' issued by the Institute of Chartered Accountants of India the Company reports basic and diluted Earnings per Share (EPS). Basic EPS is computed by dividing the net profit or loss for the year by the number of equity shares outstanding during the year.

The Earnings Per Share is computed as under:

Particulars	2008-09	2007-08
1. Net Profit for the year (Rs.in Lacs)	910.82	595.47
2. Number of Equity Shares	42,58,000	42,58,000
3. Nominal Value of Shares (Rs.)	10	10
4. Earnings Per Share (Rs.)	21.39	13.98

## 6. SEGMENT REPORTING

In accordance with the Accounting Standard-17 (AS-17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India, the details are as under:

- i) The Company's operation predominantly relates to manufacture of Engineering Goods like Vacuum & Valve Products and also involved in the business of food items.
- ii) The secondary segment is geographical, determined and based on the location of the Customers. Customers are classified as Domestic and Overseas.
- iii) Fixed Assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as allocation of assets and liabilities to segments is currently not practicable.

### Primary Segment Information:

(Rs. in lacs)

Particulars	Engineering Products	Food Products	Total
Revenues	7838.79	290.66	8129.45
Identifiable Operating Expenses	5252.82	303.50	5556.32
Segmental Operating Income	<u>2585.97</u>	<u>(12.84)</u>	<u>2573.13</u>
Unallocable Interest Charges			25.68
Unallocable Expenses			<u>1123.37</u>
Total Profit before Tax			1424.08
Taxes			513.26
Net Profit for the Year			<u><u>910.82</u></u>

### Secondary Segment Information:

(Rs. in lacs)

Particulars	Domestic	Overseas	Total
Revenues	6572.36	1557.09	8129.45
Identifiable Operating Expenses	4406.29	1150.03	5556.32
Segmental Operating Income	<u>2166.07</u>	<u>407.06</u>	<u>2573.13</u>
Unallocable Interest Charges			25.68
Unallocable Expenses			<u>1123.37</u>
Total Profit before Tax			1424.08
Taxes			513.26
Net Profit for the Year			<u><u>910.82</u></u>

**7. ADDITIONAL INFORMATION PURSUANT TO PARA. 3,4(C) AND 4(D) OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

a) Licensed capacity/installed Capacity - Not ascertainable

b) Sales (Net of Excise) by class of goods (As certified by the Management):

Sr. No.	Description of Goods	Unit	Qty	31/03/2009 Value (Rs. in lacs)	Qty	31/03/2008 Value (Rs. in lacs)
1.	Vacuum Systems	Set	1314	4568.61	980	3581.37
2.	Desuperheaters	Nos	120	368.52	60	104.66
3.	PRS/PRDS	Nos	43	322.93	94	350.82
4.	Control Valves/ HPRV	Nos	174	371.19	102	109.14
5.	Pressure Reducing Valves	Nos	49	21.00	76	17.33
6.	Safety Valves	Nos	6	2.05	11	6.28
7.	Gate/Stop Valves	Nos	32	6.44	61	14.59
8.	Vacuum Pumps	Nos	224	246.90	220	185.94
9.	Pollution Control Equipments	Nos	15	24.63	22	66.66
10.	Valve Positioners	Nos	27	9.00	98	11.35
11.	Chill Vactor	Nos	36	92.46	43	151.28
12.	Rotajectors	Nos	14	91.16	36	151.91
13.	Evaporators	Nos	15	1023.20	12	555.50
14.	Turbine By-Pass Valve	Nos	3	41.38	6	64.46
15.	Thermo Compressors	Nos	80	122.95	89	168.97
16.	B Cool (Food Division)	Kgs.	540049	287.80	51631	142.38
17.	B Cool (Food Division)	LTRS	1169.32	2.85	---	---
18.	Others (Including Spares)	Nos		449.08	3180	339.39
<b>TOTAL*</b>				<b>8052.17</b>		<b>6022.02</b>

\* Total of Rs 8052.17 Lacs and 6022.02 Lacs are other than scrap sales & purchase return.

c) Materials Consumed :

Sr. No.	Items	Unit	Qty	31/03/2009 Value (Rs. in lacs)	Qty	31/03/2008 Value (Rs. in lacs)
<b>Engineering Division</b>						
1.	Round Bar	MT	124.11	244.18	97.18	170.80
2.	Pipes & Tubes	MTRS	332345.43	675.42	384612.33	818.21
3.	Plates	MT	1438.66	1015.76	1020.40	825.70
4.	Profiles & Circles	MT	103.99	171.03	95.00	164.70
5.	Flanges	NOS	28956.00	301.23	26259.00	221.34
6.	Castings	MT	17.25	19.07	29.30	30.27
7.	Stop Valves	NOS	6702.00	398.79	6933.00	327.19
8.	Instruments	NOS	2149.00	386.18	1369.00	245.76
9.	Bought Outs & Others	---	---	271.20	---	393.13
<b>Food Division</b>						
1.	Raw Material	KGS	492920.09	129.21	285493.40	81.92
2.	Packing Material	NOS	2728022.00	94.42	1692191.00	47.00
3.	Packing Material	KGS	1276.37	2.38	1063.00	2.34
<b>TOTAL</b>				<b>3708.87</b>		<b>3328.35</b>

**d) Closing Stock :**

Sr. Items No.	Unit	Qty	31/03/2009 Value (Rs. in lacs)	Qty	31/03/2008 Value (Rs. in lacs)
<b>1. Raw Materials :</b>					
Round Bar	MT	29.06	78.89	29.64	74.09
Pipes & Tubes	MTRS	88,964.18	174.53	19,188.95	98.18
Plates	MT	168.88	147.75	125.03	148.10
Profiles & Circles	MT	4.63	12.40	1.21	6.55
Flanges	NOS	4,754.00	56.94	4,676.00	52.94
Castings	MT	5.12	7.10	5.76	9.09
Stop Valves	NOS	1,779.00	86.62	1,279.00	57.61
Instruments	NOS	611.00	58.32	1,027.00	87.08
Others	---	---	130.59	---	142.46
<b>FOOD DIVISION</b>					
Raw Materials	KGS	41,174.33	22.93	33,684.89	19.90
Packing material	NOS	16,73,338.00	39.11	12,65,156.00	30.21
Packing material	KGS	2,784.98	7.07	3,856.10	9.20
<b>Total</b>			<b>822.25</b>	<b>735.42</b>	
<b>2. Semi finished goods : Engg. Div.</b>			<b>367.64</b>	<b>704.32</b>	
Semi finished goods : Food Div.			8.39	16.14	
<b>3. Finished goods : Engg. Div.</b>			<b>185.01</b>	<b>222.99</b>	
<b>TOTAL</b>			<b>1383.29</b>	<b>1678.87</b>	

**e) Information regarding Imports, Exports and other matters:**

Sr. Description No.	31/03/2009 Value (Rs.)	31/03/2008 Value (Rs.)
1. CIF Value of Imported Raw Material	67,88,669	56,41,075
2. Capital Goods	5,11,659	14,10,373
3. Repairs & Maintenance	---	---

**f) Foreign Exchange Earnings:**

Sr. Description No.	31/03/2009 Value (Rs.)	31/03/2008 Value (Rs.)
Export of goods [including Rs. 10,85,09,080/- on F.O.B. basis (Previous year Rs. 10,51,01,929/-)]	15,21,88,988	10,51,01,929

**g) Expenditure incurred in foreign currency :**

Sr. Description No.	31/03/2009 Value (Rs.)	31/03/2008 Value (Rs.)
1. Foreign Travel	16,67,608	11,39,225
2. Subscriptions	36,309	17,534
3. Technical Consultancy Expenses	4,40,160	---
4. Dividend	7,49,250	7,49,250
5. Royalty to collaborators	---	4,64,308
6. Factory Consumable Expenses	---	1,18,500
7. Equipment Repairs Expenses	53,837	1,30,569
<b>TOTAL</b>		
	<b>29,47,164</b>	<b>26,19,386</b>

#### h) Consumption of Raw Materials:

Sr. No.	Description	%	31/03/2009 Value (Rs. in Lacs)	%	31/03/2008 Value (Rs. in Lacs)
1.	Indigenous	97.83	3628.37	99.06	3297.16
2.	Imported	2.17	80.50	0.94	31.19
<b>TOTAL</b>		<b>100.00</b>	<b>3708.87</b>	<b>100.00</b>	<b>3328.35</b>

#### 8. DEFERRED TAX

The major components and its movement of deferred tax liabilities and deferred tax assets are set out below:

Particulars	31/03/2009 (Rs.)	31/03/2008 (Rs.)
<b>Deferred Tax Liabilities:</b>		
Related to fixed assets	1,60,00,050	1,38,81,658
Add: Disallowance under Income-Tax Act, 1961	---	3,41,847
Gratuity	3,40,234	---
Closing balance	<u>1,63,40,284</u>	<u>1,42,23,505</u>
<b>Deferred Tax Assets:</b>		
Leave encashment	9,02,994	---
<b>TOTAL</b>	<b>9,02,994</b>	<b>---</b>
Net Deferred Tax Liability /Assets	<u>1,54,37,290</u>	<u>1,42,23,505</u>
Deferred tax liability: Difference between net book value of depreciable capital assets for the year is Rs. 46,31,354/-		

#### 9. RELATED PARTY DISCLOSURES

In accordance with the Accounting Standard-18 (AS-18) 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the disclosures are as under:

##### a) List of Related Parties : Nature of Relationship

- i) Ahura Controls Pvt. Ltd. : Mrs. Sheila S. Mody, a Director of the Company is also the Director of Ahura Controls Pvt. Ltd.
- ii) Croll-Reynolds Co. Inc. : Mr. Samuel W. Croll-III who is a Director of the Company is also a Director of Croll-Reynolds Co. Inc. U.S.A.
- iii) Mr. Sorab R. Mody : Main Promoter and Managing Director of the Company.
- iv) Mr. Percy X. Avari : Key Management personnel being the Whole-Time Director of the Company.
- v) Mrs. Sheila S. Mody : Director and wife of Mr. Sorab R. Mody, Main Promoter and Managing Director of the Company.
- vi) Ms. Shanaya S. Mody : Whole-Time Director and daughter of Mr. Sorab R. Mody, Main Promoter and Managing Director of the Company.
- vii) H.T. Engineering (Gujarat) Pvt. Ltd. : Mrs. M.N. Tarapore who is a Director of H.T. Engineering (Gujarat) Pvt. Ltd. is a sister of Mr. Percy X. Avari who is a Whole-time Director of the Company.
- viii) H.T. Engineering : Husband of Mrs. M. N. Tarapore is a proprietor of H. T. Engineering. Mrs. M. N. Tarapore is a sister of Mr. Percy X. Avari who is a Whole-Time Director of the Company.
- ix) Tarapore enterprise : Mrs. M. N. Tarapore and Husband of Mrs. M. N. Tarapore are partners in Tarapore Enterprise. Mrs. M. N. Tarapore is a sister of Mr. Percy X. Avari who is a Whole-Time Director of the Company.

- b) The Company has entered into transactions, with certain parties that are listed above, during the year under consideration. Full disclosures have been made and the board considers such transactions to be in normal course of business and at rates agreed between the parties. The transactions with the parties are as under:

(Rs. In lacs)

Sr. No.	Name of the Party	Nature of the Transaction	2008-2009	2007-2008
1.	Croll-Reynolds Co. Inc. New Jersey, U.S.A	Sale of goods	943.76	763.13
		Factory Consumable Expense	---	1.18
		Dividend payment	7.49	7.49
2.	Mr. Sorab R. Mody	Remuneration	29.04	29.04
		Rent	21.10	11.91
		Interest on fixed deposits	1.65	1.65
		Dividend	11.39	11.15
		Commission	42.78	28.67
3.	Mrs. Sheila S. Mody	Sitting Fees for Board Meetings	0.88	0.98
		Dividend	0.09	0.09
4.	Mr. Percy X. Avari	Remuneration	29.41	23.00
		Dividend	0.74	0.86
5.	Ms. Shanaya S. Mody	Salary	29.41	23.11
		Dividend	5.24	5.31
6.	H.T. Engineering (Guj.) Pvt. Ltd.	Purchase of raw materials	233.54	210.62
		Labour charges	25.70	---
7.	H.T. Engineering	Labour charges	---	46.51
8.	Tarapore Enterprise	Labour charges	71.51	22.71

**10. Disclosure pursuant to Accounting Standard – 15 [Revised] “Employee Benefit”**

The accounting liability on account of gratuity & leave (retirement benefit in the nature of defined benefits plan) is accounted as per AS 15 (revised 2005) dealing with employee benefits.

The company has a defined benefit gratuity plan, Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service.

The leave wages are payable to all eligible employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement on attaining superannuation age.

(Rs. In lacs)

	2008-2009		2007-2008	
	Pre. Leave	Gratuity	Pre. Leave	Gratuity
<b>Change in the present value of the defined benefit obligation:</b>				
Opening defined benefit obligation	20.86	94.58	16.51	86.15
Interest cost	1.56	7.09	1.36	7.11
Current service cost	5.54	9.12	4.00	6.00
Benefits paid	(5.43)	(10.72)	(1.07)	---
Actuarial (gain ) /losses on obligation	4.03	15.62	0.06	(4.68)
Closing defined benefit obligation	<b>26.57</b>	<b>115.70</b>	20.86	94.58
<b>a. Change in the fair value of plan assets:</b>				
Opening fair value of plan assets	---	14.89	---	6.06
Expected return on plan assets	---	5.65	---	0.95
Contributions by employer	---	113.91	---	10.20
Benefits paid	---	(10.72)	---	---
Actuarial gains / (losses)	---	1.97	---	(2.33)
Closing fair value of plan assets	---	<b>125.71</b>	---	14.88



(Rs. In lacs)

	Pre. Leave	Gratuity	2008-2009 Pre. Leave	2007-2008 Gratuity
<b>b. Actual return on plan assets:</b>				
Expected Return on plan assets	---	5.65	---	0.95
Actuarial gain / (loss) on plan assets	---	1.97	---	(2.33)
Actual return on plan assets	---	<b>7.62</b>	---	(1.38)
<b>c. Amount recognised in the balance sheet:</b>				
(Assets) / Liability at the end of the year	26.57	(10.01)	---	(14.89)
Fair value of plan Assets at the end of the year	---	125.71	20.86	94.58
Difference	---	---	---	---
Unrecognised past Service cost	---	---	---	---
(Assets) / Liability recognised in the Balance Sheet	<b>26.57</b>	<b>115.70</b>	20.86	79.69
<b>d. (Income) / Expenses recognised in the Profit &amp; Loss Account statement:</b>				
Current service cost	5.54	9.12	4.00	6.00
Interest cost on benefit obligation	1.56	7.09	1.36	7.11
Expected return on plan assets	---	(5.65)	---	(0.95)
Net actuarial (gain) / loss in the period	4.03	13.65	0.06	(2.35)
Net (benefit) / expense	<b>11.13</b>	<b>24.21</b>	5.42	9.81
<b>e. Movement in the net liability recognised in Balance Sheet:</b>				
Opening net liability	NA	NA	NA	NA
Expense as above [P&L Charge]	NA	NA	NA	NA
Benefits paid	NA	NA	NA	NA
(Assets) / Liability recognised in the Balance sheet	NA	NA	NA	NA
<b>f. Principal actuarial assumptions as at Balance sheet date:</b>				
Discount rate	7.50%	7.50%	8.25%	8.25%
[The rate of discount is considered based on market yield on Government Bonds having currency and terms consistence with the currency and terms of the post employment benefit obligations]				
Annual increase in salary cost	5.50%	5.50%	6.25%	6.25%
[The estimates of future salary increases considered in actuarial valuation, take account of inflation, Seniority, Promotion and other relevant factors such as supply and demand in the employment market]				
<b>g. The Categories of plan assets as a % of total plan assets are:</b>	NA	8.50%	NA	8.50%

11. The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no over dues to the parties on account of principal amount and / or interest and accordingly no additional disclosures have been made.

12. Balances of Sundry Debtors & Creditors are subject to confirmation.

13. Other income during the year has been set off against related expenses.

14. Previous year's figures have been regrouped wherever considered necessary to conform to current year's figures.

AS PER OUR ATTACHED  
REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

**FOR APAJI AMIN & CO.,  
CHARTERED ACCOUNTANTS,**

**SORAB R. MODY  
MANAGING DIRECTOR**

**SHEILA S. MODY  
DIRECTOR**

**MOHIB N. KHERICHA  
DIRECTOR**

(T. B. SETHNA)  
**PARTNER**  
MEMBERSHIP NO. 35476

CYRUS J. BHAGWAGAR  
**FINANCIAL CONTROLLER**

NISHITH C. KAYASTH  
**COMPANY SECRETARY**

PLACE : AHMEDABAD  
DATE : 31/07/2009

PLACE : AHMEDABAD  
DATE : 31/07/2009



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

### I Registration Details

Registration No.	14293	State Code	04
Balance Sheet	March 31, 2009	CIN No.	L29120GJ1990PLC014293

### II Capital Raised during the year (Amount Rs. in Lacs)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	3983.78	Total Assets	3983.78
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#### SOURCES OF FUNDS

Paid-up Capital	425.80	Unsecured Loans	15.00
Secured Loans	405.53	Deferred Tax Liability	154.37
Reserves & Surplus	2983.07		

#### APPLICATION OF FUNDS

Net Fixed Assets	1262.94	Investments	0.03
Net Current Assets	2720.81	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		

### IV Performance of the Company (Amount Rs. in Lacs)

Turnover (including other income)	8129.45	Total Expenditure	6322.96
Profit before Tax	1424.08	Profit after Tax	910.82
Earnings per Share	Rs. 21.39	Dividend Rate	20.00%

### V Generic Names of three principal products of the Company (As per Monetary Terms)

<u>Product Description</u>	<u>Item Code No. (ITC Code)</u>
Vacuum Systems	84212900
Evaporators	84195090
Control Valves / HPRV	84811000



**MAZDA LIMITED**

Registered Office : C/1-39/13/16, GIDC, Naroda,Ahmedabad - 382 330.

**ATTENDANCE SLIP**

Folio No. : \_\_\_\_\_ DP ID : \_\_\_\_\_ Client ID : \_\_\_\_\_

No. of Shares : \_\_\_\_\_

\_\_\_\_\_  
(Name of Member / Proxy / Representative in BLOCK letters)

I hereby record my presence at the 19th ANNUAL GENERAL MEETING of the company held at the Registered Office at C/1-39/13/16, GIDC, Naroda, Ahmedabad - 382 330, on Tuesday, 29th September, 2009.

\_\_\_\_\_  
Member's / Proxy's Signature  
(To be signed at the time of  
handing over this slip)

**NOTES :**

1. Members / Proxy holders are requested to bring their copies of the Annual Report with them at the Meeting.
2. Please carry with you this attendance slip and hand over the same duly signed at the space provided, at the entrance of the Meeting Hall.
3. This meeting is for members. Please, therefore, do not bring person in the meeting who is not a member.

**MAZDA LIMITED**

Registered Office : C/1-39/13/16, GIDC, Naroda,Ahmedabad - 382 330.

**PROXY FORM**

Folio No. : \_\_\_\_\_ DP ID : \_\_\_\_\_ Client ID : \_\_\_\_\_

No. of Shares : \_\_\_\_\_

I / We \_\_\_\_\_ of \_\_\_\_\_  
being a Member / Members of the above named company (MAZDA LIMITED), hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ as my / our Proxy  
to vote for me / us and on my / our behalf at the 19th ANNUAL GENERAL MEETING of the company to  
be held on Tuesday, 29th September, 2009.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Signed by the said \_\_\_\_\_

[ Affix  
Re. 1/-  
Revenue  
stamp ]

**NOTE :** The Proxy to be effective should be deposited at the Registered Office of the company not less than 48 hours before the commencement of the Meeting. The Proxy need not be a member of the company.

**BOOK - POST  
(PRINTED MATTER)**

To,

If undelivered, please return to :

**MAZDA LIMITED**  
**Mazda House, 650/1, Panchwati 2nd Lane,**  
**Ambawadi, Ahmedabad. 380 006.**