

**BOARD OF DIRECTORS**

Mr. Ghanshyam Dass Soni  
- Non – Executive Independent Director & Chairman

Mr. Deepak Arneja  
- Managing Director & CEO

Mr. Ravinder Mohan Juneja  
- Managing Director

Mr. Jatinder Pal Singh Narang  
- Non - Executive Director

Mr. Sudhir Arneja  
- Whole Time Director

Mrs. Bhavana Rao  
- Nominee Director - IFCI Venture Capital Funds Ltd.

**SENIOR EXECUTIVES**

Mr. Dheeraj Juneja - General Manager (SCM)  
Mr. Prateek Arneja - Sales & Marketing

**COMPANY SECRETARY**

Mrs. Neha Gera

**BANKERS**

The Karnataka Bank Limited  
11/14, West Patel Nagar  
New Delhi – 110 008

**AUDITORS**

M/s. GSK & Associates  
Chartered Accountants  
New Delhi

**REGISTRAR & SHARE  
TRANSFER AGENT**

Skyline Financial Services (P) Ltd.  
D-153 / A, 1st Floor,  
Okhla Industrial Area, Phase-1,  
New Delhi-110020

**REGISTERED OFFICE**

304, Gupta Arcade  
Inder Enclave, Delhi – Rohtak Road  
New Delhi – 110 087

**WORKS (IN INDIA)**

60th K. M. Stone, Delhi – Rohtak Road  
N. H. No. 10, V & P.O. Kharawar,  
District Rohtak (Haryana)-124001  
60th K. M. Stone, Delhi – Rohtak Road  
N. H. No. 10, V & P.O. Gandhra,  
District Rohtak (Haryana)-124001

## NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of the Company will be held at Aggarwal Farm House, Hiranki Road, Bakhtawarpur, Delhi-110036 on Friday, 16th day of September, 2011 at 11:30 A.M. to transact the following business:

### (A) ORDINARY BUSINESS

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March 2011 and Profit & Loss Account for the year ending on 31st March 2011 together with Directors' & Auditors' Report thereon.
2. To declare the dividend on equity shares for the financial year ended on 31st March, 2011.
3. To appoint a director in place of Mr. Jatinder Pal Singh Narang, who retire by rotation and being eligible, offers himself for re – appointment.
4. To appoint a director in place of Mr. Ghanshyam Dass Soni, who retire by rotation and being eligible, offers himself for re – appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and fix their remuneration.

### (B) SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as ORDINARY RESOLUTION:

**“RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the Shareholders be and is hereby accorded for re – appointment of Mr. Ravinder Mohan Juneja as a Managing Director of the Company, for a period of next five years commencing from 1st January, 2012 on the terms and conditions as stated below:

#### **Validity of Appointment**

The appointment will be valid for a period of 5 years from 01/01/2012 to 31/12/2016.

#### **REMUNERATION**

##### **1) Basic Salary**

₹ 85,000/- per month. In the grade of ₹ 85,000 - 1,00,000 - 1,25,000.

##### **2) Bonus/Ex-gratia – As per Company Rules.**

##### **3) Commission**

In addition to the basic salary, perquisites, allowances, benefits and amenities, commission may be paid not exceeding 1% of the net profit of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956. However, the actual amount of commission to be paid will be determined by the Board in respect of every year or part thereof and may be considered at 'nil' level of the time being unless further reviewed by the Board at a subsequent date.

##### **4) Perquisites & Allowances**

In addition to above salary & commission, he shall be entitled to the following perquisites & allowances:

- (a) HRA: 40% of the Basic Salary.

- (b) Conveyance Allowance: As per the Rules of the Company.
- (c) Children Education Allowance: As per the Rules of the Company
- (d) Tiffin Allowance: As per the Rules of the Company.
- (e) Medical Reimbursement: As per the Rules of the Company.
- (f) Leave Travel Concession: As per the Rules of the Company.
- (g) Retirement Benefits: Gratuity & Earned Leave as per the rules of the Company.
- (h) Car with driver and telephone-free use of company's car(s) with driver and free telephone/internet facility at residence for official as well as personal use. The expenses on car used for official purpose shall be reimbursed on actual basis as per company rules and shall not be included in the computation of remuneration. However, the cost of driver and cost of maintenance of car excluding that incurred for official purpose will be considered as a perquisite.

The overall amount of perquisites, in addition to salary and commission shall be restricted to ₹ 9,00,000/- per annum.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified in Para (1), (2), (3) & (4) above:

- a. Contribution to Provident Fund, Super Annuation Fund or Annuity Fund, if applicable, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable as per the Payment of Gratuity Act, 1972.
- c. Encashment of leave as per company's rules.

The entire remuneration by way of salary and remuneration mentioned above shall be paid as minimum remuneration, subject to the provisions under Schedule XIII of the Companies Act, 1956.

**Other Terms and Conditions**

- i) Remuneration for a part of the month / year shall be computed on pro-rata basis.
- ii) The appointment as aforesaid may be terminated by either party giving to the other three months notice in writing.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorised to fix and / or re-fix remuneration, provided that such remuneration and perquisites does not exceed limits prescribed under Schedule XIII or any other provisions of the Companies Act, 1956 and/or any statutory modification(s) thereof."

**Regd. Office:**

304, Gupta Arcade, Inder Enclave,  
Delhi – Rohtak Road  
New Delhi – 110 087

Place : New Delhi  
Date : 23.07.2011

By order of the Board

Sd/-  
**(Deepak Arneja)**  
Managing Director

**Brief Resume of the Directors being re-appointed**

	Particulars of Director	Particulars of Director
Name	Mr. Ghanshyam Dass Soni	Mr. Jatinder Pal Singh Narang
Date of Birth	12/03/1947	31/05/1953
Date of appointment	02/03/1998	04/08/1995
Expertise in field	He has immense years of experience in Publication Industry	He has immense years of experience in Transport Industry
Directorships in other companies	1. Soni Publication Private Limited 2. Sumu Financial Services Private Limited	1. Kanpur Delhi Goods Carrier Ltd. 2. Kanpur Delhi Transport (P) Ltd. 3. Harjas Impex (P) Ltd. 4. J.P Fashion wear (P) Ltd.
Committee membership in Mohindra Fasteners Limited	1. Chairman-Audit Committee 2. Chairman-Share Transfer & Investor Grievances & Redressal Committee	NIL
Shareholding in the company.	0.33%	3.47%

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF **AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.** THE PROXY FORM MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR ANNUAL GENERAL MEETING.
2. The Register of Members and Share Transfer Book will remain closed from 09.09.2011 to 16.09.2011 (both days inclusive).
3. Shareholders are requested to intimate the change of address, if any to the Company immediately.
4. Members are requested to get their shares dematerialized. The ISIN code of our securities with CDSL & NSDL is INE705H01011.
5. The amount of Dividend remaining unpaid for the years 2004-05, 2005-06, 2006-07 and 2007-08, 2008-2009 transferred to the company's unpaid dividend account, can be claimed from the company by the members entitled to it for a period of seven years from the respective dates of such transfer after which it shall be transferred to the **"Investor Education and Protection Fund"** constituted under section 205C of the Companies Act, 1956. The amount pertaining to 2004-05 will be transferred to IEPF in October 2012.

6. In order to avoid fraudulent encashment of the Dividend warrant(s), members are advised to inform details of their Bank account number and name and address of the Bank, for incorporating the same on the Dividend warrant(s).

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

**ITEM NO. 6**

Mr. Ravinder Mohan Juneja was appointed as the Managing Director of the Company as on 1st January, 1997 for a period of five years and was also re- appointed on respective dates for a period of five years i.e. upto 31st December, 2011. In order to avoid the Extra Ordinary General Meeting at that time in future, the Board has re - appointed Mr. Ravinder Mohan Juneja for a further period of five years w.e.f. 1st January, 2012. This requires the approval of Shareholders. The re-appointment would be in accordance with Schedule XIII and other applicable provisions of the Companies Act, 1956. However, the terms & conditions of his re-appointment are as mentioned in the resolution.

The Directors recommend his re - appointment and payment of remuneration to him.

The terms of re-appointment and remuneration including minimum remuneration proposed for Mr. Ravinder Mohan Juneja constitutes the abstract of the terms of re-appointment as Managing Director as required under Section 302 of the Companies Act, 1956.

None of the Directors of your Company is in any way concerned or interested in the proposed resolution except Mr. Ravinder Mohan Juneja, Managing Director of the Company.

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New Delhi - 110 087

Place : New Delhi  
Date : 23.07.2011

By order of the Board

Sd/-  
**(Deepak Arneja)**  
Managing Director

## SHAREHOLDER'S NOTICE

Dear Shareholder,

### **Sub: PAN requirement for registration of transfer of shares in physical form**

This is with reference to the above mentioned SEBI circular. In this regard this to inform that SEBI has made submission of PAN card Mandatory for transfer of shares in physical form for listed companies vide circular no. MRD/DoP/Cir-05/2007 dated April 27, 2007.

In view of above, it shall be obligatory for the transferee(s) to furnish copy of PAN card to the Company or to Company's RTA (Our RTA is Skyline Financial Services Private Limited, D-153A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020) for registration of transfer of shares.

This is to inform, Our Company is implementing the same for the transfer requests received on or after 21st May, 2009. Thus you are requested to record the same and send your all transfer request along with the copy of their PAN Card in future for registering the transfer of shares.

**Note:** *The Shares of the Company is available for Dematerialization under the Depository System with NSDL and CDSL. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE705H01011. Thus, Company makes a request to those shareholders whose shares are held in physical form to Dematerialized their securities with NSDL or CDSL in due course.*

## DIRECTORS' REPORT

**Dear Members,**

Your Directors have great pleasure in presenting the 17th Annual Report and Audited Statement of Accounts for the year ended March 31, 2011.

### FINANCIAL RESULTS

	For the year ended	
	2010 – 2011 (₹ in Lacs)	2009 – 2010 (₹ in Lacs)
Sales/ Other Income	7557.67	6099.02
Profit before interest & depreciation	1064.86	999.42
Profit before depreciation	681.98	629.33
Depreciation for the Year	294.59	321.62
Profit before taxation	387.39	307.70
Provision for taxation		
Current Tax	121.57	86.70
Deferred Tax	50.40	20.36
Wealth Tax	0	0.20
Profit After Tax	215.43	200.44
Add/(less) Adjustment for previous year	(0.88)	1.95
Balance brought forward from previous year	1050.05	888.88
<b>Balance available for appropriation</b>		
Proposed Dividend	40.18	26.78
Dividend Tax on proposed dividend	6.52	4.44
Transfer to General Reserve	10.00	10.00
Balance carried forward	1207.90	1050.05

### COMPANY'S VISION

Our Company philosophy has always focused on customer satisfaction with uncompromising integrity and quality. We strive to carry products and new developments with the finest value and quality in the market.

In order to meet our customer expectations, we ensure that our sales team generates enthusiasm and respond with extra efforts in addressing our customer's needs.

### COMPANY'S MISSION

The Company will strive to achieve the following:

- to maintain the quality systems as per the International standards
- to reduce the production cycle time and attain better operational efficiency
- to provide prompt services to the customers anywhere in the world
- to reduce cost in all areas
- to add value in the supply chain to the customers
- to maximize the Shareholder's wealth.

### OPERATIONAL REVIEW

Your Company's sales turnover has increased by 21% to a figure of ₹ 7331 Lacs. Out of this exports contributed ₹ 3252 Lacs which is close to 44% of the revenues. The Net Profit before tax (PBT) of the Company is '387 Lacs as compared to previous year figures of ₹ 307 Lacs. The net profit grew by about 26%. Your Company has achieved growth both in Exports & Domestic markets. The Company is trying to add more customers in the domestic market.

The effects of global recession which were felt last year, did not have any negative effects in the current year although the European economies of Greece, Portugal, Spain & Italy remain a concern area. The year under review saw positive contributions from foreign exchange fluctuations. Your Company intends to be a niche player in various market segments and is working hard to achieve the goal.

### CURRENT PERFORMANCE

During the current year the prices of steel have gone up leading to marginal increase in cost of production thereby lowering down the profits in short term. In the medium to long term scenario, when we receive price increases from customers, this is likely to have a positive impact. The commissioning of our new Heat Treatment Line is complete and we are ready to accept newer challenges in the market. We have new orders from the Export markets which are at current valuations and this will further consolidate our financials over the year. There seems to be a marked improvement in the ordering pattern done by our overseas customers.

We are happy to inform you that your Company delivered a fairly good performance on quarter to quarter comparison. The first quarter of this year saw a growth of over 38% over the first quarter of the previous year. The Export outstandings in terms of orders available with your Company are substantial and the Indian market is also fairly strong. We strongly believe that we will be able to deliver a robust performance this year.

### QUALITY MANAGEMENT SYSTEM

The Company has been accredited with numerous certifications for adopting and implementing international quality systems in all its operations. Its streamline manufacturing process and ethical business practices have enable it to earn international certifications like: ISO 9001:2000 and ISO/TS 16949:2002.

The Company envisages a vision of Zero Defect Policy. The Company has strengthened its efforts towards implementing 5S & six sigma to enhance the quality of work and products. Your Company is also working towards OHSAS: 18001 to implement safety drive.

### INTEGRAL REPORTS

A "Corporate Governance Report" and a "Management Discussion and Analysis Report" form an integral part of this Directors' Report as per the requirement of clause 49 of listing Agreement and have been placed as its Annexure "A" and "B" respectively.

The Corporate Governance Report highlights the philosophy of Corporate Governance, discloses composition of Board of Directors, discloses the code of conduct and Audit Committee, their details, functions, attendance and remuneration of directors etc. and general information for shareholders. It is supplemented by two compliance certificates:-

- (i) Certificate signed by the Managing Director affirming receipt of compliance with the code of conduct from all Board members during the year 2010-2011. (placed at Annexure "A-2) as per clause 49 (I) (D) (ii) of the Listing Agreement; and
- (ii) Certificate of compliance of Corporate Governance provisions of clause 49 signed by the Auditor of the company as per clause 49 (VII) of the Listing Agreement. (placed at Annexure "A-4) The Management Discussion and Analysis Report provides an overview of the affairs of the Company, its business environment, mission & objectives, outlook, operational performance, its resources & systems, strengths, opportunities, constraints, risks & concerns, strategies, prospects, etc.



## **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ghanshyam Dass Soni and Mr. Jatinder Pal Singh Narang, the directors, are due to retire at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

In the Board Meeting held on 23rd July, 2011, Mr. Ravinder Mohan Juneja was reappointed as Managing Director for a further period of five years effective from 01st January, 2012 to 31st December, 2016, subject to the approval of the shareholders, as his term will expire on 31st December, 2011. In order to avoid the Extra Ordinary General Meeting at that time in future, the Board has re-appointed Mr. Ravinder Mohan Juneja for a further period of five years w.e.f. 1st January, 2012. The re-appointment would be in accordance with Schedule XIII and other applicable provisions of the Companies Act, 1956. However, the terms & conditions of his re-appointment are as mentioned in this Annual Report.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the provisions under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:-

- i) that in preparation of the annual accounts for the financial year ended 31st March, 2011 they have followed the applicable accounting standards along with proper explanation relating to material departures;
- ii) that they 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 at the end of the financial year and of the profit or loss for the year under consideration;
- iii) that they 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 frauds and other irregularities;
- iv) that they have prepared the annual accounts of the Company for the financial year ended 31st March, 2011 on a going concern basis.

## **AUDITORS**

M/s. GSK & Associates, Chartered Accountants, Auditors of the Company, retire in accordance with the provisions of Section 224 of the Companies Act, 1956 and being eligible offer themselves for re-appointment in the ensuing Annual General Meeting.

## **PARTICULARS OF EMPLOYEES**

None of the Employees of the Company is covered under sub section 2(A) of Section 217 of the Companies Act, 1956.

## **CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

Your Company's energy requirements continued to develop significantly as it commissioned new manufacturing facilities and as it increased production at existing facilities. However, the Company is making all efforts to put stress on energy conservation by taking measure to ensure that plant be kept continuous running and idle time is reduced to bare minimum.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo Information pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption & foreign exchange earnings and outgo are given by way of Annexure to this Report.

## **HUMAN RESOURCES**

The Company enjoyed harmonious relation with all employees in the factory and office throughout the year. Your Directors wish to place on record their appreciation of the dedicated and commendable services rendered by the

staff and workers of the Company. The company wishes to inculcate contemporary Human Resources practices and intend to make all employees equally responsible and accountable for implementation and sustaining of a good HR System.

Your Company is in the process of identifying training needs for its employees and the performance is being measured/monitored through skill Matrix. Sufficient emphasis is being laid on retention of existing employees despite high attrition rates in the industry.

**FIXED DEPOSIT**

Your Company has not accepted / invited any deposit within the meaning of Section 58 – A of the Companies Act, 1956.

**DIVIDEND**

The Board is pleased to recommend the dividend @ 7.5% i.e. ₹ 0.75 per share of ₹ 10/- each fully paid up, for the financial year ended on 31st March, 2011. The dividend, if approved by the shareholders at the Annual General Meeting shall be payable to shareholders, whose names appear in the Register of Members, as on 08.09.2011. The total outgo on account of dividend, inclusive of Dividend Tax @ 16.2225% (inclusive of Surcharge & Educational Cess) stands at ₹ 46.69 Lacs. The tax will not be deducted at source.

**CORPORATE GOVERNANCE**

The Company is committed to build a long term shareholder value with full emphasis on corporate governance. In achieving this objective, the Company has always endeavored to operate as a responsible and law abiding, corporate entity. The corporate governance practices followed by your Company along with a certificate from the Auditors of the Company confirming the Compliance of Corporate Governance have been given separately & form part of this Annual Report.

**ACKNOWLEDGEMENT**

The Board of director's places on record its sincere appreciation for the dedicated efforts put in by all employees, their commitment and contribution ensuring sustained growth that your Company has achieved in most difficult and challenging environment during the year. Your directors would like to record their sincere appreciation for the support and co-operation that your Company received from all government authorities, financial institutions, distributors, suppliers and business associates whom your Company regards as partners in progress. The Board of Directors also expresses their appreciation of the assistance and co-operation extended by the bankers and unstinted support received from all group Companies.

Your directors thank the shareholders for their confidence in the Company.

**Regd. Office:**

304, Gupta Arcade, Inder Enclave,  
Delhi – Rohtak Road  
New Delhi - 110 087  
Place : New Delhi  
Dated : 23.07.2011

**By order of the Board**

Sd/-  
**(RavinderMohanJuneja)**  
Managing Director

Sd/-  
**(Deepak Arneja)**  
Managing Director

## Annexure to the Directors' Report

Conservation of energy, Technology Absorption and Foreign Exchange Earnings and outgo pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

### A. Conservation of Energy

The Company continues its attempts to improve energy conservation and utilization

#### a) Energy Conservation measure taken:

The Company has monitored its energy consumption regularly and has made several modifications in the plant resulting in reduced energy consumption, such as:

- 1) Constant monitoring of energy consumption and further requisite follow-up.
- 2) Replacement of tube lights/lamps with energy efficient lamps, In off –hours, lights in work premises is kept off.
- 3) Introduction of methanol based systems in place of endogas generators.
- 4) Reduction of maximum demand and restricting the maximum demand to billing demand.
- 5) Air conditioning being set at relatively higher temperature.

The Company is making all efforts to put stress on energy conservation by taking measure to ensure that plant be kept continuous running and idle time is reduced to bare minimum.

#### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

- 1) Use of Air Pneumatic Tools over Electric Tools.
- 2) Emphasis on installation of lower voltage energy efficiency lamps and use of CFL lamps.
- 3) Introduction of waste heat recovery system in furnace.
- 4) Setting the room Air Conditioners at a temperature of 24% C.
- 5) Rationalisation of load on different DG sets.

The Company continues to adopt energy efficient practices in its operations and implement proposals arising out of regular energy audits. The Company has put in efforts to improve overall energy efficiency by installing power efficient equipments.

#### c) Impact of the measure at (a) and (b) above for reduction of energy conservation and consequent impact on the cost of production of goods.

As a result of above measures undertaken, the power and fuel consumption in plants has been reduced thus saving in energy cost during the period under consideration.

#### d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto.

**ANNEXURE****FORM A**

(See rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy.

**1. POWER AND FUEL CONSUMPTION**

	Current Year 2010 – 2011	Previous Year 2009 - 2010
<b>a) Power</b>		
a. Purchased		
i) Unit (KWH)	6345894	4274920
ii) Total Amount	36204335	19635112
iii) Rate Per Unit	5.71	4.59
b) Own Generation	Nil	Nil
<b>b) Fuel</b>		
Coal	Nil	Nil
Diesel Oil (Ltrs.)	479582	635396
Total Amount	18058207	21029571
Rate Per Ltr. (₹)	37.65	33.09
<b>c) Gas</b>		
Petroleum Gas (Kgs.)	77796	63108
Total Amount	3460523	2556134
Rate Per Kg. (₹)	44.48	40.50

**2. CONSUMPTION PER UNIT OF PRODUCTION**

Production (with details) Unit		
Productivity	6203.34	5468.52
Electricity KWH/MT	1022.98	781.73
Diesel Oil Ltr. / MT	77.31	116.19
LPG (In KG) MT	12.54	11.54

**B. Technology Absorption:**a) Efforts made in Technology absorption as per **Form B** of the Annexure

**Form B**  
**(See rule 2)**

Form for disclosure of particulars with respect to absorption.

**Research and Development (R & D)**

**A. Specific areas in which R& D is carried out by the company**

R&D is undertaken for extending the range of the existing products, lowering costs and process improvement. Certain activities which were initiated are as under:-

- 1) Multiple Tasking of the machines.
- 2) Development of various surface finishes based on customer's needs.
- 3) Cold forging of bigger diameters in stainless steel.

**B. Benefits derived as a result of the above R & D efforts.**

1. Process improvement resulting in higher production.
2. Quality Improvement
3. Cost reduction.
4. Product range extension to reach newer markets.
5. Meeting customer targets on time, cost, quality and new products.

**C. Future plan of action**

1. Adopt more Value engineering ideas into products to make them more cost effective in order to meet the target costs.
2. Up gradation of existing technology.
3. Applied research and value engineering

Since this being a continuous process, continuous up gradation does take place from time to time depending upon products/ process. Any fixed line of action other than above has not been envisaged.

**D. Expenditure on R& D**

- i. Capital Nil
- ii. Recurring ₹ 0.64 Lacs
- iii. Total ₹ 0.64 Lacs
- iv. Total R& D expenditure as a percentage of total turnover 0.009%

The Company has incurred expenditure amounting to ₹ 0.64 Lacs (Capital Expenditure- Nil and Revenue Expenditure – ₹ 0.64 Lacs) towards of Research and Development.

**Technology, absorption, adaptation and innovation**

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

- a. The Company has retained the accreditation of its quality systems being in line with ISO 9001-2000. The unit has obtained accreditation to the latest ISO/TS 16949-2002 standards.
- b. Efforts are being made to get the vendors facilities accredited as per ISO -9001-2000.

c. Training of personnel in-house.

**2. Benefits derived as a result of the above efforts e.g product improvement, cost reduction, product development, import substitution etc.**

- a. Process improvement resulting in higher production.
- b. Cost reduction.
- c. Constant updation of the Quality Management Systems has equipped the Company to meet the stringent Quality and general standards stipulated by customers.
- d. Development of eco-friendly processes results in less quantity of effluent and emission.

While the tangible benefits arising have been mentioned above, the intangibles are countless which includes promoting corporate social responsibility by making an effective use of natural resources, and to improve quality of life. The Company does nothing by which any harm is done to the environment and that the Company complies with all laws, rules and regulations seeking to control and reduce pollution of all types and protect the environment.

**3. Activities relating to Technology Imported**

No new technology has been imported by the Company during the year. The Company keeps itself updated with latest technology innovation by way of constant research and development, personal discussions and visits to foreign countries / plants.

**C. Foreign exchange earnings and outgo:**

**i) Activities relating to exports; initiatives taken to increase exports; Development of the new exports markets for products and services and export plans**

Efforts: Despite severe competition from China and Taiwan, the Company has made efforts on various fronts for promotion of exports. Specific markets like U.K., U.S.A and Europe have been chosen for special thrust in future. Personal discussions and visits to foreign countries/plants have helped the Company to promote its exports.

**ii) Total foreign exchange used and earned.**

During the year we have earned / incurred the following in foreign exchange.

**(I) Foreign Exchange Earnings:** In FOB value ₹ 315944128/-

(Prev. Yr. in FOB value (₹ 268274301/-)

**(II) Foreign Exchange Outgo:** ₹ 144240047/- (prev yr. ₹ 106178691/-)

**Annexure-"A"****CORPORATE GOVERNANCE REPORT**

(As per Annexure IC to clause 49 of Listing Agreement with Stock Exchange)

**1. COMPANY'S PHILOSOPHY**

The Company's Philosophy on Corporate Governance envisages the attainment of the highest level of transparency, accountability, commitment, value for stakeholders, customer's satisfaction and sustainable developments.

The Company remains committed to laying strong emphasis on corporate governance and will continue its efforts towards raising the standards in Corporate Governance and will also review its systems and procedures constantly in order to keep pace with the changing environment.

**2. BOARD OF DIRECTORS**

The Board of Directors of the Company presently consists of Six directors. The composition of Board is balanced, comprising of Executive and Non – Executive Directors (including two independent directors). Mr. Ravinder Mohan Juneja, Mr. Deepak Arneja, Managing Directors and Mr. Sudhir Arneja, Whole Time Director are the Executive Directors of the Company.

**Meetings and Attendance**

Details of Meetings of Board of Directors held during the Financial Year 2010-2011.

S. No.	Date of Meeting	Board Strength	No. of Directors Present
1	28th April, 2010	6	5
2	23rd July, 2010	6	6
3	29th October, 2010	6	4
4	28th January, 2011	6	4

Leave of absence was obtained in terms of Section 283 (1) (g) of the Companies Act and granted in all cases of absence by Directors. The Composition of the Board as on 31st March, 2011 and the attendance at the Board Meetings during the financial year and the last Annual General Meeting as also number of other Directorships and Committee Memberships are given below:

S. No.	Name of the Director	Category of Director	No. of Board meeting attended	Last AGM attended	No. of Directorship in other Public Co's Chairman/ Member)	No. of Committee Membership in other Public Co's Chairman/ Member)
1	Mr. Ravinder Mohan Juneja	Managing Director	4	Yes	-	-
2	Mr. Deepak Arneja	Managing Director	4	Yes	-	-
3	Mr. Sudhir Arneja	Whole - Time Director	4	Yes	-	-
4	Mr. J. P. Singh Narang	Non – Executive Director	1	-	1	-
5	Mr. Ghanshyam Dass Soni	Non – Executive Independent Director	3	-	-	-
6	Mrs. Bhavana Rao*	Non – Executive Independent Director	3	-	1	-

**Notes:**

1. The term 'Whole time Director' used in this report refers to functional/executive directors as contemplated in the Listing Agreement.
2. Apart from the remuneration to Directors' as per the terms and conditions of their appointment and entitled sitting fees to Independent Director, none of the directors has any material or pecuniary relationship with the Company which can affect their independence of judgment.
3. The number of Directorships is within the maximum limit of fifteen (15) as mentioned in Section 275 to 278 of the Companies Act, 1956.
4. Committee here denotes Audit Committee and Shareholders/ Investors' Grievance Committee as per the Explanation 2 to Clause 49 (I) (C.) (ii) of the Listing Agreement.
5. The number of committee membership/chairmanship of directors is within the maximum limit of ten memberships in all including the limit of Five Chairmanship as prescribed in Clause 49 (I) (C.) (ii) of the Listing Agreement.

**Code of Conduct for Board Members and senior Management of the Company (as per Clause 49 I (D))**

The Company has already evolved and formally adopted, with the approval of Board of Directors a code of conduct for Board members. These code of conduct attached as Annexure –A1 to this report. The declaration signed by MD affirming compliance with the Code of Conduct during 2010-11 is placed as Annexure –A2.

**3. AUDIT COMMITTEE**

**Composition**

The Audit Committee of the Company comprises two Non – Executive Independent Directors and one Executive Director. The Chairman of the Committee is a Non - Executive Independent Director. The DGM (Finance & Taxation) of the Company is Permanent Invitee to the Audit Committee and the Company Secretary is the Secretary to the Committee. The members of Audit Committee as on financial year ended 31st March, 2011 are:

1. Mr. Ghanshyam Dass Soni
2. Mr. Deepak Arneja
3. Mrs. Bhavana Rao

**Meetings and Attendance**

During the financial year, four meetings were held on 28th April, 2010, 23rd July, 2010, 29th October, 2010 and 28th January, 2011

Details of Meetings held and attendance during the financial year 2010 – 2011:

S. No.	Name of the Member	Category	No. of Meetings attended
1	Mr. Ghanshyam Dass Soni	Chairman	3
2	Mr. Deepak Arneja	Member	4
3	Mrs. Bhavana Rao	Member	3



### Scope and Power

The Audit Committee of the Company provides an effective internal control that ensures:

- Efficiency & effectiveness of operations.
- Safeguarding of assets & adequacy of provisions for all liabilities.
- Correctness & credibility of all financial & other management information.
- Compliance with all relevant statutes.

The powers of the Audit Committee include the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary

The role of the Committee includes the following:

- Reviewing the Company's finance reporting process & disclosure of its financial information to ensure the correctness & credibility of the financial statements.
- Recommending the appointment & renewal of the statutory auditors, fixation of audit fee & approval of payment for other services.
- Reviewing the quarterly & annual financial statements in accordance with the accounting policies of the Company.
- Reviewing the adequacy of internal control system & audit function, ensuring compliance of internal control system & reviewing the Company's financial & risk management policies.
- Reviewing the reports furnished by the auditors and any material arising from them.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## 4. REMUNERATION COMMITTEE AND REMUNERATION POLICY

### Executive Directors

The Company has not set up a Remuneration Committee. The Board of Directors decides the remuneration of the Executive Directors, subject to the approval of the shareholders and in accordance with the and within the limits prescribed under Schedule XIII of the Companies Act, 1956.

Remuneration to Executive Directors

The remuneration paid/payable to the Managing Directors and Whole Time Director for the year ended 31st March, 2011 are as follows:

Name of the Director	Salary and other	Perquisites Allowances	Total
Mr. Ravinder Mohan Juneja	1458000	158529	1616529
Mr. Deepak Arneja	1434000	98529	1532529
Mr. Sudhir Arneja	1021200	71606	1092806

#### Non – Executive Directors

During the financial year 2010-11, Non –Executive directors except the nominee director were not paid sitting fees for every meeting of the Board and for every other committee meeting attended by them based on their attendance at the Board and the committee meetings. No other fees/ commission were paid during the year. No significant material transactions have been made with non-executive Directors vis-à-vis your Company.

Details of shareholding of Directors as on 31.03.2011 are given as under:

Sl.No.	Name of the Director	No. of equity shares	% of Holding
1	Mr. Ravinder Mohan Juneja	216600	4.04
2	Mr. Deepak Arneja	194000	3.62
3	Mr. Sudhir Arneja	200800	3.75
4	Mr. Jatinder Pal Singh Narang	186000	3.47
5	Mr. Ghanshyam Dass Soni	17500	0.33
6	Mrs. Bhavana Rao - Nominee Director, IVCF	Nil	Nil

#### 5. SHAREHOLDERS / INVESTOR'S GRIEVANCES COMMITTEE

##### Composition

The Company has constituted a Shareholders Grievance Committee by the name "Share Transfer and Investor's Grievances & Redressal Committee" in the year 1996. However, the same has been reconstituted during the financial year 2005 – 2006. The Committee comprises of three directors with one being Non – Executive Director. The Chairman of the Committee is an Independent Director. The main role of the Committee includes redressing the shareholders grievances and approving the transfer/ transmission of shares, issue of duplicate share certificates etc. The members of the Committee as on financial year ended 31st March, 2011 are:

1. Mr. Ghanshyam Dass Soni
2. Mr. Ravinder Mohan Juneja
3. Mr. Deepak Arneja

##### Meetings and Attendance

During the financial year, twenty four (24) meetings were held on 15th April, 2010, 30th April, 2010, 15th May, 2010, 30th May, 2010, 15th June, 2010, 30th June, 2010, 15th July, 2010, 31st July, 2010, 14th August, 2010, 31st August, 2010, 14th September, 2010, 30th September, 2010, 15th October, 2010, 30th October, 2010, 15th November, 2010, 30th November, 2010, 16th December, 2010, 30th December, 2010, 15th January, 2011, 31st January, 2011, 14th February, 2011, 28th February, 2011, 15th March, 2011 and 31st March, 2011.

Details of Meetings held and attendance during the financial year 2010 – 2011:

S. No.	Name of the Member	Category	No. of Meetings attended
1	Mr. Ghanshyam-Dass Soni	Chairman	13
2	Mr. Ravinder Mohan Juneja	Member	24
3	Mr. Deepak Arneja	Member	21

During the year no complaint was received from any shareholder of the Company and hence no complaint was pending as on 31.03.2011.

However the Company had received 29 no.of requests from the shareholders regarding transfer and transmission of shares, issue of duplicate shares, non receipt and revalidation of dividend and change of address and dematerialization of shares etc, which had been duly redressed and no request was pending as on 31st March, 2011.

#### 6. COMPLIANCE OFFICER

Mrs. Neha Gera, the Company Secretary is the Compliance Officer of the Company. The Compliance Officer can be contacted at:

304, Gupta Arcade,  
 Inder Enclave, Delhi-Rohtak Road  
 New Delhi-110087  
 Tel: +91-11-46200400 Fax: +91-11 25282667  
 Direct: +91-11-46200410  
 Email: [Cs@mohindra.asia](mailto:Cs@mohindra.asia)

#### 7. SUBSIDIARY COMPANY

The Company does not have any subsidiary.

#### 8. DISCLOSURE

- **Disclosures on materially significant related party transaction that may have potential conflict with the interest of the company at large.**

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

- **Details of non compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchange(s) or SEBI or by any other statutory authority or any matter related to capital markets during the last three years.**

There has not been any non – compliances, penalties and strictures imposed on the Company by the Stock Exchange(s) or SEBI or by any other statutory authority or any matter related to capital markets during the last three years.

- **Accounting Treatment**

The Company follows accounting standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from the prescribed in any accounting standard.

- **Board Disclosures- Risk Management**

The Company informs the Board every quarter about the risks assessment and minimization procedures.

- **Proceeds from public issues, right issues, preferential issues etc.**

The Company has not made any public issue of shares. There has not been an instance of non-compliance on any matter related to the capital market.

- **Management**

A Management Discussion and Analysis Report spelling out an overview of the affairs of the Company, its business environment, mission & objectives, outlook, operational performance, its resources & systems, strengths, opportunities, constraints, risks & concerns, strategies, prospects, etc. has been included as part of the Director's Report.

- **Details of compliance with the mandatory requirements and adoption of the non –mandatory requirements of this clause.**

The Company has complied with all mandatory requirements. Adoption of non- mandatory requirements is provided under item no.12 of this report.

#### 9. CEO Certification

The Managing Director certified in writing the due compliance of subclause (a) to (d) of Clause 49 (V) which was placed before the Board of Directors (placed as Annexure-A3 to this report)

#### 10. MEANS OF COMMUNICATION

The quarterly results of the Company as approved and taken on record by the Board of Directors within one month from the close of the relevant quarter and published in "Financial Express" (English Newspaper All India Edition) and Jansatta (Hindi Newspaper Local Edition).

#### 11. GENERAL SHAREHOLDERS INFORMATION

##### Registered Office

304, Gupta Arcade  
Inder Enclave  
Delhi – Rohtak Road  
New Delhi – 110 087

#### ANNUAL GENERAL MEETING

Date	:	16th September, 2011
Venue	:	Aggarwal Farm House, Hiranki Road, Bakhtawarpur, Delhi-110036
Time	:	11.30A. M.
Book Closure Dates	:	09.09.2011 to 16.09.2011 (both days inclusive)

**Particulars of Last three AGMs**

AGM	YEAR	VENUE	DATE	TIME
16th	2009-2010	Aggarwal Farm House, Hiranki Road, Bakhtawarpur, Delhi - 110036	30.09.2010	11.30A.M.
15th	2008-2009	Aggarwal Farm House, Hiranki Road, Bakhtawarpur, Delhi- 110036	29.09.2009	11.30A.M.
14th	2007 -2008	Symphony, D-11, Udyog Nagar, Main Metro Road, Peera Garhi, New Delhi-110041	13.09.2008	3.00 P.M.

The shareholders passed all the resolutions including the special resolution set out in the respective notices. No postal Ballots were used for voting at these meetings.

**Financial Calendar for 2011 – 2012**

Quarterly results ended on:

30th June 2011	:	July, 2011
30th September 2011	:	October, 2011
31st December 2011	:	January, 2012
31st March 2012	:	April, 2012

**Dates of Book Closure:**

The register of Members and Transfer Books will remain closed from 09.09.2011 to 16.09.2011 (both days inclusive)

**Dividend Payment**

The Board of Directors of the Company has proposed the dividend @ 7.5% (i.e. ₹ 0.75 per share of ₹ 10/- each fully paid) for the financial year 2010-2011, which is subject to the approval of the shareholder in the ensuing Annual General Meeting. The payment of dividend shall be made within 30 days from the date of Annual General Meeting.

**Listing on Stock Exchange**

The Company is listed on The Delhi Stock Exchange Association Limited. Listing fee for the year 2011 – 2012 has been paid to Delhi Stock Exchange where shares of the Company are listed. Scrip code of our Company in Delhi Stock Exchange is 013313.

**Shareholding Pattern of the Company as on 31.03.2011**

S. No.	Category	No. of Shares Held	%age of Shareholding
1	Promoters – Individuals	2752800	51.39
2	Mutual Funds	19600	0.37
3	Banks, Financial Institution	300000	5.60
4	Private Corporate Bodies	916700	17.11
5	Indian Public	1367700	25.53
6	NRI, Foreign Nationals, OCBs and FII	NIL	NIL

**Distribution of Shareholding as on 31.03.2011**

Shareholding Nominal Value	No. of Shareholders	%age of Shareholders	No. of Shares Held	%age of Shareholding
Up to 500	153	31.35	65400	1.22
501 – 1000	172	35.24	168800	3.15
1001 – 2000	52	10.66	102100	1.91
2001 – 3000	39	8.00	100600	1.88
3001 – 4000	6	1.23	22700	0.42
4001 – 5000	14	2.87	70000	1.31
5001 – 10000	11	2.25	95300	1.78
10001 & above	41	8.40	4731900	88.33
<b>Total</b>	<b>488</b>	<b>100.00</b>	<b>5356800</b>	<b>100.00</b>

**Registrar & Share Transfer Agents (RTA)**

M/s. Skyline Financial Services (P) Ltd. is the Registrar and Share Transfer Agents of the Company for carrying out share registration and other related activities of the Company.

**Address for Correspondence:**

M/s. Skyline Financial Services (P) Ltd.  
 D, 153A, 1st Floor,  
 Okhla Industrial Area, Phase – I,  
 New Delhi - 110020  
 E-mail: admin@skylinerta.com  
 Ph: 26812682-83, 011-30857575  
 Fax: 011-30857562

**Share Transfer System**

The Company shares being in compulsory demat list are transferable through the depository system only. Shares in physical form are process by M/s. Skyline Financial Services (P) Ltd., Registrar and Share Transfers Agent (RTA) of the Company every fortnightly. Then, the shares are confirmed to the respective clients Account with depository of NSDL & CDSL.

The Company's Share Transfer and Investor's Grievances & Redressal Committee generally meet fortnightly for approving share transfers. The Share Certificates are returned to the transferee within a period of two weeks provided the documents lodged with the Company are clear in all respects. There are no pending transfers as on 31st March, 2011.

**Dematerialization of Shares**

The Shares of the Company are available for trading under the Depository System with NSDL and CDSL. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE705H01011. As on 31st March, 2011 the total 4217600 No. of equity shares of the Company, which forms 78.73% of the paid up share capital of the Company has been held in dematerialized form with both the depositories i.e NSDL & CDSL and the balance representing 1139200 No. of equity shares, which forms 21.27% of the paid up share capital of the company has been held in physical form. Annual Custody Fees for the year 2011 – 2012 has been paid to both the depositories of the Company.

### **Nomination of Shares**

As per Section 109A of the Companies Act, 1956, every holder of the equity shares in a Company may at any time, nominate, in the prescribed manner, a person to whom his shares of the company shall vest in the event of his death. Thus, in consideration of the said section your Company offers facility of Nomination. The members are requested to refer to Section 109A of the Companies Act 1956 as amended. The facility is made available folio wise and for the entire share registered under the said folio. The members holding shares in dematerialized form may contact and consult their respective depository participant (DP) for availing the nomination facility.

### **Stock Market Data**

No shares of the Company were reported to be traded in the Stock Exchange during the financial year 2010 – 2011. However, as per the information received from Delhi Stock Exchange (DSE) the trading is expected to start by end of 2011.

### **Plant Location**

The Company has its manufacturing at the following place where the plants of the Company are located:

#### **Plant – I**

60th K. M. Stone, Delhi – Rohtak Road  
N. H. No. 10, V & P.O. Kharawar,  
District Rohtak (Haryana)-124001

#### **Plant - II**

60th K. M. Stone, Delhi – Rohtak Road  
N. H. No. 10, V & P.O. Gandhra,  
District Rohtak (Haryana) -124001

## **12. Non Mandatory Requirements**

### **1. The Board**

All independent directors contribute effectively to the business carried on by the Company. In the opinion of the Board, it is not necessary to limit the aggregate tenure of each of the Directors.

### **2. Remuneration Committee**

The company has not set up a remuneration Committee. The remuneration package of Executive Directors is determined by the Board subject to the approval of the shareholders. As per the requirements under the Companies Act, 1956, the executive directors neither participate in the discussion nor do they vote on such resolutions while considering the remuneration package by the board. In the opinion of the Board, there is no conflict of interest in determination of remuneration package to Executive directors.

### **3. Shareholders Rights**

The quarterly/ annual results, after they are taken on record by the Board of Directors, are forthwith sent to the Stock exchanges with whom the Company has listing arrangements. The results, in prescribed proforma, are published in "Financial Express" (English) and in "Jansatta" (Hindi).

### **4. Audit Qualification**

There is no Audit Qualification by the Statutory Auditors.

**5. Training of Board Members/ Mechanism for evaluating non-executive board members**

All the Non –Executive (including independent) Directors are having rich experience and expertise in functional areas of manufacturing, operations, finance and sales and marketing. They are also members on the Board of other companies. All of them actively take part in the deliberations of the Board Meetings and contribute effectively to the business. In the opinion of the Board neither training of board members nor any evaluation is required.

**6. Whistle Blower Policy**

The Company is in process of creating a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of business conduct and ethics.

**13. Compliance Certificate**

This report duly complies with the legal requirements in respect of data that should be disclosed in a corporate governance report as per Clause 49 of the Listing Agreement. The non- mandatory requirements as specified in Annexure ID to Clause 49 have also been highlighted in the report to the extent they have been adopted by the Company. The quarterly report about compliance with the Corporate Governance requirements as prescribed in Annexure IB of Clause 49 is also being sent to the stock exchange within 15 days after the end of each quarter.

Certificate obtained from the Auditors regarding compliance of the conditions of corporate Governance as stipulated in Clause 49 VII of the Listing Agreement has been included as "Annexure-A4" to the Directors' report.



**Annexure -A1**

**Code of Conduct for all Members of the Board of Directors of Mohindra Fasteners Limited**

We the members of the Board of Directors of **MOHINDRA FASTENERS LIMITED (MFL)** hereby accept and undertake to follow in letter and spirit the Code of conduct as given below :-

1. **Attend all the meetings of the Board/ it's Committees with reasonable regularity;** dedicate sufficient time, energy and attention thereto, and make reasonable enquiries to enable well informed and sound decision making by the Board of Directors.
2. **Act honestly, fairly, and in good faith with due care and diligence** and in team spirit while performing duties and while exercising powers as director in the best interest of the Company.
3. **Respect and ensure compliance** of all the applicable laws of the land and Rules and Regulations thereunder in letter and spirit.
4. **Ensure confidentiality** of information received as Director and disclose it only if authorized by the company or as required by law.
5. **Not to allow personal interest to conflict with the interest of the Company** and not to engage in any activity which is likely to conflict with duty/ responsibility as a Director towards the Company.
6. **Not to make improper** use of information received and not to take advantage of the position as a Director for personal gain.
7. **Limit his Directorship** of companies to a number in which he can best devote his time and effectiveness; each director is an own judge of his abilities and how to manage his time effectively in the company in which he holds Directorship.
8. **Not to accept directorship** on the Board of **any other company** that competes with the business of MFL, **while being a Director of Mohindra Fasteners Limited.**
9. **Not use the assets of the company** for any illegal purpose.
10. **Adopt an objective and positive attitude** and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies.

Place : New Delhi  
Date : 23.07.2011

Sd/-  
**Deepak Arneja**  
**(Managing Director)**

**Annexure-A2**

**DECLARATION BY MANAGING DIRECTOR OF AFFIRMATION BY DIRECTORS OF COMPLIANCE WITH THE CODE OF CONDUCT**

I, Deepak Arneja, Managing Director of MOHINDRA FASTENERS LIMITED, do hereby declare that the Directors of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the Code of Conduct as prescribed by the Company and have adhered to the provisions of the same.

Place : New Delhi  
Date : 23.07.2011

Sd/-  
**Deepak Arneja**  
(Managing Director)

**Annexure-A3**

**CEO Certification**

To,

The Board of Directors,

I, the undersigned, certify to the Board that I have reviewed financial statements and the cash flow statement for the year ending 31.03.2011 and to the best of my knowledge and belief:

- I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- II. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- III. There are, to the best of my knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- IV. I accept responsibility for establishing and maintaining internal controls and I have evaluated the effectiveness of the internal control systems of the company. I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- V. I have discussed with the auditors and the Audit Committee
  - a) significant changes made/to be made in internal control during the year;
  - b) significant changes in accounting policies during the year , and the same have been disclosed in the notes to the financial statements; and
- VI. There was no instance of significant fraud of which I am aware nor there has been involvement of the management or an employee having a significant role in the company's internal control system.

Place : New Delhi  
Date : 23.07.2011

Sd/-  
**Deepak Arneja**  
(Managing Director)

**Annexure-A4**

GSK & ASSOCIATES  
Chartered Accountants

8, 1st floor, Motia Khan Industrial Area,  
Rani Jhasi Road, New Delhi-110055  
Phone: 231515470 - 73  
Email: gsk.associates@rediffmail.com

**AUDITOR'S CERTIFICATE**

To  
The Member of Mohindra Fasteners Ltd

We have examined the compliance of conditions of Corporate Governance by Mohindra Fasteners Limited, for the year ended on 31st March 2011, as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchange(s) in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the clause 49 of the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder/Investor Grievance Committee.

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

**For GSK & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Sd/-  
(Anil Somani)  
Partner  
Membership No. -93521

Place : New Delhi  
Dated : 23.07.2011

**Annexure-B**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management of Mohindra Fasteners Limited is pleased to present the 'Management Discussion & Analysis Report' covering the performance for the financial year 2010 – 2011.

**OVERVIEW**

The financial statements of the Company have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles in India. There are no material deviations from prescribed accounting standards. The Management of our Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. These estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions and the state of affairs and profits for the year.

**ECONOMIC ENVIRONMENT**

The global depression of November 2008 which had crippled the world economies forced political / industrial leaders and entrepreneurs to bring about changes in the way world was run earlier. The Asian economies were lucky not to have the impact the way as the European and the American economies felt. As informed elsewhere , the Indian Industrial scenario remained positive which was the major driver for the Indian economic environment.

Timely actions by the other economies have turned the tables in under 18 months and the economies today look more vibrant and growing albeit with some fiscal deficits which hopefully will be taken care soon.

Growing manufacturing economies and increases in fixed investment among the world's emerging economies will bring more rapid growth in fastener demand in these regions. Consequently, fastener demand growth in the Asia/Pacific, Africa/Middle East, Eastern Europe and Latin America which will definitely benefit Indian fasteners industry. Market growth will be strong as well as Sales growth will be stimulated by favorable economic conditions and higher income levels leading to a rise in manufacturing activity and consumer expenditures for durable goods.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The past few years have been a revelation for the Indian auto components industry, which has reinvented itself from being a domestic demand fulfiller to the global supplier of choice for world leading auto OEMs. Growth in the domestic automobile industries and overseas auto OEM's looking for cheaper inputs has lead to increase in market size of the auto component industry in India and is expected to grow over the next few years . Global demand for industrial fasteners is forecasted to increase by 5% per year and maximum demand will be from automotive industry.

**OUTLOOK**

Robust demand in the user industry, ongoing expansion, established clientele base and strong order booking makes the company a suitable investment candidate with a long-term horizon. To increase the export percentage in the total revenue and make their presence felt in the international arena, the company has been very active in acquiring companies overseas. In order to meet the market challenges your company has been following the philosophy of providing the highest quality products and services to the customers. It has been focusing on elimination of waste, tight management of working capital and building people capability. All endeavors are made to maximize gains and reduce cost. Enough emphasis is laid on value addition per employee.

### **OPPORTUNITIES & THREATS**

The growth in demand for high tensile fasteners in India is basically based on the growth of Automobile Sector & other engineering industries in India and on the prospects of growth in Export Market.

India is at a threshold for a major take off in Automobile Sector and the growth in Automobile Sector will directly effect the growth of manufacturing High Tensile Fasteners. Moreover, the Global Meltdown has forced the various Western Countries to look for low cost Asian Countries for their business ventures that will open new business opportunities for us.

MFL is well positioned to take the advantage of this anticipated demand growth on a long term basis. The Company has good growth prospects in the domestic as well as in international markets.

### **THREATS**

The main threat comes from the competition with the local, unorganized manufacturers in fasteners industry as they offer attractive propositions to the customers having disregard to quality & other unethical business practices. Even in Export Market, we face swear competition from South East Asian Countries such as China, Taiwan.

### **CHALLENGES**

MFL faces a normal market challenge and competition from other manufacturers of high tensile fasteners. Besides, the substantial increase in the prices of inputs, high energy costs and high manpower costs have also become a challenge for all managements of the Country.

### **STRENGTHS**

- Undertaken import-substitution for Automotive Companies in India
- Combination of hot and cold forging under one roof.
- Turning, Milling, Grinding and Drilling in the same premises.
- Facility to produce Precision Machine Components
- 50% of Tonnage exported to Europe and USA
- Ability to handle carbon/alloy/ball- bearing/spring/stainless steel for various products and applications
- Ability to develop new components in short time.

### **RISKS & CONCERNS**

Your Directors recognize that there are uncertainties and risks attached to any business. The risks could be external, internal, or a combination of both. External risks can be intensification of competition, product substitution, technological obsolescence, changes in Government policy with regard to taxes and levies or economic slowdown adversely impacting demand and profitability. Such risks will be continuously monitored and appropriate action taken by the Company to minimize the same. Internal risks comprise operating risks, financial risks and business risk. The Company will take effective steps to deal with such risks.

All operating Divisions of the Company would identify any risks as perceived by them and take immediate steps to minimize the impact and at the same time submit a report to the next higher level of reporting.

### **ADEQUACY OF INTERNAL CONTROLS**

The Company has proper and adequate internal controls to ensure that its assets are safeguarded and protected against the loss from unauthorized use or disposition and transactions are authorized, recorded and reported correctly.

The Company has an Internal Audit system which is commensurate with its size and nature of its business. The internal controls implemented by the management is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

The Company has an Audit Committee headed by a non-executive independent director, inter-alia, which periodically reviews the internal control systems to ensure their effectiveness and adequacy as also the annual financial statements with particular reference to major accounting entries, involving estimates based on the exercise of judgement by the management as well as other areas requiring mandatory review as per clause 49 of the Listing Agreement with the stock Exchange.

#### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The profits before tax (PBT) has increased by 26 %. However, Your Company has achieved growth in domestic markets and finding more avenues to capture international market.

#### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

The Company enjoyed harmonious relation with all employees in the factory and office throughout the year. Your Directors wish to place on record their appreciation of the dedicated and commendable services rendered by the staff and workers of the Company. The Company had 282 employees as on 31st March, 2011.

The industrial relations continued to be cordial throughout the year and human resource and its development continue to be our focus area. Due to intensive training, there has been an improvement in terms of quality, productivity and house keeping.

#### **CAUTIONARY STATEMENT**

Statements in this management discussion and analysis report describing the Company's objectives, projections, estimates and expectations may be forward looking statement within the meaning of applicable laws and regulations. Actual might differ from the statements expressed in the above report.

Place : New Delhi  
Date : 23.07.2011

Sd/-  
(Deepak Arneja)  
Managing Director

## AUDITOR'S REPORT

**TO  
THE MEMBERS OF  
MOHINDRA FASTENERS LIMITED**

We have audited the attached Balance Sheet of M/s Mohindra Fasteners Limited as at March 31, 2011, the Profit & Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 [as amended by the Companies Auditor's Report (Amendment) Order 2004] issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 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 purpose of our audit.
  - b) In our opinion, proper books of accounts, as required by the law, have been kept by 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, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representations from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a Director 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 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - i) In the case of the Balance sheet, of the state of affairs of the company as at March 31, 2011;
    - ii) In the case of the Profit & Loss Account, of the profit for the year ended on that date; and
    - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

**For GSK & Associates  
Chartered Accountants  
(Registration No. 013838N)**

**Sd/-  
(Anil Somani)  
Partner**

Membership No. 93521

Place : New Delhi  
Date : 23.07.2011

## ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 1 of our Report of even date

1.
  - a) The Fixed assets register is in process of being updated.
  - b) As explained to us, all the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion and according to the information and explanations given to us the company has not disposed off a substantial part of fixed assets during the year and the going concern status of the company is not affected.
2.
  - a) The inventories have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable. The company has received confirmations in respect of stocks lying with third parties.  
  
The Company is in the process of developing resources planning module for better control and monitoring of work-in process & this will help in better assessment in times to come.
  - b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to book records.
3.
  - a) The Company has not granted any unsecured / secured loans to companies, firms and other parties covered in the register maintained under section 301 of the Act. Therefore, the requirement of clause (iii) b, (iii) c and (iii) d of paragraph 4 of the order are not applicable.
  - b) The Company has taken unsecured / secured loans from companies, firms and other parties covered in the register maintained under section 301 of the Act. Total number of such parties is 4 and amount involved is Rs.135.00 lacs.
  - c) In our opinion and according to the information and explanations given to us, the rate of interest where applicable and other term and condition of such loan are not prime facie prejudicial to the interest of the company.
  - d) The principal amount, are repayable on demand and there is no repayment schedule. The interest, where applicable, is payable on demand.
  - e) In respect of such loans, the same are repayable on demand and therefore the question of overdue amount does not arise, In respect of interest, where applicable, there is no overdue amount.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory & fixed assets and also for the sale of the goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
  - a) According to the information and explanation given to us, the transactions made in pursuance of contract or arrangements, that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.



- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding the value of Rs. 5.00 Lacs in respect of each party, the transactions have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not been accepted any deposits from the public. Therefore, the provision of clause (vi) of paragraph 4 of the Order is not applicable to the company
7. In our opinion and as informed to us the company has an adequate internal audit system commensurate with the size and nature of its business. However, the company has not appointed any internal auditor for that purpose.
8. The Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prime facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
9. a) According to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.
- b) The disputed statutory dues aggregating to Rs 35.07 Lacs. Against this the Company has deposited Rs 35.15 Lacs on account of disputed matters pending before appropriate authorities are as under.

Name of the Statute	Nature of Dues	Amount Rs in lacs	Period to which Amount Relates	Forum where dispute is pending	Amount Deposited Rs in lacs
Haryana Value Added Tax Act, 2003	VAT/CST	5.24	2003-2004	Haryana Tax Tribunal, Chandigarh	5.24
Haryana Value Added Tax Act, 2003	VAT/CST	14.10	2004-2005	Haryana Tax Tribunal, Sales Chandigarh	13.47
Haryana Value Added Tax Act, 2003	VAT/CST	15.73	2005-2006	Haryana Tax Tribunal, Sales Chandigarh	16.44

10. The Company does not have accumulated losses at the end of the financial Year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
11. Based on our audit procedure and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution and bank.

12. In our opinion and according to the explanations given to us and based on the information available, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and accordingly the provision of clause (xii) of paragraph 4 of the order is not applicable to the company.
13. In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund / society. Therefore, the provision of clause (xiii) of paragraph 4 of the order is not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investment. Therefore the provision of clause (xiv) of paragraph 4 of the order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or financial institutions, terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
16. The Company has raised fresh term loans during the year. The term loan outstanding at the beginning of the year and those raised during the year has been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examinations of the Balance Sheet and cash flow statement of the Company, in our opinion that no funds raised on short- term basis have been used for long-term investments.
18. 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. The Company has not issue debentures. Therefore the provision of clause (xix) of paragraph 4 of the order is not applicable.
20. The Company has not raised any monies by way of public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us no material fraud on or by the company was noticed or reported during the year.

**For GSK & Associates  
Chartered Accountants  
(Registration No. 013838N)**

**Sd/-  
(Anil Somani)  
Partner**

Membership No. 93521

Place : New Delhi  
Date : 23.07.2011

## BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE NO.	AMOUNT (₹)	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
<b>SOURCES OF FUNDS</b>				
Share Capital	1		53568000	53568000
Reserve & Surplus	2		142174287	125388968
<b>LOAN FUNDS</b>				
Secured Loans	3	232429616		249750815
Unsecured Loans	4	47199358	279628974	42285833
Deferred Tax Liability (net)	5		29912250	24872631
			<u>505283511</u>	<u>495866247</u>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	6	456957135		
Less : Depreciation		<u>206332735</u>		
Net Block			250624400	271696328
Capital Work in Progress			11468983	
INVESTMENTS	7		137617	137617
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Inventories	8	276319198		228586583
Sundry Debtors	9	151894734		142473531
Cash & Bank Balances	10	23217804		16988613
Loans & Advances	11	64755718		53033562
		<u>516187454</u>		<u>441082290</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>				
Current Liabilities	12	256308475		205236139
Provisions		16826468		11813849
		<u>273134943</u>		<u>217049988</u>
NET CURRENT ASSETS			243052511	224032302
<b>TOTAL</b>			<b>505283511</b>	<b>495866247</b>

## NOTES TO ACCOUNTS

21

The Schedules referred to above shall form an integral part of the Balance Sheet  
As per our report of even date

**For GSK & Associates  
Chartered Accountants**

FRN No. 013838N

Sd/-

(Anil Somani)

Partner

Membership No. 93521

Sd/-

(Sunil Mishra)

DGM (Finance &amp; Taxation)

For &amp; on behalf of the Board of Directors

Sd/-

(Ravinder Mohan Juneja)

Managing Director

Sd/-

(Deepak Arneja)

Managing Director

Sd/-

(Neha Gera)

Company Secretary

Place : New Delhi

Date : 23.07.2011

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

PARTICULARS	SCHEDULE NO.	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
<b>INCOME</b>			
Sales	13	733102298	605725587
Other Income	14	22664208	4176719
		<u>755766506</u>	<u>609902306</u>
<b>EXPENDITURE</b>			
Raw Material Consumed	15	358021145	278716798
Manufacturing Expenses	16	135429254	101158095
Payment to and provisions for employees	17	81832730	65240551
Administrative and Other Expenses	18	16150610	13449025
Selling & Distribution Expenses	19	57846362	51395754
Interest & Financial Expenses	20	38287874	37008627
Depreciation		29458685	32162551
		<u>717026660</u>	<u>579131401</u>
<b>Profit before Tax (PBT)</b>		<b>38739846</b>	<b>30770905</b>
Provision for Taxation:			
— Current Tax		12157113	8670000
— Deferred Tax		5039619	2036101
— Wealth Tax		0	20600
<b>Profit after Tax (PAT)</b>		<b>21543114</b>	<b>20044204</b>
Add/(Less) Adjustment for Previous Year			
— Income Tax		-88440	195792
Balance brought forward from previous year		105005234	88888487
<b>Balance available for appropriation</b>		<b>126459908</b>	<b>109128483</b>
Proposed Dividend		4017600	2678400
Dividend Tax on proposed dividend		651755	444849
Transfer to General Reserve		1000000	1000000
<b>Balance carried to the Balance Sheet</b>		<b>120790553</b>	<b>105005234</b>
		<u>126459908</u>	<u>109128483</u>

**NOTES TO ACCOUNTS**

21

The Schedules referred to above shall form an integral part of the Profit & Loss Accounts  
As per our report of even date

**For GSK & Associates**  
**Chartered Accountants**  
FRN No. 013838N

Sd/-  
**(Anil Somani)**  
Partner

Membership No. 93521

Place : New Delhi  
Date : 23.07.2011

Sd/-  
**(Sunil Mishra)**  
DGM (Finance & Taxation)

Sd/-  
**(Neha Gera)**  
Company Secretary

**For & on behalf of the Board of Directors**

Sd/-  
**(Ravinder Mohan Juneja)**  
Managing Director

Sd/-  
**(Deepak Arneja)**  
Managing Director

**Schedules Forming Part of the Balance Sheet**

	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
Equity Shares of ₹ 10/- each	65000000	65000000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
5356800 (Previous year 5356800) Equity Shares of ₹ 10/- each-fully paid up	53568000	53568000
	<u>53568000</u>	<u>53568000</u>

**SCHEDULE - 2 : RESERVE AND SURPLUS**

<b>CAPITAL RESERVE</b>		
on Forfeited Shares	574340	574340
Capital Subsidy	1500000	1500000
Sale Tax subsidy (Exemption)	8309394	8309394
<b>GENERAL RESERVE</b>		
As per Last Balance Sheet	10000000	
Add : Transfer from P & L A/C	<u>1000000</u>	
	11000000	10000000
<b>SURPLUS</b>		
As per Profit & Loss Account	120790553	105005234
	<u>142174287</u>	<u>125388968</u>

**SCHEDULE - 3: SECURED LOANS**

**LOANS AND ADVANCES FROM BANK'S**

**TERM LOAN**

The Karnataka Bank Limited	64433863	83322361
Foreign Currency Term Loan	14230296	14366520

**WORKING CAPITAL LOAN**

The Karnataka Bank Limited	142096142	144305741
Vehicle Loans	11669315	7756193
	<u>232429616</u>	<u>249750815</u>

**NOTES:-**

1. Term Loan, Foreign Currency Term Loan and working capital loan from The Karnataka Bank Limited are secured against mortgage of all immovable properties both present & future and a first charge of hypothecation of the company's movables & stock and book debts including movable machinery spares tool & accessories present & future. This loan is further secured by the personal guarantee of the Directors.
2. Vehicle loans from bank are secured by respective assets purchased under hire purchase / Loan agreement from them.
3. Loans and advances from Bank and Vehicle Loans aggregating ₹ 327.17 Lacs (Previous Year ₹ 320.18 Lacs) are repayable within one year.

	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
<b>SCHEDULE - 4: UNSECURED LOANS</b>		
<b>TERM LOAN FROM BANKS</b>		
ICICI HFC Ltd.	9903994	17029144
Kotak Mahindra Bank Ltd.	2684665	5000000
<b>LOAN &amp; ADVANCES FROM OTHERS</b>		
Companies	30610699	15156689
Directors	4000000	5100000
	<u>47199358</u>	<u>42285833</u>

**NOTES:-**

1. Loans and advances from Banks aggregating ₹ 44.94 Lacs (Previous Year ₹ 27.46) are repayable within one year.
2. Loans and advances from others aggregating ₹ 82.20 Lacs (Previous Year ₹ 3.05) are repayable within one year.

**SCHEDULE - 5: DEFERRED TAX LIABILITIES (NET)**
**DEFERRED TAX LIABILITY**

Differences in depreciation and other  
Differences in net block of fixed assets as  
per tax books and financial books

29912250
24872631

Gross Deferred Tax Liability

29912250
24872631
**DEFERRED TAX ASSETS**

Gross Deferred Tax Assets

0
0
**NET DEFERRED TAX LIABILITY**
29912250
24872631

**Schedules Forming Part of the Balance Sheet**  
**SCHEDULE - 6 : FIXED ASSETS**

Particulars	Gross Block			Depreciation			Net Block			
	As at 01-04-10	Addition during the Year	Sales/ adjustment for the year	As at 31-03-11	Up to 01-04-10	For the Year	On Sales/ Adjustment	Up to 31-03-11	As at 31-03-11	As at 31-03-10
Industrial Freehold Land	5896898	0	0	5896898	0	0	0	0	5896898	5896898
Leasehold office Premises	5858863	0	0	5858863	513256	95499	0	608755	5250108	5345607
Factory Building	61867949	1556417	0	63424366	11881561	2076116	0	13957677	49466689	49986388
Plant & Machinery	334969117	5798660	44720	340723057	150181071	24716986	37055	174861002	165862055	184788046
Pollution Cont. Equipment	5378360	153000	0	5531360	1677338	404580	0	2081918	3449442	3701022
Furniture & Fixture	5735631	318263	0	6053894	2102432	396622	0	2439054	3614840	3633199
Vehicles	20470273	368819	0	20839092	4351887	2003189	0	6355076	14484016	16118386
Office Equipment	3497823	33025	0	3530848	1686973	156311	0	1843284	1687564	1810850
Computer	4932519	166238	0	5098757	4516587	27462	358080	4185969	912788	415932
Current Year	448607433	8394422	44720	456957135	176911105	29816765	395135	206332735	250624400	271696328
CWIP	0	11468983	0	11468983	-	-	-	-	11468983	0
Previous Year	409617690	44327188	5337445	448607433	147453675	32162551	2705121	176911105	271696328	262164015

**NOTE:**

1. Depreciation has been provided on rates as per Schedule VI of Companies Act, 1956 on Straight Line Method
2. Depreciation on Assets for a value not exceeding ₹ 5000/- has been provided @ 100%.
2. Capital Work In Progress Includes Advances for Plant & Machinery ₹ 10974825/-.

**Schedules Forming Part of the Balance Sheet**

	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
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**SCHEDULE - 7: INVESTMENTS**
**LONG TERM-QUOTED**

1800 (1800)	Equity Shares of ₹ 10/- each and premium ₹ 35/- each in Bank of India (Fully Paid)	81000	81000
600 (600)	Equity Shares of ₹ 10/- each in Sterling Tools Limited (Fully Paid)	24891	24891
400 (400)	Equity Shares of ₹ 1/- each in Sundram Fasteners Limited (Fully Paid)	18904	18904
150 (150)	Equity Shares of ₹ 10/- each in Lakshmi Precision Screws Ltd. (Fully Paid)	2822	2822
		127617	127617

**LONG TERM-UNQUOTED**

1000 (1000)	Equity Shares of ₹ 10/- each in Elegant Footwear Ltd. (Fully paid up)	10000	10000
		10000	10000
		137617	137617

**NOTE:-**

1. All Investments are Long Term Investments.
2. Aggregate Value of Quoted investment
3. Aggregate Value of Unquoted investment

Book Value	127617	127617
Market Value	954555	696330
Book Value	10000	10000
Market Value	-	-

**SCHEDULE - 8 - INVENTORIES**

(As taken, valued &amp; Certified by the Management)

Raw Material	74408894	40638981
Semi Finished Goods	85511109	60835955
Finished Goods	46039235	66282221
Store, Spare Parts Consumable	58356903	42899950
Scrap	1019291	295640
Goods-In-Transit	10983764	17633837
	276319198	228586583



**Schedules Forming Part of the Balance Sheet**

	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
<b>SCHEDULE - 9: SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Debts Outstanding more than 6 months	8908677	6588169
Debts Outstanding less than 6 months	142986057	135885362
	<u>151894734</u>	<u>142473531</u>
<b>SCHEDULE - 10 : CASH AND BANK BALANCES</b>		
Cash in Hand	213057	349200
<b>BANK BALANCES WITH SCHEDULED BANKS:</b>		
In current Account	495266	587458
In deposit Account (FDR Pledged with Bank)	21300000	15000000
Unpaid Dividend Account	1209481	1051956
	<u>23217804</u>	<u>16988613</u>
<b>SCHEDULE - 11 : LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances Recoverable in cash or in kind or for value to be received	22554088	10782918
- Balance with Excise, Sales Tax Deptt. Etc.	29744674	31483406
- Advance to Employees	540998	818750
- Advance Income Tax	10157113	8189244
<b>SECURITY DEPOSIT</b>		
- With Govt. Deptt.	1487800	1487800
- With Others	271045	271444
	<u>64755718</u>	<u>53033562</u>

**Schedules Forming Part of the Balance Sheet**

	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
<b>SCHEDULE - 12 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors:		
For Micro, Small and Medium Enterprises*	-	-
For Trade	236384398	179619892
For Plant & Machinery	1630799	11126745
Others Liabilities	17083797	13437546
Unpaid Dividend #	1209481	1051956
<b>(A)</b>	<b>256308475</b>	<b>205236139</b>
<b>PROVISIONS</b>		
Proposed Dividend	4017600	2678400
Dividend Tax on Proposed Dividend	651755	444849
Taxation	12157113	8670000
Wealth Tax	0	20600
<b>(B)</b>	<b>16826468</b>	<b>11813849</b>
<b>(A+B)</b>	<b>273134943</b>	<b>217049988</b>

\* The Company has not received information from vendors regarding their enterprises status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the year end together with interest paid/ payable under this act has not been given.

# These figures includes ₹ 6.76 Lacs (Previous Year ₹ 5.94 Lacs) which is held in abeyance due to legal case pending.

**Schedules Forming Part of the Profit & Loss Accounts**
**SCHEDULE - 13 : SALES**

Gross Domestic Sales		447592107	356116718
Less : Excise Duty Collected		39675331	27709300
Net Domestic Sale	<b>(A)</b>	<b>407916776</b>	<b>328407418</b>
Gross Export sales		353097275	299159938
Less: Excise Duty under rebate		27911753	21841769
Net Export Sales	<b>(B)</b>	<b>325185522</b>	<b>277318169</b>
	<b>(A+B)</b>	<b>733102298</b>	<b>605725587</b>

**Schedules Forming Part of the Profit & Loss Accounts**

	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
<b>SCHEDULE - 14 : OTHER INCOME</b>		
Bank Interest - Fixed Deposits	1595578	1441315
Tax deducted at source ₹ 157113/- (previous Year ₹ 221232/-)		
Rent Received	0	60000
Misc. Receipts	304929	659945
Dividend Received	14370	11850
Sundry Balance Written off (Net)	86285	334739
Exchange Rate Difference (Net)	7799800	0
Export Benefit	12863246	668870
Freight Subsidy Received	0	1000000
	<u>22664208</u>	<u>4176719</u>
<b>SCHEDULE - 15 : RAW MATERIAL CONSUMED</b>		
Opening Stock	40638981	25200449
Add: Purchases	396946879	321595360
	<u>437585860</u>	<u>346795809</u>
Less: Closing Stock	74408894	40638981
<b>Raw Material Consumed (A)</b>	<b>363176965</b>	<b>306156828</b>
Opening Stock		
Finished Goods	66282221	41145891
Stock in Process	60835955	58684887
Scrap	295640	143008
	<u>127413816</u>	<u>99973786</u>
Less		
Closing Stock		
Finished Goods	46039235	66282221
Semi Finished Goods	85511109	60835955
Scrap	1019291	295640
	<u>132569636</u>	<u>127413816</u>
<b>Increase / (Decrease) in stock (B)</b>	<b>5155820</b>	<b>27440030</b>
<b>Total Raw Material Consumed (A-B)</b>	<b>358021145</b>	<b>278716798</b>

**Schedules Forming Part of the Profit & Loss Accounts**

	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
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**SCHEDULE - 16 : MANUFACTURING EXPENSES**

Consumption of Stores & Spare Parts	63514549	50475231
Power and Fuel	57725066	43220817
Job Work	11042467	5738744
Repair to Building	412722	359396
Repair to Plant and Machinery	2734450	1363908
	<u>135429254</u>	<u>101158095</u>

**SCHEDULE - 17 : PAYMENT TO AND PROVISIONS FOR EMPLOYEES**

Salaries, Wages, Bonus & Allowances	73329464	61042579
Employee's Provident and Other Fund	7066432	2727433
Staff & Labour Welfare Expenses	1436834	1470539
	<u>81832730</u>	<u>65240551</u>

**SCHEDULE - 18 : ADMINISTRATIVE & OTHER EXPENSES**

Office Maintenance		454652	421265
Rates, Taxes & Duties		329906	272493
Insurance		2117062	865010
Travelling & Conveyance [Incl. Drs. Trav. ₹ 682563/- Pr. Yr. ₹ (1434963/-)]		1872092	2662867
Vehicle Running & Maintenance		1573777	598809
Legal & Professional Charges		1309801	1302808
Postage, Courier & Telephone		1482227	1611493
Printing & Stationery		611648	626759
Auditor's Remuneration			
Audit Fee	85000		
Out of Pocket Expenses	48506	133506	118124
Directors Remuneration		3868200	3069300
Repairs to Other's		645564	455035
Misc. Expenses		312322	238923
Loss on Sale of Fixed Assets		0	710030
R & D Expenses		63577	222675
Additional Excise Duty & Service Tax		1029410	199934
Sales Tax Expenses		264919	0
Recruitment Expenses		81947	73500
		<u>16150610</u>	<u>13449025</u>

**Schedules Forming Part of the Profit & Loss Accounts**

	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
<b>SCHEDULE - 19 : SELLING AND DISTRIBUTION EXPENSES</b>		
Freight Outward	23883510	20279700
Packing Expenses	17882750	13481385
Rebate and discount	13017930	14843040
Sale Promotion Expenses	638172	1048376
Commission	1295382	1129905
Bad Debts	1023054	4418
Entertainment Expenses	105564	141353
Exchange Rate Diff.	0	136389
Loss on Forward Contract	0	331188
	<u>57846362</u>	<u>51395754</u>

**SCHEDULE - 20 : FINANCIAL EXPENSES**
**INTEREST :-**

- On Term Loans	7897460	10428739
- On Working Capital Loans	13408910	13880535
- On Other Loans	5595205	1751722
- Bank Charges	11386299	10947631
	<u>38287874</u>	<u>37008627</u>

**Schedule-21: Significant Accounting Policies and Notes to Accounts****A. Accounting policies/ compliance of Accounting Standards issued by the Institute of Chartered Accountants Of India****(1) AS 1: Disclosure on Accounting policies**

The Financial statements are prepared under the historical cost convention on an accrual basis. These statements are prepared in accordance with the generally accepted accounting principles of a going concern and as per the provisions of the Companies Act, 1956.

**(2) AS 2: Valuation of inventories**

a. Raw material, Stores, spare parts & consumables are valued at cost. The company adopts FIFO method for determining the cost.

b. Finished goods are valued at Cost or Net Realizable Value, whichever is less.

c. Work in process is valued at Cost or Net Realisable, whichever is less.

d. Scrap is valued at Net Realizable Value.

**(3) AS 3: Cash Flow statements**

Pursuant to the listing agreement with stock exchanges, a cash flow statement has been attached to the Balance sheet and Profit and loss account.

**(4) AS 5: Net Profit or loss for the period, prior period items and changes in accounting policies**

All items of income and expenses in the period are included in the determination of net profit, unless specifically mentioned elsewhere in the financial statements or is required by an Accounting standard. There are no changes in prior period items and accounting policies take place during the year

**(5) AS 6: Depreciation Accounting**

Depreciation is provided on the Straight-line method at the rates and in the manner specified in Schedule-XIV to the Companies Act, 1956. Depreciation on assets costing below ₹ 5000/- is depreciated at the rate of 100% on pro rata basis.

**(6) AS 7: Accounting for construction Contracts**

The above standard is not applicable to the company as it is not engaged in the business of construction.

**(7) AS 9: Revenue Recognition**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Income of the company is derived from sale of products net of sales return, trade discount and net of value added tax.

Sales are recognized on the basis of sales invoices raised and removal of goods from the factory premises. Export benefits are recognized on post shipment basis. However export benefit under Duty Exemption Pass Book schemes (DEPB) & other export benefits are accrued in the year of export.

The revenue and expenditure are accounted on a going concern basis.

Interest income is recognized using the time proportion method based on the rates implicit in the transaction.

Dividend income is recognized when the right to receive dividend is established.

Financial Derivatives and commodity Hedging Transactions: In respect of derivative contracts, premium paid, gains/losses on settlement and provisions for losses for cash flow hedges are recognized in the Profit and Loss account, except in case where they relate to borrowing costs that are attributable to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

**(8) AS 10: Accounting for fixed assets**

Fixed assets are stated at cost less Cenvat/ Value Added Tax less accumulated depreciation and impairment loss, if any. All the costs directly related to the acquisition and installation of the fixed assets including borrowing costs, wherever applicable and adjustments arising from the exchange rate variation, attributable to fixed assets are capitalized.

**(9) AS 11: Accounting for effects in Foreign Exchange rates**

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each Balance Sheet date.

Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules, 2006 on 31st March, 2009, which amended AS-11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long term monetary items arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/ deducted from the cost of the asset.

All other exchange differences are dealt with in the profit & loss a/c.

In case of forward exchange contracts, forward exchange contracts not intended for trading or speculation purposes. The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit and loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for that year.

**(10) AS 12: Accounting for Government grants**

The company has not received any grant from Government.

**(11) AS 13: Accounting of Investments:**

Current investments are carried at the lower of cost or quoted/fair value, computed category wise. Long term investments are stated at cost. Provisions for diminution in the value of long investments are made only if such a decline is other than temporary. However all the investments are classified as Long Term Investments.

**(12) AS 14: Accounting for Amalgamations**

The above standard is not applicable as there was no amalgamation during the year.

**(13) AS 15: Accounting for retirement benefits**

**Employee Benefit**

- i) Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and Loss account of the year in which the related services is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employer has rendered services. The expenses are recognized at the present value of the amount payable determined using actuarial valuation techniques. The scheme is maintained and administered by an insurer to which the trustees make periodic contributions.
- iii) Actuarial gains and losses in respect of past employment and other long term benefits are charged to the Profit and Loss Account.

**(14) AS 16: Borrowing cost:**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**(15) AS 17: Segment reporting**

The Company has only one business segment, which is the manufacturing of high tensile fasteners and operates in a single business segment based on the nature of the products, the risks and returns, the organization structure.

**(16) AS 18: Related party disclosure**

Disclosures of transactions with the related parties as defined in the Accounting Standard are given in point no. 7 of the notes to accounts

**(17) AS 19: Leases**

The Company has not entered into any lease agreement.

**(18) AS 20: Earnings per share**

Basic earnings per share are disclosed in the Profit and loss Account. Basic earnings per shares is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

**(19) AS 21: Consolidated financial statements**

The above standard is not applicable to the company as it does not have any subsidiary company.

**(20) AS 22: Accounting for taxes on income**

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period, the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions.



The differences that result between the profit offered for income taxes and the profits as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one account period and reverse in another, based on the tax effect of the aggregate amount being considered.

The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is a reasonable certainty that they will be realized in future.

**(21) AS 23: Accounting for Investments in associates**

The above standard is not applicable to the Company

**(22) AS 24: Discounting Operations**

The above standard is not applicable to the Company as it has not discontinued any operations during the year.

**(23) AS 25: Interim Financial Reporting:**

Quarterly financial results are published in accordance with the clause 41 of the Listing Agreement entered with the stock exchange. These are subjected to a limited review by the Auditor as required by the above clause.

**(24) AS 26: Intangible Assets:**

Research & Development Expenditure of ₹ 0.64 Lacs recognized as expenses.

**(25) AS 27: Financial Reporting of Interest in joint Ventures**

The above standard is not applicable to the Company as it has not entered in to any Joint Venture agreement.

**(26) AS 28: Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**(27) AS 29: Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized 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 not recognized but are disclosed in point no. 1 of notes on accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

**B. NOTES ON ACCOUNTS****1. Contingent liability not provided for:**

- a) Liabilities on account of foreign letter of credit are ₹ 152.30 Lacs (Previous year ₹ 229.86 Lacs) and on account of foreign letter of credit purchase ₹ 109.75 Lacs. (Previous Year – NIL )
- b) Estimated amount of contract remaining to be executed on capital account are ₹ 116.73 Lacs (Previous year ₹ Nil Lacs).
- c) For the Assessment Year 2005-06, Haryana Tax Tribunal, Chandigarh raised a demand of ₹ 15.73 Lacs and the appeal is pending before Haryana Tax Tribunal for the reference to High Court and the amount of ₹ 16.44 Lacs has been deposited.

For the Assessment Year 2004-05, Haryana Tax Tribunal, Chandigarh raised a demand of ₹ 14.10 Lacs and the appeal is pending before Haryana Tax Tribunal for the reference to High Court and the amount of ₹ 13.47 Lacs has been deposited.

For the assessment year 2003-04, Jt. Excise & Taxation Commissioner Appeal Rohtak raised a demand of ₹ 5.24 Lacs and the appeal is pending before the Haryana Tax Tribunal, Chandigarh and amount of ₹ 5.24 Lacs has been deposited against the demand.

2. The company account for liability for excise duty on finished products as and when these are remove. The Liability in respect of the finished products lying in the factory at the close of the current year has not been provided for in the accounts and hence not included in valuation of inventory of such products. However, the said liability, if accounted, would have no impact on the profit for the year and net current asset.
3. Inventories lying with third parties are subject to confirmation. The details are as follows: -

	Quantity (Kg.)/Pcs.	Value (₹)
Raw Material	38005 Kgs. (5045 Kgs..)	19.63 Lacs (2.57 Lacs)
Semi Finished Goods	2451303 Pcs. (698116 Pcs..)	49.86 Lacs (15.71 Lacs)

4. The banks having lien on fixed deposit amounting to ₹ 213,00,000/- (Previous year ₹ 150,00,000/-) against the letter of credit as margin money opened by the bank on behalf of the Company.
5. Balances of sundry debtors, loans, advances, current liabilities and sundry creditors are subject to confirmation.
6. Creditors of the Small Scale and Ancillary undertaking due for more than 30 days: Nil  
The above information given in Schedule 12 "Current Liabilities and Provisions" regarding small scale industries have been determined on the basis of information available with the company.
7. Related party disclosure as Accounting Standard 18
  - a) Parties where control exists:
    - i) Subsidiary company: NIL
  - b) Other parties with whom the company has entered into transactions during the year.
    - i). **Associates**  
Evergreen Consultants Pvt. Ltd.  
Mohindra Sales Pvt. Ltd.

ii) **Key Management Personnel**

- Mr. Deepak Arneja - Managing Director & CEO  
 Mr. Ravinder Mohan Juneja - Managing Director  
 Mr. Sudhir Arneja - Whole-Time Director

iii) **Relatives of Key Management Personnel**

- Mr. Dheeraj Juneja - Son of Mr. Ravinder Mohan Juneja  
 Mr. Prateek Arneja - Son of Mr. Sudhir Arneja

iv) **Enterprises over which key management personnel and relatives of such personnel exercise significant influence.**

NIL

c) **Related Party Transaction:-**

Nature of Transaction	Associates	Key Management Personnel & relatives	Enterprises over which key management & Relatives Personnel and relatives of Such personnel exercise significant influence.	Total
Sales	-	-	-	-
	(19664545)	-	-	(19664545)
Job Work	-	-	-	-
			(287350)	(287350)
Loans	-	1500000	-	1500000
	(9500000)	(2000000)	-	(11500000)
Purchased Goods	-	-	-	-
			(51219605)	(51219605)
Interest	902500	-	-	902500
	(1318165)	-	-	(1318165)
Remuneration	-	7201075	-	7201075
		(4892328)	-	(4892328)
<b>Balance Outstanding as at the end of the Year</b>				
Trade Payable	-	-	-	-
			(8635681)	(8635681)
Loan Payable	9500000	4000000	-	13500000
	(9500000)	(5100000)	-	(14600000)
Remuneration Payable	-	1004275	-	1004275
		(477400)	-	(477400)

**8. The Computation of Earning per Share: -**

	<u>Current Year</u>	<u>Previous Year</u>
Profit after tax for the year	21543114	20044204
Weightage Average Number of equity shares	5356800	5356800
Basic & Diluted Earning	4.02	3.74
Face Value of equity share (₹)	10.00	10.00

**9. Director's Remuneration**

Salaries	3868200.00	3045900.00
Allowances	158280.00	146100.00
Leave Encashment	100000.00	76250.00
Gratuity	115384.00	87981.00
	<u>4241864.00</u>	<u>3356231.00</u>

**Profit calculated under section 349 of the companies act, 1956 has been given below:**

<b>Net profit as per Profit &amp; Loss A/c</b>	<b>38739846.00</b>	<b>30770905 .00</b>
<b>Add:-</b>		
Loss/Profit on sale of Fixed Assets	(2335)	710030.00
Directors Remuneration etc.	4241864.00	3356231.00
	<u>42979374.00</u>	<u>34837166.00</u>

Director Remuneration as per section 309 (3) of the Companies Act 1956 ₹ 4297937/- (Previous Year – ₹ 3483716/-)

**10. Derivates contracts entered into by the Company and outstanding as on 31st March, 2011 is ₹ NIL**

**11. As per Accounting 15 "Employee Benefits", disclosures of Employee benefits as defined in Accounting Standard are given below:**

**Defined Contribution Plan:**

Contributions to Defined Contribution plan, recognized as expense for the year are as under:-

	(₹ In thousand)	
	2010-2011	2009-10
Employer's Contribution to Provident Fund and Pension scheme	1854.65	1641.39

**Defined Benefit Plan: Gratuity**

The employees' gratuity scheme managed by a Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognize each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**(i) Reconciliation of Opening and closing balances of Defined Benefit Obligation.**

	(₹ In thousand)	
	Gratuity	
	2010-2011	2009-2010
Defined Benefit Obligation at the beginning of the year	4388	3795
Current service cost	695	397
Interest cost	-	-
Actuarial (gain)/loss	(290)	373
Benefits paid	(115)	(177)
Defined Benefit Obligation at the year end	4678	4388

**(ii) Reconciliation of opening and closing balances of fair value of plan assets**

	(₹ In thousand)	
	Gratuity	
	2010-2011	2009-2010
Fair value of Plan Assets at the beginning of the year	3852	3337
Expected return on plan assets	349	297
Actuarial gain/loss	-	-
Employer contribution	630	395
Benefits paid	(115)	(177)
Fair value of plan assets at year end	4716	3852
Actual return on plan assets	-	-

**(iii) Reconciliation of fair value of Assets and obligations**

	(₹ In thousand)	
	Gratuity	
	As at 31st March	
	2010-2011	2009-2010
Fair value of plan assets	4716	3852
Present value of obligation	4678	4388
Amount recognized in Balance sheet	38	536

(iv) Expense recognized during the year

	(₹ In thousand)	
	Gratuity	
	2010-2011	2009-2010
Current Service cost	695	397
Interest cost	-	-
Expected return on plan assets	(349)	(297)
Actuarial (Gain)/loss	(290)	348
Net Cost	56	449

(v) Details of Investment for employees' gratuity fund scheme managed by a LIC are not available with the Company.

	Actuarial assumptions (₹ In thousand)	
	Gratuity	
	2010-2011	2009-2010
Mortality table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8%	8 %
Expected rate of return on plan assets (per annum)	9.15%	9.15%
Rate of escalation in salary (per annum)	6%	6 %

The estimates of rate of escalation in salary is considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors mainly, the composition of plan assets held, assessed risks, historical result of return on plan assets and the Company's policy for plan asset management.

12. Additional information pursuant to part II of Schedule VI of the Companies Act, 1956

(a) PARTICULARS OF CAPACITY

CLASS OF GOODS	HIGH TENSIL FASTENERS	
	CURRENT YEAR (QTY IN M.T.)	PREVIOUS YEAR (QTY IN M.T.)
LICENCED CAPACITY	N.A	N.A.
INSTALLED CAPACITY	12000.000	12000.000
ACTUAL PRODUCTION	6203.34	5468.53
CAPACITY UTILIZATION (%)	51.69	45.57

**Note:** Installed Capacity, being a technical matter is taken on the basis of certificate of the management.

**(b) Particulars in respect of Production, Sales and Stock of finished goods: -**

Class of Goods Particulars	High Tensile Fasteners		Value (₹)
	Quantity (Pcs.)	Quantity (Kgs)	
Opening Stock	34947397 (18368308)	382602	66282221 (39422244)
Production	371051675 (318638313)	6203347	678849015 (587363231)
Sales	388945287 (302059224)	6223056	699092001 (560503254)
Closing Stock	17053785 (34947397)	362893	46039235 (66282221)

**(c) Particulars of Raw Materials Consumed**

Description	Unit (Kg.)	Quantity (Kg.)	Value (₹)
Wire Rod	KG	7018013 (6453235)	363176965 (306156828)

**(d) Value of imported and indigenous Raw Material, Store and Spare parts and packing material consumed and percentage of each to the total consumption as Certified by the management.**

Item Raw Material	Current Year Value (₹)	% age	Previous Year Value (₹)	% age
Imported	109658751	30.19	61036004	19.94
Indigenous	253518214	69.81	245120824	80.06
	<u>363176965</u>	<u>100.00</u>	<u>306156828</u>	<u>100.00</u>

**Stores, Spare parts and Packing Material**

	Current Year Value (₹)	% age	Previous Year Value (₹)	% age
Imported	9685896	11.90	5047344	07.89
Indigenous	71711403	88.10	58909272	92.11
	<u>81397299</u>	<u>100.00</u>	<u>63956616</u>	<u>100.00</u>

**(e) C.I.F. Value of Imports**

	Current Year (₹)	Previous Year (₹)
Plant & Machinery	10740510	28753539
Raw Material	116646012	66264066
Consumable Stores	1614009	949113
Packing Material	4907528	1274236
Tool & Dies	4529323	2428492

**(f) Expenditure in Foreign Currency**

	Current Year (₹)	Previous Year (₹)
- Travelling Expenses	511836	1076594
- Discount Expenses	1882528	3088950
- Advertisement & Publicity exp.	415744	613007
- Freight Outward	295203	—
- Interest on ECB	1748549	602037
- Bank Charges	948805	1128657

**(g) Earning in Foreign Currency**

	Current Year (₹)	Previous Year (₹)
Export in FOB Value	315944128	268274301

13 Figures of Previous Year have been re-grouped /re-arranged/re-considered wherever considered necessary.

14 Schedule 1 to 21 forms an integral part of the Balance Sheet and Profit & Loss Account.

As per our report of even date

**For GSK & Associates**  
**Chartered Accountants**  
 FRN No. 013838N

**For & on behalf of the Board of Directors**

Sd/-  
**(Anil Somani)**  
 Partner  
 Membership No. 93521

Sd/-  
**(Sunil Mishra)**  
 DGM (Finance & Taxation)

Sd/-  
**(Ravinder Mohan Juneja)**  
 Managing Director

Sd/-  
**(Deepak Arneja)**  
 Managing Director

Place : New Delhi  
 Date : 23.07.2011

Sd/-  
**(Neha Gera)**  
 Company Secretary



**SCHEDULE VI – PART IV**

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

**I. Registration Details**

Registration No.		64215	State Code	55
Balance Sheet Date	Date	Month	Year	
	31	03	2011	

**II. Capital Raised during the year (Amount in Thousands)**

Public Issue	Right Issue	Preferential Issue
NIL	NIL	NIL
Bonus Issue	Private Placement	
NIL	NIL	

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

Total Liabilities	Total Assets
778418	778418

**Sources of Funds:**

Paid up Capital	Reserves & Surplus
53568	142174
Secured Loans	Unsecured Loans
232429	47199

**Application of Funds:**

Net Fixed Assets	Investments
250624	138
Net Current Assets	Miscellaneous Expenditure
243052	NIL
Accumulated Losses	
NIL	

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

Turnover (including other income)	Total Expenditure
755766	717026
Profit Before Tax	Profit After Tax
38739	21543
Earning Per Share (in ₹)	Dividend Rate (%)
4.02	7.5%

**V. Generic Names of Product of Company (as per monetary terms):**

Item Code No.	73181500
Product Description	High Tensile Fasteners

As per our report of even date

**For GSK & Associates**

**Chartered Accountants**

FRN No. 013838N

Sd/-  
(Anil Somani)

Partner

Membership No. 93521

Place: New Delhi

Date: 23.07.2011

Sd/-  
(Sunil Mishra)

DGM (Finance & Taxation)

Sd/-  
(Neha Gera)

Company Secretary

For & on behalf of the Board of Directors

Sd/-  
(Ravinder Mohan Juneja) (Deepak Arneja)

Managing Director

Managing Director

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	31st March, 2011 AMOUNT (₹)	31st March, 2010 AMOUNT (₹)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit (Loss) for the year	38,739,845.00	30,770,905.00
<b>Adjustment for :</b>		
Depreciation	29,458,685.00	32,162,551.00
Interest Charged to P&L A/c	38,287,874.00	39,056,238.00
Interest Credited to P&L A/c	(1,595,578.00)	(1,441,315.00)
(Profit) /Loss on sale of Fixed Assets	(2,335.00)	710,030.00
Dividend Received	(14,370.00)	(11,850.00)
	<u>104,874,121.00</u>	<u>101,246,559.00</u>
<b>Cash Flow in working Capital Activities:</b>		
<b>Adjustment for :</b>		
(Increase)/ decrease in Sundry Debtors	(9,421,203.00)	6,490,991.00
(Increase)/ decrease in Inventories	(47,732,615.00)	(69,436,430.00)
(Increase)/ decrease in Loans & advances	(9,975,519.00)	5,558,076.00
Increase /(decrease) in Current Liabilities	50,914,811.00	36,288,794.00
	<u>(16,214,526.00)</u>	<u>(21,098,569.00)</u>
Cash Generated From Operation	88,659,595.00	80,147,990.00
Income Tax Paid	(10,525,675.00)	(11,081,340.00)
<b>Net Cash From Operating Activities (A)</b>	<u>78,133,920.00</u>	<u>69,066,650.00</u>
<b>B. Cash Flow From Investing Activities :</b>		
Addition to Fixed Assets	(19,863,405.00)	(43,243,735.00)
Proceeds From Sale of Fixed Assets	10,000.00	1,616,500.00
Dividend Received	14,370.00	11,850.00
Interest on Fixed Deposit	1,595,578.00	1,441,315.00
<b>Net Cash Used In Investing Activities (B)</b>	<u>(18,243,457.00)</u>	<u>(40,174,070.00)</u>
<b>C. Cash Flow From Financing Activities :</b>		
Proceeds/(Repayment) of Long Term Borrowings (Including Unsecured Loans)	(12,407,674.00)	16,438,161.00
Interest Paid	(38,287,874.00)	(39,056,238.00)
Dividend paid	(2,520,875.00)	(3,056,354.00)
Dividend Tax	(444,849.00)	(546,233.00)
<b>Net Cash Used In Financing Activities (C)</b>	<u>(53,661,272.00)</u>	<u>(26,220,664.00)</u>
<b>Net Cash Flow During the Year (A+B+C)</b>	<u>6,229,191.00</u>	<u>2,671,916.00</u>
Cash & Cash Equivalents (Opening balance)	16,988,613.00	14,316,697.00
(Closing Balance)	23,217,804.00	16,988,613.00

**Notes:**

1. All figures in brackets are outflows.
2. Cash & Cash Equivalent is Cash & Bank Balances as per Balance sheet.
3. Previous Years figures have been regrouped/restated wherever necessary.

As per our report of even date

**For GSK & Associates**  
**Chartered Accountants**  
 FRN No. 013838N

For &amp; on behalf of the Board of Directors

Sd/-  
 (Anil Somani)  
 Partner

Sd/-  
 (Sunil Mishra)  
 DGM (Finance & Taxation)

Sd/-  
 (Ravinder Mohan Juneja)  
 Managing Director

Sd/-  
 (Deepak Arneja)  
 Managing Director

Membership No. 93521

Place : New Delhi  
 Date : 23.07.2011

Sd/-  
 (Neha Gera)  
 Company Secretary