



20th

ANNUAL REPORT

FOR THE YEAR ENDED
31st MARCH, 2014

Mohindra Fasteners Ltd.

BOARD OF DIRECTORS

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

Mr. Vinod Kumar
- Non - Executive Independent Director & Chairman

Mrs. Anjali Malik
- Non - Executive Independent Director

CIN

L74899DL1995PLC064215

SENIOR EXECUTIVES

Mr. Anurag Arneja
(General Manager-Operations)

Mr. Dheeraj Juneja
(General Manager-SCM)

Mr. Prateek Arneja
(General Manager-S & M)

CHIEF FINANCIAL OFFICER

Mr. Sunil Mishra

COMPANY SECRETARY

Ms. Madhu Kaushik

BANKERS

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

STATUTORY AUDITORS

M/s. GSK & Associates LLP
Chartered Accountants
8, 1st Floor, Rani Jhansi Road, Motia Khan,
Industrial Area, New Delhi –110055

**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

CIN : L74899DL1995PLC064215

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the members of the Company will be held at Bansal Farm House, Hiranki Road, Bakhtawarpur, New Delhi – 110036 on Thursday, 25th day of September, 2014 at 11:30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March, 2014 and Statement of Profit & Loss for the year ending on 31st March 2014 together with Directors' & Auditors' Report thereon.
2. To declare the dividend on equity shares for the financial year ended on 31st March, 2014.
3. To appoint a director in place of Mr. Jatinder Pal Singh Narang (DIN 00007332), who retires by rotation and being eligible, offers himself for re – appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of Twenty Third Annual General Meeting on a remuneration as may be mutually agreed between the Board of Directors and the Auditors, subject to ratification by shareholders in every general meeting.

5. Re-appointment & payment of remuneration to Mr. Sudhir Arneja (DIN 00007589) as Whole Time Director of the Company

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 149 of the Companies Act, 2013 and other rules made thereunder and the Articles of Association of the Company.

“**RESOLVED FURTHER THAT** pursuant to the provision of Section 196 and 197, Schedule V and other applicable provisions of the Companies Act, 2013, the approval of the Company be and is hereby accorded for the appointment of Mr. Sudhir Arneja, as a Whole Time Director of the Company for a period of five years, with effect from 01/10/2014 on the terms and conditions as specified in the statement pursuant to Section 102 (1) of the Companies Act, 2013.

6. Re-appointment & payment of remuneration to Mr. Deepak Arneja (DIN 00006112) as Managing Director of the Company

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 149 of the Companies Act, 2013 and other rules made thereunder and the Articles of Association of the Company.

“**RESOLVED FURTHER THAT** in accordance with the provisions of Section 196, 197 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013, the approval of the shareholders be and is hereby accorded for re – appointment of Mr. Deepak Arneja as a Managing Director of the Company, for a period of next five years.

7. Appointment of Mr. Vinod Kumar (DIN 02303504) as Independent Director of the Company for a period of five years

To consider and if thought fit, to pass with or without modification(s), the following resolutions as an **ORDINARY RESOLUTION:**

“**RESOLVED THAT** pursuant to Section 149, 150 and 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV to the Companies Act, 2013, Sh. Vinod Kumar, who was appointed in casual vacancy on the board of the Company with effect from 21st December, 2013 and who holds office until the date of the AGM, in terms of Section 161 of the Companies act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Vinod Kumar as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company up to 28th September, 2019, not liable to retire by rotation.

8. Appointment of Mrs. Anjali Malik (DIN 06875087) as Independent Director of the Company for a period of five years.

To consider and if thought fit, to pass with or without modification(s), the following resolutions as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to Section 149,150 and 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV to the Companies Act, 2013, Smt. Anjali Malik , who was appointed as additional director on the board of the Company with effect from 30th April, 2014 and who holds office until the date of the AGM , in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Smt. Anjali Malik as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company up to 28th September, 2019, not liable to retire by rotation.”

9. Appointment of relative of a director to an office of profit

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

“**RESOLVED THAT** pursuant to the Section and other applicable provision as specified by ministry in Companies Act, 2013, consent of the Company be and is hereby accorded for the appointment of Mr. Anurag Arneja, a relative of Mr. Deepak Arneja, the Managing Director of the Company to hold the office or the place of profit as (General Manager) w.e.f 01st April, 2014 on such terms and conditions as set out in explanatory statement attached to the notice convening this Annual General Meeting.”

10. Fixation of remuneration of the Cost Auditor of the Company for the financial year 2014-15.

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

“**RESOLVED THAT** pursuant to the provision of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and on the remuneration of the Board of Directors, consent of the members be and is hereby accorded for the payment of remuneration of Rs. 30,000/- plus service tax as applicable and reimbursement of out of pocket expenses, to M/s Sanjay Garg & Co. (Registration No.00344) Cost Accountants, Cost Auditors of the Company for the financial year commencing from 01st April, 2014 till 31st March, 2015”.

11. Increase in borrowing power in terms of Section 180(1)(c) of the Companies Act, 2013.

To consider and if thought fit, to pass with or without modification (s), the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** in supersession of the resolution passed in the Annual General Meeting held on 29th September, 2007 and pursuant to Section 180(1)(c) and other applicable provisions, if any of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which altogether with the monies already borrowed by the Company, (apart from temporary loan obtained from the Company’s Banker in the ordinary course of business) may exceed at any time, the aggregate of the paid up share capital of the Company and its free reserves, provided that the total amount so borrowed and outstanding at any point of time shall not be in excess of Rs. 60 Crores (Rupees Sixty Crores) over and above the aggregate of the paid up share capital and free reserves of the Company.”

Regd. Office:

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

Place: New Delhi

Date: 30.07.2014

By order of the Board

Sd/-

Deepak Arneja
(Managing Director & CEO)
DIN: 00006112

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.**

A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBER NOT EXCEEDING FIFTY AND HOLDING THE SHARES IN AGREEGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL 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 19.09.2014 to 25.09.2014 (both days inclusive).
3. Shareholders are requested to update their bank account particulars, change of address and other details with their respective Depository participants as well as to the Registrar and Transfer Agents (RTA).
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which set out details relating to special business at the meeting is annexed hereto.
5. Members are requested to get their shares dematerialized. The ISIN code of our securities with CDSL & NSDL is **INE705H01011.**
6. Relevant documents referred to in this accompanying Notice are open for inspection by the members at the registered office of the company on all working days between 11 a.m to 1.00 p.m and upto the date of the meeting.
7. For the convenience of the members, attendance slip is enclosed elsewhere in the Annual Report. Members/Proxy holders / Authorized representative are requested to fill in and affix their signature at the space provided therein and surrender the same at the venue of the AGM. Proxy/ Authorized Representatives of a member should state on the attendance slip as "Proxy or Authorized Representative "as the case may be.
8. The Directors Report, Auditors' Report and Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss Account for the financial year ended on that date are enclosed.
9. The company has designated an exclusive **e-mail id: cs@mohindra.asia** for redressal of shareholders'/Investor' complaints/ Grievances. In case you have any queries / complaints or grievances, then please write to us at the above e-mail address.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they maintain their Demat Accounts .Members holding shares in physical form can submit their PAN details to the company.
11. Pursuant to the provision of Section 124(3) and 125 of the Companies Act, 2013, followed by the issue of Investor Education & Protection Fund (Awareness and Protection of the Investors) Rules, and any further rules as may be notified by the Central Government in this regard any dividend transferred by the company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer by the company to a fund called Investor Education & Protection Fund (the fund) set up by the Central Government along with shares as hold by the shareholder.

Accordingly, unpaid/ unclaimed dividend for the Financial Year 2006-07 shall become transferrable to the fund on 28th September, 2014, followed by the transfer of the amounts of unpaid /unclaimed dividends for the subsequent years. No claim shall lie thereafter against the fund or the company in respect of such amounts transferred. Shareholders are therefore requested to verify their records and send claims. If any, for the relevant years from 2006-07 onwards, before the respective amounts become due for transfer to the fund. The following are the details of the dividend declared by the company and respective due dates for claiming by the shareholders.

Dividend Year	Date of Declaration	Last date for claim
2006-07	29/09/2007	28/09/2014
2007-08	13/09/2008	12/09/2015
2008-09	29/09/2009	28/09/2016
2009-10	30/09/2010	29/09/2017
2010-11	16/09/2011	15/09/2018
2011-12	22/09/2012	21/09/2019
2012-13	30/09/2013	29/09/2020

Those members who have not so far claimed their dividend for the financial year 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 are requested to make their claims to the company for obtaining their respective Demand Draft.

12. 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).

MOHINDRA FASTENERS LTD.

13. The copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
14. In case of any query, Members are requested to send the same to the Company Secretary at least 10 days before the date of the meeting so that information can be made available at the meeting.
15. Pursuant to the prohibition imposed vide Secretarial Standard of General Meeting (SS-2) issued by the ICSI and the draft MCA circular, no GIFTS/Coupons shall be distributed at the General Meeting.

Regd. Office:

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

Place: New Delhi

Date: 30.07.2014

By order of the Board

Sd/-

Deepak Arneja
(Managing Director & CEO)
DIN: 00006112

Pursuant to the requirement of Corporate Governance, a brief resume of the Director being re-appointed at the Annual General Meeting is given below:

	Particulars of Director	Particulars of Director	Particulars of Director
Name	Mr. Vinod Kumar	Mr. Jatinder Pal Singh Narang	Mrs. Anjali Malik
Date of birth	04/11/1964	31/05/1953	14/04/1968
Date of appointment	21/12/2013	04/08/1995	30/04/2014
Expertise in field	He has immense years of experience in Publication & Marketing Field	He has immense years of experience in Freight and Logistic	She has relevant experience in education Industry
Directorships in other companies	NIL	1. Kanpur Delhi Goods Carriers Ltd 2. Kanpur Delhi Transport (P) Ltd. 3. Harjas Impex (P) Ltd. 4. J.P Fashion wear (P) Ltd.	NIL
Committee membership in Mohindra Fasteners Limited	Audit Committee Investor Committee Remuneration Committee Nomination Committee Corporate Social Responsibility Committee	Audit Committee Remuneration Committee Nomination Committee	Audit Committee Remuneration Committee Nomination Committee
Shareholding in the Company	0.04%	3.47%	NIL

Regd. Office:

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Place: New Delhi

Date: 30.07.2014

By order of the Board

Sd/-

Deepak Arneja
(Managing Director & CEO)
DIN: 00006112

Additional Information on directors recommended for appointment /re-appointment as required under Clause 49 of Listing Agreement

1. Name : Mr. Jatinder Pal Singh Narang (DIN: 00007332)
 Fathers Name : Lt. Sh. Harbans Singh Narang
 Qualification : Graduate
 Age : 54 Years
 Residential Address : A-135, New Friends Colony, New Delhi - 110065
 Business Experience : Has 25 years of experience of holding responsible positions including directorship in Manufacturing & Trading of Steel Industries. He is also engaged in his family business of Transport/ Fleet Carriers, M/s Kanpur Delhi Goods Carrier (P) Ltd., since 1974-1975 and is instrumental in successful running of the company. His business acumen, leadership quality, financial and management expertise/techniques have benefited the organization significantly wherever he served.

2. Name : Mr. Vinod Kumar (DIN: 02303504)
 Fathers Name : Lt. Sh. Madan Lal
 Qualification : Graduate
 Age : 49 Years
 Residential Address : 11096, Doriwalan, East Park Road, Karol Bagh, New Delhi - 110085
 Business Experience : Has 20 years of experience in printing Industry and holding reputed position in the same. His business acumen, leadership quality, financial and management expertise/techniques have benefited the organization significantly wherever he served.

3. Name : Mrs. Anjali Malik (DIN: 06875087)
 Fathers Name : Sh. Shadi Lal Batra
 Qualification : Doctorate
 Age : 46 Years
 Residential Address : House No-190, Civil Lines, Rohtak, Haryana-124001
 Business Experience : She is been associated with education field for last 15 years and active socialite and providing free education to the less fortunate children of society.

Explanatory Statement

(Pursuant to Section 102 of the Companies Act, 2013)

Item No 5. Re-appointment & payment of remuneration to Mr. Sudhir Arneja as Whole Time Director of the Company

On recommendation by the Nomination Committee of the name of Mr. Sudhir Arneja for the reappointment on the post of Whole Time Director of the Company for the term of five years is hereby presented before the shareholders of the Company. The necessary explanatory and other requisite details are as follows:-

Validity of Appointment

The appointment will be valid for a period of 5 years from 01/10/2014 to 30/09/2019.

REMUNERATION

1) Basic Salary

Rs. 77000/- per month. In the grade of Rs. 77,000 - 8,000 – 1,09,000.

2) Allowances & Perquisites

In addition to above basic salary, 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) Bonus/Ex-gratia – As per the Rules of the Company.
- (g) 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 shall be restricted to Rs. 9,00,000/- per annum.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified in **Para (1) and (2) 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 V of the Companies Act, 2013.

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 THAT notwithstanding anything herein above stated wherein any financial year closing on or after 31st March, 2014, during the tenure of Mr. Sudhir Arneja as a Whole Time Director of the Company, the company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Sudhir Arneja the above mentioned remuneration by way of salary, bonus and other allowances as a minimum remuneration but not exceeding the limits specified under

Sechdeule V of the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.”

RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of appointment and/or remuneration subject to the same not exceeding the limits specified under Section 197, read with Sechdeule V of the Companies Act, 2013.

Item 6: Re-appointment & payment of remuneration to Mr. Deepak Arneja as Managing Director of the Company

On recommendation by the Nomination Committee of the name of Mr. Deepak Arneja for the post of Managing Director of the Company for the term of five years is hereby presented before the shareholders of the Company. The necessary explanatory and other requisite details are as follows:-

Validity of Appointment

The appointment will be valid for a period of 5 years from 01/07/2015 to 31/07/2020.

REMUNERATION

1) Basic Salary

Rs. 1,35,000/- per month. In the grade of Rs. 1,35,000- 20,000 – 2,15,000.

2) Allowances & Perquisites

In addition to above basic salary, 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) Bonus/Ex-gratia – As per the Rules of the Company.
- (g) 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 shall be restricted to Rs. 12,00,000/- per annum.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified in Para (1) and (2) 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 V of the Companies Act, 2013.

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 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 V or any other provisions of the Companies Act, 2013 and/or any statutory modification(s) thereof.”

Item 7 and 8:- Appointment of Mr. Vinod Kumar and Mrs. Anjali Malik as Independent Director of the Company for a period of five years

Mr. Vinod Kumar and Mrs. Anjali Malik are Independent Directors of the Company, whose period of office is not liable to determination by rotation.

Pursuant to Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, it is proposed to appoint Mr. Vinod Kumar and Mrs. Anjali Malik as independent directors to hold office for five consecutive years for a term up to 31st March, 2019. Notice(s) has been received from member(s) proposing Mr. Vinod Kumar and Mrs. Anjali Malik as candidate(s) for the office of Independent Director(s) of the company.

Mr. Vinod Kumar and Mrs. Anjali Malik are not disqualified from being appointed as directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has also received declarations from Mr. Vinod Kumar and Mrs. Anjali Malik that they meet with the criteria of independence as prescribed both under Section 149 of the Act and under clause 49 of the Listing agreement.

In the opinion of the board, Mr. Vinod Kumar and Mrs. Anjali Malik fulfill the conditions for appointment as Independent Directors; and they are independent of the management.

Item 9:- Appointment of relative of a director to an office of profit

The Board of Directors of the Company vide their meeting held on 29th January, 2014 approved the appointment of Mr. Anurag Arneja, brother of Mr. Deepak Arneja, the Managing Director of the Company, as General Manager-operations w.e.f 01st April, 2014, subject to the approval of shareholders in General Meeting on the following terms and conditions:-

Basic: 50,000, HRA 20,000, Transport Allowance 10,000, Children Education 7500, Special Allowance 8750

Present Ceiling: The Remuneration payable to Mr. Anurag Arneja in form of salary, perquisites and allowances shall not exceed 1,00,000 per month (12,00,000 p.a in Financial in Financial Year 2014-15)

Annual Increment: Mr. Anurag Arneja shall be entitle to get an Annual Increment of 12% p.a. on cumulative basis according to the present ceiling of Rs. 1 Lac and shall keep on increasing by the amount of increment in subsequent years of his continuance in the present job.

Note: Except Shri. Ravinder Mohan Juneja, Shri. Deepak Arneja and Shri. Sudhir Arneja ,none of the other Directors of the Company is, in any way concerned or interested in this resolution.

Item 10 :-Fixation of remuneration of the Cost Auditor of the Company for the Financial Year 2014-15

On recommendation of Audit Committee at its meeting held on 30th April, 2014, the board has considered and approved appointment of M/s Sanjay Kumar Garg & Co. Cost Accountants, for the conduct of the Cost Audit at a remuneration of Rs. 30,000/- plus Service Tax and reimbursement of actual travel and out of pocket expenses for the financial year 2014-15

Mr. Sanjay Kumar Garg is a fellow member of the Institute of Cost Accountants of India.

M/s. Sanjay Kumar Garg & Co, Cost Accountants are not related to any director of the Company.

The resolution at item No. 10 of the notice is set out as an ordinary resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the directors and/or key managerial personnel of the company and their relatives is concerned or interested, financial or otherwise, in the resolution.

Item 11:- Increase in borrowing power in terms of Section 180(1)(c) of the Companies Act, 2013

The members of the company at their Annual General Meeting held on 29th September, 2007 approved under Section 293(1)(d) of the Companies Act, 2013, borrowing over and above the aggregate of paid up share capital and free reserves of the Company, provided that the total amount of such borrowing together with the amounts

already borrowed and outstanding at any point of time shall not be in excess of 100% of the aggregate of the paid up share capital of the Company and its free reserves.

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 require that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves , apart from temporary loans obtained from the Company's bankers in the ordinary business, except with the consent of the Company accorded by way of a special resolution.

It is therefore, necessary for the members to pass the special resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No-11 of the Notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money up to Rs. 60 crores (Rupees Sixty Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

Regd. Office:

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

Place: New Delhi

Date: 30.07.2014

By order of the Board

Sd/-

Deepak Arneja
(Managing Director & CEO)
DIN: 00006112

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the 20th Annual Report and Audited Statement of Accounts for the year ended March 31st, 2014.

FINANCIAL RESULTS

	For the year ended	
	2013-2014 (₹ in lacs)	2012-2013 (₹ in lacs)
Sales/Other Income	9220.70	8341.43
Profit before Interest & Depreciation	1141.07	1076.20
Profit before Depreciation	963.53	844.00
Depreciation for the year	312.11	282.03
Profit before Taxation	651.42	561.97
Provision for Taxation:		
Current Tax	205.00	188.00
Deferred Tax	3.88	(0.32)
Profit after Tax	442.54	374.28
Add/Less Adjustment for previous year	3.74	8.25
Balance brought forward from previous year	1723.18	1470.93
Balance available for appropriation		
Proposed Dividend	96.42	85.71
Dividend Tax on proposed dividend	16.39	14.57
Transfer to General Reserve	35.00	30.00
Balance carried forward	2021.65	1723.18

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. We envisage ourselves to be a solution provider to our customers.

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 all customers
- to reduce cost in all areas
- to add value in the supply chain to the customers
- to maximize the Shareholder's Wealth

REVIEW OF OPERATIONS

The total net sales and other income of the Company have been recorded as 9220.70 Lacs for the Financial Year ending on 31st March, 2014. The corresponding figure for the previous financial year (ended 31st March, 2013) was 8341.43 Lacs. The increase is about 11% (approx)

The domestic sales for the current financial year 3665.61 Lacs (previous year 3858.75 Lacs) which shows a decrease of 5%.

Our domestic sales were decrease due to tight economic conditions as apart from the two wheeler segment, all other segments were in negative growth rate. However things appear better and in the positive zone in the current Financial Year.

The export sales for the current Financial Year is 5555.09 Lacs (Previous Financial Year 4482.68 Lacs), which shows increased in export sales figure by 23% (approx). This increase is on account of higher business from existing /new customers and also acceptance of MFL's quality in the overseas markets. The European/American markets did grow well, which translated into new business opportunities for your Company.

The Net Profit Before Tax (PBT) of the Company is Rs. 651.43 Lacs as compared to previous year figures of Rs. 561.97 Lacs. Besides the operative profit, the management is committed to replace expensive loans by competitive debt/instruments. The overall debt reduction is also a priority for your Company.

DIVIDEND

Keeping in view MFL's tradition of high regard to the shareholders of the company, The Board is pleased to recommend the dividend @ 18% i.e. Re 1.80 per share of Rs. 10/- each fully paid up, for the financial year ended on 31st March, 2014. 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 19.09.2014. The total outgo on account of dividend, inclusive of Dividend Tax @ 16.995 % (inclusive of Surcharge & Educational Cess) stands at Rs. 112.81 Lacs. The tax will not be deducted at source.

TRANSFER TO GENERAL RESERVE

Out of the profits of the company, a sum of Rs. 35 Lacs transferred to general reserve and total reserve and surplus of the company is Rs. 2320.49 Lacs as on 31st March, 2014.

CURRENT PERFORMANCE

The year has started on a fairly positive note, although the sentiment is still not very high. The domestic industry expects to grow on the back of a new federal government, hoping that quicker and timely decisions will kick start the economy. The monsoon is still playing a "Truant", and we hope that we might just get a normal rain this season. This will surely help in consolidating the automotive demands from smaller towns/cities. The budget by the new government has put some additional money in the hands of individuals. The net result should be visible in a few months. We would expect a downward pressure on interest rates before the festival period, further increasing demand.

The exports are still satisfactory and we are secured by running contracts with our customers. The customers are fairly spread geographically and we try our best to diversify portfolio of our customers.

We hope that this financial year would be a good balanced year for the Company.

GREEN FIELD PROJECT

The Company has purchased three acres industrial land (about 12150 sq. meters) at IMT Rohtak to establish our new manufacturing unit, named as "Unit-III".

A sum of Rs. 1,51,87,500/- paid as allotment/earnest money as per the terms of "Letter of Allotment" form HSIIDC, the "Title Deed" in respect of land acquired will be executed after the full payment to HSIIDC.

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 enabled it to earn international certifications like: ISO 9001:2008, ISO/TS 16949:2009 and ISO 14001:2004.

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 having international certification under OHSAS: 18001:2007, which help us to implement safety policies.

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 2013-2014. **(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, 2013 and the Articles of Association of the Company, Mr. Jatinder Pal Singh Narang, the director, is due to retire at the forthcoming Annual General Meeting, and being eligible, have offered them self for re-appointment.

Mr. G D Soni's office has been vacated due to his untimely death and in his place we appoint Mr. Vinod Kumar, as Director appointed in casual vacancy, whose appointed will be regularized in the ensuing Annual General Meeting.

The Company offers its heartfelt condolence to the family of Mr. G. D.Soni.

Mr. Vinod Kumar and Mrs. Anjali Malik have been appointed as Independent Directors of the Company, subject to confirmation in the Annual General Meeting of the company for a term upto five years and their appointment is not liable to be retire by rotation.

STATUTORY AUDITORS

I) Appointment

M/s GSK & Associates LLP, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. M/s GSK & Associates LLP have under Section 139 of the Companies Act, 2013, furnished the certificate of their eligibility for reappointment as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of Twenty Third Annual General Meeting of the Company, subject to ratification by members in every Annual General Meeting of the Company.

II) Report

The Auditors' Report and Notes on Accounts for the Financial Year 2013-14 are self explanatory and therefore do not call for any further comments and explanations.

COST AUDITOR

Pursuant to Section 148 of the Companies Act, 2013, The Board of Directors of the Company on the recommendation of the Audit Committee, reappoint of Mr. Sanjay Kumar Garg & Co. as Cost Auditor of the Company for the financial year 2014-15.

INDUSTRIAL RELATIONS

During the year under review, harmonious industrial relations were maintained in your company.

SUBSIDIARIES

Your Company does not have any Subsidiary Company.

AWARD AND RECOGNITION

Your Company won the following awards during the Financial Year 2013-14:-

Autolive India Private Limited

Best Support for New Products Launch-2013

Subros Limited

Best Vendor for Timely Closure of Quality Issues

Takata India Private Limited

Appreciation Award

STATUTORY DISCLOSURES

Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions under Section 134(3) of the Companies Act, 2013, the Directors hereby confirm:-

- i) that in preparation of the annual accounts for the financial year ended 31st March, 2014 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, 2013 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, 2014 on a going concern basis.

PARTICULARS OF EMPLOYEES

None of the Employees of the Company is covered under Section 134(3) of Section of the Companies Act, 2013.

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 as specified in director disclosure statement under Companies Act, 2013, 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

MFL holds pride in its systems for providing a good quality of work-life to its employees. It encourages a culture of mutual respect and trust amongst peers, superiors and subordinates. We also maintain good harmonious industrial relations amongst the employees in our organization.

MFL shares the growing concern on issues related to Environment and Occupational Health & Safety (EHS) and is committed to protect in and around its own establishment and to provide Safe & Healthy Environment to all its employees for fulfilling these obligations.

A Health, Safety & Environment Policy has been formulated and implemented through Management System. In recognition of this MFL has been awarded ISO 14001:2004 & OHSAS 18001:2007

Our HR Deptt. ensures competent and committed team engaged in building a culture of learning to achieve excellence in performance and employee satisfaction by enhancing their skills through Training & Development Programs for innovation & continual improvement of the employees.

The Company encourages its team members to participate in external /internal trainings in Techno/Commercial fields to enhance their skills.

FIXED DEPOSIT

Your Company has not accepted / invited any deposit within the meaning of Part V of the Companies Act, 2013.

CASH FLOW ANALYSIS

In compliance with the provision of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31st March, 2014 is annexed hereto.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments, affecting the financial positions of the Company that have occurred between the end of the financial year of the Company and the date of signing of this report.

SAFETY, HEALTH AND ENVIRONMENT MEASURES

Protection of environment is the prime concern of your company. Your Company complies with the relevant laws and regulations as well as take any additional measures considered necessary to prevent pollution, maximize recycle, reduce waste, discharges and emissions. Company conserves natural resources by their responsible and efficient use in all the operations and plant trees.

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 directors' place on record their sincere appreciation for the dedicated efforts put in by all employees, their commitment and contribution toward the growth of the Company.

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.

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 : 30.07.2014

By order of the Board

Sd/-
(Ravinder Mohan Juneja)
Managing Director
DIN: 00006496

Sd/-
(Deepak Arneja)
Managing Director & CEO
DIN: 00006112

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 or any other applicable section or provision of Companies Act, 2013.

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 or more.
- 5) Rationalization of load on different DG sets.
- 6) Installation of LED lamps at a few places on trial basis to study the cost benefits.

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 (Rule-2)**

Form for disclosure of particulars with respect to Conservation of Energy.

1. POWER AND FUEL CONSUMPTION

	Current Year 2013 – 2014	Previous Year 2012 - 2013
a) Power		
Purchased		
i) Unit (KWH)	7531860	6619287
ii) Total Amount	59642772	40883540
iii) Rate Per Unit (Rs.)	7.92	6.18
b) Own Generation	Nil	Nil
b) Fuel		
Coal	Nil	Nil
Diesel Oil (Ltrs.)	178153	404695
Total Amount	9600386	17833324
Rate Per Ltr. (Rs.)	53.89	44.07
c) Gas		
Petroleum Gas (Kgs.)	38506	26268
Total Amount	2748378	1799307
Rate Per Kg. (Rs.)	71.38	67.88
2. CONSUMPTION PER UNIT OF PRODUCTION		
Production (with details) Unit		
Productivity	6243.71	5533.15
Electricity KWH/MT	1206.31	1196.30
Diesel Oil Ltr. / MT	28.53	73.14
LPG (In Kg) MT	6.17	4.75

B Technology Absorption:

- a) Efforts made in Technology absorption as per **Form B** of the Annexure

Form B (Rule-2)

Form for disclosure of particulars with respect to absorption.

Research and Development (R&D)

The Company keeps itself updated with latest technological innovations by way of constant communication, personal discussions and visit to foreign countries/plants and benchmarking best practices.

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. Technology Absorption, Adaptation & Innovation

Efforts made

The company keeps itself updated with latest technological innovations by way of constant communication, personal discussions and visit to overseas countries/ plants and benchmarking best industrial practices.

D. 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.

E. Expenditure on R&D

- i. Capital Rs. 26.15 Lacs
- ii. Recurring Rs. 0.52 Lacs
- iii. **Total Rs. 26.67 Lacs**
- iv. Total R& D expenditure as a percentage of total turnover 0.29%.

The Company has incurred expenditure amounting to Rs. 26.67 Lacs

(Capital Expenditure- 26.15 Lacs and Revenue Expenditure –0.52 Lacs) towards Research and Development.

Technology, Absorption, Adaptation and Innovation

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

- a. The Company is having the following quality/system related certification:-

ISO 9001:2008

ISO/TS 16949: 2009

ISO 14001:2004

OHSAS 18001:2007

- b. Training of personnel in –house.

2. Benefits derived as a result of the above efforts eg. 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

A laser engraving machine 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 and some other Asian and East European Countries. The Company has added new customers in our portfolio across the globe. Most of our customers have shown keen interest to engage with MFL, as their preferred supplier and work as a long term strategic partner, resulting in increase in new parts and business with existing customers. This interest is based on our ability to supply superior quality and complex parts at most competitive prices.

The Company participated in overseas Trade Fairs to display its products and to tap new overseas customers. Responses to company's products are good resulting in fresh enquiries from various customers.

ii) Total foreign exchange used and earned.

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

(1) Foreign Exchange Earnings: In FOB value Rs. 5018.80 Lacs

(Prev. yr. In FOB value Rs. 4055.06 Lacs)

(2) Foreign Exchange Outgo: Rs. 848.88 Lacs

(Prev yr. Rs. 1736.47 Lacs)

Annexure-“A”

CORPORATE GOVERNANCE REPORT

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create values for the organization as well as for its stakeholders. The Company believe in sound Corporate Governance is critical for enhancing and retaining investor's trust and the Company always seeks to ensure that its performance goals are met with integrity.

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 company policy is to maintain optimum combination of executive and non-executive directors.

The Board comprises of six directors, which include three executive directors and three non executive directors as on 31st March, 2014. The Board is primarily responsible for the overall management of the Company's business. The directors on the board are from varied fields with wide range of skills and experience. The non executive directors bring statutory and wider prospective in the board's deliberations and decisions.

All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the board in every financial year, give a declaration that they meet with the criteria of independence as provided under clause 49 of the listing agreement.

The composition of the Board of Directors as on March 31, 2014 with their attendance at the Board Meetings held during the year 2013-14 and the last Annual General Meeting is given below:

Meetings and Attendance

Details of Meetings of Board of Directors held during the Financial Year 2013-2014

S. No.	Date of Meeting	Board Strength	No. of Directors Present
1	29.04.13	5	5
2	27.07.13	5	5
3	29.10.13	5	3
4.	21.12.13	5	3
5.	29.01.14	5	4

Leave of absence was obtained in terms of Section 283 (1) (g) of the Companies Act, 2013 and granted in all cases of absence by Directors. The Composition of the Board as on 31st March, 2014 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 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	3	No	-	-
2	Mr. Deepak Arneja	Managing Director	5	Yes	-	-
3	Mr. Sudhir Arneja	Whole Time Director	5	Yes	-	-
4	Mr. J. P. Singh Narang	Non Executive Director	3	No	1	-
5	Mr. Ghanshyam Dass Soni (Expire)	Non-Executive Independent Director	3	No	-	-
6	Mr. Vinod Kumar	Non-Executive Independent Director	1	No	-	-
7.	Mrs. Anjali Malik *	Non-Executive Independent Director	-	-	-	-

* appointed as Director on 30th April, 2014.

Notes:

- The term 'Whole time Director' used in this report refers to functional/executive directors as contemplated in the Listing Agreement.
- 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.
- The number of Directorships is within the maximum limit of Twenty (20) as mentioned in Section 165 of the Companies Act, 2013.
- Five meetings of the Board of Directors were held during the year viz on 29th April, 2013, 27th July, 2013, 29th October, 2013, 21st December, 2013 and 29th January, 2014. Agenda papers were circulated to the Directors in advance for each meeting. All relevant information as required under Clause 49 of the Stock Exchange Listing Agreement was placed before the board from time to time.
- 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.
- 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 codes of conduct attached as Annexure –A1 to this report. The declaration signed by Managing Director affirming compliance with the Code of Conduct during 2013-14 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 CFO 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, 2014 are:

1. Mr. Vinod Kumar
2. Mr. Deepak Arneja
3. Mr. J P Singh Narang

Meetings and Attendance

During the financial year, five meetings were held on 29th April, 2013, 27th July, 2013, 29th October, 2013, 21st December, 2013 and 29th January, 2014.

Details of Meetings held and attendance during the financial year 2013 – 2014:

S. No.	Name of the Member	Category	No. of Meetings attended
1	Mr. Vinod Kumar	Chairman	1
2	Mr. Deepak Arneja	Member	4
3	Mr. J P Singh Narang	Member	3
4	Mr. Ghanshyam Dass Soni*	Member	3

* Expire due to untimely death

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

The Board has framed remuneration policy, which is generally in line with the existing industry practice and applicable laws

Name of Director	Position	Category
Mr. Vinod Kumar	Chairman	Non-executive Independent Director
Mr. J P Singh Narang	Member	Non-executive Director
Mr. Deepak Arneja	Member	Executive Director
Mrs. Anjali Malik	Member	Non-executive independent Director

Term of reference:- The Remuneration Committee has been constituted to oversee the method, criteria and quantum of compensation for directors based on their performance and defined assessment criteria.

Remuneration Policy:- The Company has paid the following remuneration to directors during the year under review, which is in accordance with the provisions and Schedule XIII of the Companies Act, 1956/Schedule V of the Companies Act, 2013 and Section 177(4) of the Companies Act, 2013.

Remuneration to Executive Directors

The term of existing remuneration of Mr. Ravinder Mohan Juneja, Mr. Deepak Arneja and Mr. Sudhir Arneja have already been fixed by the Board of Directors and approved by the Shareholders of the Company.

Details of the remuneration paid to Executive Directors during the year 2013-14 are given below:-

Executive Directors	Relationship with other Directors	Business relationship with the Company, if any	Remuneration paid during 2013-14 (Rs.)			
			All elements of remuneration package i.e. salary, benefits, bonuses, pension etc.	Fixed component & performance linked incentives, along with performance criteria	Service contracts, notice period, severance fee	Stock Options (If any)
Mr. Ravinder Mohan Juneja	Nil	Managing Director	2030400	-	-	-
Mr. Deepak Arneja	Brother of Mr. Sudhir Arneja	Managing Director & CEO	1955760	-	-	-
Mr. Sudhir Arneja	Brother of Mr. Deepak Arneja	Whole Time Director	1332000	-	-	-

Notes:-

- Bonus for the year 2013-14 amounted to Rs. 8400/- each.
- The Company does not have any scheme for grant of stock options to its Directors or Employees.

Non – Executive Directors

During the financial year 2013-14, Non –Executive Directors were not paid sitting fees for any meeting of the Board and for any 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.

5. SHAREHOLDER COMMITTEE

The Composition of shareholder Committee is as follows:-

Name of the Director	Position	Category
Vinod Kumar	Chairman	Non-Executive Independent Director
Ravinder Mohan Juneja	Member	Executive Director
Deepak Arneja	Member	Executive Director

- (i) The Share Transfer and shareholders' Grievances Committee looks into Shareholders' and Investors' grievances
- (ii) The Company conducted thirty six meetings during the Financial year 2013-2014
 i.e. three meetings for each month. No. of meetings conducting are 10th April, 2013, 20th April, 2013, 30th April, 2013, 10th May, 2013, 20th May, 2013, 31st May, 2013, 10th June, 2013, 20th June, 2013, 29th June, 2013, 10th July, 2013, 20th July, 2013, 31st July, 2013, 10th August, 2013, 20th August, 2013, 31st August, 2013, 10th September, 2013, 20th September, 2013, 31st September, 2013, 10th October, 2013, 21st October, 2013, 31st October, 2013, 10th November, 2013, 20th November, 2013, 30th November, 2013, 10th December, 2013, 20th December, 2013, 31st December, 2013, 10th January, 2014, 20th January, 2014, 31st January, 2014, 10th February, 2014, 20th February, 2014, 28th February, 2014, 10th March, 2014, 20th March, 2014 and 31st March, 2014.

During the year no complaint was received from any shareholder of the Company and hence no complaint was pending as on 31.03.2014.

However the Company had received 23 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, 2014.

6. NOMINATION COMMITTEE

Your Company constitutes a nomination committee to comply with Section 178 of the Companies Act, 2013, which provides that every listed company require to constitute nomination committee, the purpose of which is to nominate candidate to be appointed as director in the Company after evaluating their knowledge and past experience.

Name of the Director	Position	Category
Anjali Malik	Chairman	Non-Executive Independent Director
Ravinder Mohan Juneja	Member	Executive Director
J P Singh Narang	Member	Non-Executive Director
Vinod Kumar	Member	Non-Executive Independent Director

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

To comply with Section 135 of the Companies Act, 2013 and Companies Corporate Social Responsibility Rules, 2014 as issued by Ministry of Corporate Affairs, vide Notification No. 1/15/2013-CL.V, dated 27/02/2104, Company constitute Corporate Social Responsibility Committee. The Composition of the Committee is as follows:-

Name of the Director	Position	Category
Deepak Arneja	Chairman	Executive Director
Ravinder Mohan Juneja	Member	Executive Director
Vinod Kumar	Member	Non-Executive Independent Director

Company constitutes its CSR policy, copy of which is available on the website of the Company also.

Details of shareholding of Directors as on 31.03.2014 are given as under:

S.No.	Name of the Director	No. of equity shares	% of Holding
1	Mr. Ravinder Mohan Juneja	484650	9.05
2	Mr. Deepak Arneja	421000	7.86
3	Mr. Sudhir Arneja	283700	5.30
4	Mr. Jatinder Pal Singh Narang	186000	3.47
5	Mr. Ghanshyam Dass Soni*	414600	7.74
6	Mrs. Anjali Malik	-	-

* Untimely death in office.

6. COMPLIANCE OFFICER

Ms. Madhu Kaushik, 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

7. 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.11 of this report.

8. CEO Certification

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

9. 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).

10. GENERAL SHAREHOLDERS INFORMATION

10.1 Registered Office

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

10.2 Annual General Meeting

Date : 25th September, 2014
Venue : Bansal Farm House, Hiranki Road, Bakhtawarpur, New Delhi-110036
Time : 11.30 a.m.
Book Closure Dates : 19.09.2014 to 25.09.2014 (both days inclusive)

10.3 Particulars of last three AGMs

AGM	YEAR	VENUE	DATE	TIME	SPECIAL BUSINESS
19th	2012-2013	Bansal Fam House, Hiranki Road, Bakhtawarpur, New Delhi – 110036	30.09.2013	11.30 a.m.	None
18th	2011-2012	Red Rose Farm House, Budhpur, New Delhi – 110036	22.09.2012	11.30 a.m.	None
17th	2010-2011	Aggarwal Farm House, Hiranki Road, Bakhtawarpur, New Delhi – 110036	16.09.2011	11.30 a.m.	Reappointment of Mr. Ravinder Mohan Juneja as Managing Director of the Company.

10.4 Special Resolution through Postal Ballot

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 2014 – 2015

Quarterly results ended on:

30th June 2014	:	July, 2014
30th September 2014	:	October, 2014
31st December 2014	:	January, 2015
31st March 2015	:	April, 2015

Dates of Book Closure:

The register of Members and Transfer Books will remain closed from 19.09.2014 to 25.09.2014 (both days inclusive)

Dividend Payment

The Board of Directors of the Company has proposed the dividend @ 18% (i.e. Rs.1.80 per share of Rs. 10/- each fully paid) for the financial year 2013 – 2014, 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 2014 – 2015 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 31.03.2014

S. No.	Category	No. of Shares Held	%age of Shareholding
1	Promoters – Individuals	3455500	64.50
2	Mutual Funds	19600	0.37
3	Banks, Financial Institution	0	0
4	Private Corporate Bodies	449000	8.38
5	Indian Public	1432700	26.75
6	NRI, Foreign Nationals, OCBs and FIIs	NIL	NIL

Distribution of Shareholding as on 31.03.2014

Shareholding of Nominal Value	No. of Shareholders	%age of Shareholders	No. of Shares Held	%age of Shareholding
Up to 500	150	34.48	63300	1.18
501 – 1000	148	34.02	144800	2.70
1001 – 2000	46	10.57	90100	1.68
2001 – 3000	31	7.13	80200	1.50
3001 – 4000	5	1.15	177000	0.33
4001 – 5000	12	2.76	59500	1.11
5001 – 10000	9	2.07	76250	1.42
10001 & above	34	7.82	4824950	90.07
Total	435	100	5356800	100

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: 011-26812682, 83 & 84.

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. Then, the shares are confirmed to the respective clients account with depository of National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL).

The Company's Share Transfer and Investor's Grievances & Redressal Committee generally meet three times in a month for approving share transfers. The Share Certificates are returned to the transferee within a period of one week provided the documents lodged with the Company are clear in all respects. There are no pending transfers as on 31st March, 2014.

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, 2014 the total 4618500 no. of equity shares of the Company, which forms 86.22% 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 738300 no. of equity shares, which forms 13.78% of the paid up share capital of the company has been held in physical form. Annual Custody Fees for the year 2014 – 2015 has been paid to both the depositories of the Company, namely National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL).

Nomination of Shares

As per Section 72 of the Companies Act, 2013, 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, 2013. The members holding shares in dematerialized form may contact and consult their respective depository participant (DP) for availing the nomination facility.

The related forms and other details related to nomination is available on the website of the Company.

Stock Market Data

No shares of the Company were reported to be traded in the Stock Exchange during the financial year 2013 - 2014.

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

11. Non Mandatory Requirements

1. 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 performa, are published in “Financial Express” (English) and in “Jansatta” (Hindi).

2. Audit Qualification

There is no Audit Qualification by the Statutory Auditors.

3. 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.

4. 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.

12. 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 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 or personal 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: 30.07.2014

Sd/-

Deepak Arneja
(Managing Director & CEO)
DIN: 00006112

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:30.07.2014

Sd/-
Deepak Arneja
(Managing Director & CEO)
DIN: 00006112

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 31.03.2014 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 years 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:30.07.2014

Sd/-
Deepak Arneja
(Managing Director & CEO)
DIN: 00006112

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 2014 – 2015.

OVERVIEW

The financial statements of the Company have been prepared in compliance with the requirements of the Companies Act, 2013 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

Global economic indicators are expected to improve, led by positive prospects in advanced economies. The BRICS nations as well as other Asian/African countries with a huge population show positive signs of economic revival albeit with a rider of tough high food inflation. Certain geographical issues in the Eastern Europe, North Korea and the Middle East with civil wars in some African Countries do make the whole situation grim.

The economic activity in India is expected to improve modestly in this year, driven by global economic revival and moderation in inflation. This is largely on account of better business cum political sentiments due to installation of a new federal government.

Fasteners market is expected to remain upwardly stable with expectations of a quantum jump from the next year, based on improved parameters, as explained above. The general Engineering, Automotive, Construction, Railways and other infrastructure related projects are explained to witness huge growth in the coming years. This will surely benefit your company in the medium to long term.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The performance of fasteners industry is linked to the automobile sector. The Financial Year 2013-14 shows favorable sign of improvement in economy, which provide boost to the manufacturing sector and shows upward trend in company's sales figure.

The reason for upward trend is liberalized government policies towards export and welcome approach towards Foreign Direct Investment.

In 2013-14, prominent companies such as Maruti Suzuki India Ltd and Hero MotoCop Ltd. had to cut production at their respective plants which affected fasteners industry also.

OUTLOOK

The performance of the fasteners industry is directly linked to the automobile sector. The growth of the automobile sector is dependent on the performance of the economy. The Government expects economy to grow by 6%.

India is emerging as one of the world's fastest growing market for car as well as for two wheelers. It is also home for the largest motor cycle manufacturer and fifth largest commercial vehicle manufacturer giving a promising future for fasteners industry also.

Our company is focusing on cost reduction measures as well as to improve processes to enhance customer satisfaction which will have a long term benefit in helping your company to achieve its goals and scale new heights in the growth path.

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 affect 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 almost 10 % during the financial year, which shows an upward trend in market and hopefully this scenario will continue due to steps taken by government towards liberalizing export policies and welcome approach towards Foreign Direct Investment (FDI).

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 304 employees as on 31st March, 2014.

Being a manufacturing company, workers form an important link in the chain of growth. A congenial atmosphere has been created at the shop floor level and all facilities required for a secure and cordial environment are provided. Management at all level takes care of the interest of the workforce and frequent interactive sessions are conducted throughout the year.

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: 30.07.2014

Sd/-
Deepak Arneja
(Managing Director & CEO)
DIN: 00006112

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MOHINDRA FASTENERS LIMITED

Report on Financial Statements

We have audited the accompanying financial statements of Mohindra Fasteners Limited ("the company"), which comprise the Balance Sheet as at March 31, 2014 Statement of Profit & Loss and Cash Flow statement for the year then ended and; summary of significant Accounting Policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these financial statement that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant of India. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accordance principles generally accepted in India:

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government of India in terms of section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
2. As required by Section 227(3) of the Act, 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 account, 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, Statement of Profit & Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, the Statement of Profit & Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
- e) On the basis of written representations received from the directors, as on March 31, 2014, and taken on records by the Board of Directors, we report that none of the director is disqualified as on March 31, 2014 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

For GSK & Associates LLP

Chartered Accountants

(Registration No. 013838N)

Sd/-

Anil Somani

(Designated Partner)

Membership No. 93521

Place: New Delhi

Date: 30.07.2014

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory requirements" of our Report of even date

In respect of its fixed asset:

- a) The Company has maintained proper records showing full particulars including quantity details and situation of fixed assets on the basis of available information.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, 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 its fixed assets during the year and the going concern status of the company is not affected.

2. In respect of inventories:

- 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 inventories followed by the management are reasonable and adequate in relation to the size of Company and the nature of its business.
- c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to book records.

3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

- a) 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. Consequently the requirement of clause (iii) b, (iii) c and (iii) d of paragraph 4 of the order are not applicable.
- b) The Company has not taken unsecured / secured loans from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act,1956. Consequently, the requirements of clauses (iii)(f) and (iii)(g) of paragraph 4 of order are not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory & fixed assets and for the sale of 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. In respect of the Contracts or arrangements referred to in Section 301 of the Companies Act,1956.

- a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts 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 transaction have been made at the prices which appear reasonable as per information available with the company.

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. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government Under Section 209(1)(d) of the companies Act, 1956 and are of the opinion, that prime facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
 - 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, 2014 for a period of more than six months from the date they became payable.
 - b) The disputed statutory dues aggregating to Rs 34.46 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	High Court of Punjab and Haryana, Chandigarh	5.24
Haryana Value Added Tax Act, 2003	VAT/CST	13.49	2004-2005	High Court of Punjab and Haryana, Chandigarh	13.47
Haryana Value Added Tax Act, 2003	VAT/CST	15.73	2005-2006	High Court of Punjab and Haryana, 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 covered by the audit 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 banks.
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 examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short- term basis that 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 money 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 has been noticed or reported during the year.

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

Sd/-

Anil Somani

(Designated Partner)

Membership No. -93521

Place: New Delhi

Date : 30.07.2014

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members 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 2014, 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 compliance with 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 conditions of Corporate Governance as stipulated in the clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither as 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 LLP
CHARTERED ACCOUNTANTS
(Registration No. 013838N)

Sd/-

Anil Somani

(Designated Partner)

Membership No. –93521

Place : New Delhi

Dated :30.07.2014

MOHINDRA FASTENERS LIMITED

304, Gupta Arcade, Inder Enclave, Delhi - Rohtak Road, New Delhi-110087

BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note	As at 31st March, 2014 in ₹	As at 31st March, 2013 in ₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	53568000	53568000
(b) Reserves and Surplus	2	232049228	198702114
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	7925503	53885476
(b) Deferred Tax Liability (Net)	4	29280633	28892446
(3) Current Liabilities			
(a) Short-Term Borrowings	5	158421933	126220498
(b) Trade Payables	6	202618075	123805938
(c) Other Current Liabilities	7	22556074	25381973
(d) Short-Term Provisions	8	48197803	41477554
Total (Equity & Liabilities)		754617249	651933999
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	249283191	248110805
(ii) Intangible Assets		2283509	1437908
(III) Working in Progress		6307446	-
(b) Non Current Investments	10	137617	137617
(c) Long Term Loans and Advances	11	8498436	5448418
(d) Other Non Current Assets	12	1498513	2231191
(2) Current Assets			
(a) Inventories	13	201490511	155640506
(b) Trade Receivables	14	168868149	160473534
(c) Cash and Cash Equivalents	15	20320673	19035550
(d) Short-Term Loans and Advances	16	95135842	59037253
(e) Other Current Assets	17	793362	381217
Total (Assets)		754617249	651933999
Significant Accounting Policies & Notes on Financial Statements	1 to 38		

As per our Report of even date

For GSK & Associates LLP

Chartered Accountants

Firm Reg. No.: 013838N

Sd/-

Anil Somani

(Designated Partner)

Membership No. : 093521

For & on Behalf of the Board of Directors

Sd/-

Ravinder Mohan Juneja

(Managing Director)

DIN: 00006496

Sd/-

Deepak Arneja

(Managing Director & CEO)

DIN: 00006112

Place : New Delhi

Date : 30-07-2014

Sd/-

Sunil Mishra

(Chief Financial Officer)

Sd/-

Madhu Kaushik

(Company Secretary)

MOHINDRA FASTENERS LIMITED

304, Gupta Arcade, Inder Enclave, Delhi - Rohtak Road, New Delhi-110087
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note	As at 31st March, 2014 in ₹	As at 31st March, 2013 in ₹
Revenue from Operations	18	917716998	824638362
Other Income	19	4352991	9504767
Total Revenue		922069989	834143129
Expenses:			
Cost of Materials Consumed	20	387676726	355771587
Changes in inventories of Finished Goods, Work-In-Progress & Stock in Trade	21	(4433012)	22710140
Employee Benefits Expense	22	124180688	104815167
Finance Costs	23	17853646	23219990
Depreciation and Amortization Expenses	24	31210764	28203265
Other Expenses	25	300438535	243226439
Total Expenses		856927347	777946588
Profit Before Tax		65142642	56196541
Tax expense:			
Current Tax		20500000	18800000
Deferred Tax		388187	(31916)
Profit From the Continuing Operations		44254455	37428457
Earning Per Equity Share of Face Value Rs.10/- Each:	29		
Basic & Diluted (in Rs.)		8.26	6.99
Significant Accounting Policies &			
Notes on Financial Statements	1 to 38		

As per our Report of even date
For GSK & Associates LLP
Chartered Accountants
Firm Reg. No.: 013838N

Sd/-
Anil Somani
(Designated Partner)
Membership No. : 093521

For & on Behalf of the Board of Directors

Sd/-
Ravinder Mohan Juneja
(Managing Director)
DIN: 00006496

Sd/-
Deepak Arneja
(Managing Director & CEO)
DIN: 00006112

Place : New Delhi
Date : 30-07-2014

Sd/-
Sunil Mishra
(Chief Financial Officer)

Sd/-
Madhu Kaushik
(Company Secretary)

MOHINDRA FASTENERS LIMITED

Notes to Financial Statement for the year ended 31st March, 2014

Note : 1 Share Capital

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
AUTHORIZED SHARE CAPITAL		
6500000 Equity Shares of Rs. 10/- each.	65000000	65000000
(P.Y. 6500000 Equity Shares of Rs. 10/- each)		
	65000000	65000000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
5356800 Equity Shares of Rs. 10/- each, Fully paid up	53568000	53568000
(P.Y. 5356800 Equity Shares of Rs. 10/- each fully paid up)		
Total in ₹	53568000	53568000
a) The Reconciliation of the Number of Equity Shares	In Nos	In Nos
Opening Equity Shares	5356800	5356800
Add:- Issue Equity Shares During the Year	-	-
Less :- Buy Back During the Year	-	-
Closing Equity Shares	5356800	5356800

b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2014, the amount of per share dividend recognized as distributions to equity shareholders was Rs 1.80/- (31st March 2013 Rs 1.60/-)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) List of Share Holders Holding more than 5% Shares (In Nos)

	As at 31st March, 2014	As at 31st March, 2013
Particulars	In Nos	In Nos
Name Of Shareholders		
Mr. Deepak Arneja		
No of Shares	421000	420850
(% of Shares held)	7.86	7.86
Mr. Ravinder Mohan Juneja		
No of Shares	484650	484650
(% of Shares held)	9.04	9.04
Mr. Anurag Arneja		
No of Shares	449800	444800
(% of Shares held)	8.40	8.30

MOHINDRA FASTENERS LTD.

Mr. Ranbir Singh Narang		
No of Shares	324700	324700
(% of Shares held)	6.06	6.06
Mr. Mukesh Arneja		
No of Shares	279600	279600
(% of Shares held)	5.22	5.22
Mr. Sudhir Arneja		
No of Shares	283700	280200
(% of Shares held)	5.30	5.23
Mrs. Kanta Devi		
No of Shares	444800	343800
(% of Shares held)	8.30	6.42
Mr. Ghanshyam Dass		
No of Shares	414600	313400
(% of Shares held)	7.74	5.85

- d) As per the records of the company, including its shareholder/members and other declaration received from shareholders regarding beneficial interest, the above shareholders represents both legal and beneficial ownership of shares
- e) Aggregate numbers of shares issued as fully paid pursuant to contract without payment being received in cash or by way of bonus shares.

Particulars	As at 31st March, 2014	As at 31st March, 2013
Bonus Shares	NIL	NIL

Note : 2 Reserves & Surplus

Particulars	₹ As at 31st March, 2014	₹ As at 31st March, 2013
Capital Reserve		
Balance at the end of the year	2074340	2074340
General Reserve		
As per Last Financial Statement	16000000	13000000
Add : Transferred from Surplus in Statement of Profit & Loss	3500000	3000000
Balance at the end of the year	19500000	16000000
Surplus i.e. Statement of Profit & Loss		
As per Last Financial Statements	172318380	147092751
Add: Profit for the Year	44254455	37428457
Less : Excess / Short Provision of Previous Year	373598	824673
	216946433	185345881

Less : Appropriations		
-Transfer to General Reserve	3500000	3000000
-Proposed Dividend on Equity Shares {Dividend per Share Rs 1.80/-(P.Y. Rs.1.60)}	9642240	8570880
-Tax on Dividend	1638699	1456621
Net Surplus in the Statement of Profit & Loss	202165494	172318380
Other Reserves		
Sales Tax Exemption	8309394	8309394
Total in ₹	232049228	198702114

Note : 3 Long Term Borrowings

Particulars	Current Portion		Non Current Portion	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
A) Secured				
Term Loans				
- From Bank				
- Foreign Currency Loan (ECB)*	9477545	4290000	7824558	7427160
- Indian Rupee Loan*	635833	3578406	100945	13030120
B) Unsecured				
Term Loans				
- From Bank				
- Indian Rupee Loan#	0	5820871	0	33428196
Total in ₹	10113378	13689277	-	-
Less :- Amount disclosed under the head Other Current Liabilities (Refer Note no. 7)	10113378	13689277	-	-
Total in ₹	-	-	7925503	53885476

- a) *The foreign Currency Term Loan (ECB) { (current year Rs. 173.02 Lacs) (Previous Year Rs.117.17 Lacs) }arranged from Overseas Bank against Plant & Machinery and letter of comfort has been issued by The Karnataka Bank Ltd under FLC will be retired by availing buyer credit and buyer credit shall be reduced by 60 Lacs on yearly basic in 3 years from the date of shipment of Capital Goods. Term Loans from Karnataka Bank Limited { (current year is NIL) (Previous Year Rs.152.93 Lacs) }are secured by the primarily against Plant & Machinery and Other Fixed Assets (Excluding Computers and Vehicles) and collaterally secured by Factory land and building situated at 60th KM Stone, Delhi-Rohtak, Kharawar & Gandhra Dist. Rohtak, Haryana and personal guarantee by the directors Mr. Deepak Arneja, Mr. Ravindra Mohan Juneja, Mr. Sudhir Arneja, Mr. J P Singh Narang and Mr. Vinod Kumar. The Vehicles loans from ICICI Bank are secured by hypothecation of respective vehicles.{ (current year is 7.37 Lacs) (Previous Year Rs.13.15 Lacs) }
- b) #Term Loans from Axis Bank { (current year Rs. NIL) (Previous Year Rs.211.13 Lacs) } is secured by mortgage of the property situated at C-1/21, IInd Floor, Model Town-III, New Delhi in the name of Mr. Deepak Arneja, Managing Director & CEO of the Company. Term Loan from HDFC Bank { (current year Rs. NIL) (Previous Year Rs.181.36 Lacs) }is secured by mortgage of the property situated at Unit No. 108, First Floor, Plot no. CS/ Off No. 7, Sector -24, Rohini, Best Mega Mall New Delhi in the name of Mr. Ravindra Mohan Juneja, Mrs. Indra Juneja and Mr. Dheeraj Juneja.

a) Repayment profile of Term Loan secured is listed below :-

Rate of Interest	Bank/Loan A/c No.	Nature of Loan	FY-2015-2016	FY-2016-2017
L+80 BSP	Foreign Currency Loan	ECB	6,070,787	1,753,771
12.50%	ICICI/LADEL00023295733	Term Loan	50,411	-
10.60%	ICICI/LADEL00023884595	Term Loan	50,534	-
		Total	6,171,732	1,753,771

Note : 4 Deferred Tax Liability (Net)

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
Deferred Tax Liability		
Related to Fixed Assets	29280633	28892446
Total in ₹	29280633	28892446

Note : 5 Short Term Borrowings

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
Loan Repayable on Demand		
Secured		
- From Karnataka Bank Ltd.		
- Working Capital Loans		
- Indian Rupees loan	70852985	34000769
Foreign Currency Loan (PCFC)*	86037998	92219729
Foreign Currency Loan (ECB)*	1530950	0
Total in ₹	158421933	126220498

*Note: Working Capital Facilities from Karnataka Bank Ltd. are primarily secured by hypothecation of Stocks, Advances paid to Suppliers, Book Debts/Export Receivables of the Company and collaterally secured by the Factory Land & Building situated at 60th KM Stone, Delhi-Rohtak Road, Kharawar and Gandhra Distt. Rohtak, Haryana and personal guarantee by the Directors Mr. Deepak Arneja, Mr. Ravindra Mohan Juneja, Mr. Sudhir Arneja, Mr. JP Singh Narang and Mr. Vinod kumar. The outstanding balance is repayable on demand and carries interest LIBOR+275 BSP & 12.25%.

MOHINDRA FASTENERS LIMITED

Note Forming a Part of Financial Statement for the year ended 31st March, 2014

Note : 6 Trade Payables

Particulars	₹ As at 31st March, 2014	₹ As at 31st March, 2013
Micro, Small & Medium Enterprises*	-	-
Material/Supplies	175197134	112180603
Others	27420941	11625335
Total in ₹	202618075	123805938

*The details of amount outstanding to Micro, Small and Medium Enterprises based on available information with the company is as under:

Particulars	As at 31st March, 2014	As at 31st March, 2013
Principal amount due and remaining unpaid	0	0
Interest due on above and the unpaid interest	0	0
Interest paid	0	0
Payment made beyond the appointed day during the year	0	0
Interest due and payable for the period of delay	0	0
Interest accrued and remaining unpaid	0	0
Amount of further interest remaining due and payable in succeeding years	0	0

Note : 7 Other Current Liabilities

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current Maturities of Long-Term Borrowings (Refer Note No. 3)	10113378	13689277
Interest Accrued & Due on Borrowings	339712	206120
Interest Accrued But Not Due on Borrowings	77237	329915
*Unclaimed Dividend	906014	846253
Sundry Creditors for Capital Expenditures	2669989	2870995
Trade Advances	358669	213770
Other Payables		
Statutory Dues	1028952	685097
Salary, Wages, Bonus & Allowances	6683731	5661600
Provident Fund, ESI, & Other Funds	360867	313769
Other Expenses	17525	565177
Total in ₹	22556074	25381973

* These figures do not include any amount due & outstanding to be credited to Investors Education & Protection Fund.

MOHINDRA FASTENERS LIMITED

Notes to Financial Statement for the year ended 31st March, 2014

Note : 8 Short Term Provisions

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Provision for Employee Benefits		
- Provision for Bonus & Others	2135655	2474401
(b) Provisions - Others		
- Provision for Income Tax	20500000	18800000
- Proposed Dividend	9642240	8570880
- Dividend Distribution Tax	1638699	1456621
- Provision for Wealth Tax	17933	22668
- Others*	14263276	10152984
Total in ₹	48197803	41477554

*Note :- Provision - Others includes provision of Excise Duty on Inventory of Finished Goods & Scrap Amounting Rs 5879629/- P.Y. Rs 3544497/- as per estimated pattern of dispatch. The company has recognised liability based on substantial degree payable on of estimation for excise duty clearance of Goods lying in Stock as on 31st March,2014.

MOHINDRA FASTENERS LIMITED

Notes to Financial Statement for the year ended 31st March, 2014

Note : 9 Fixed Assets

Particulars	Gross Block			Depreciation & Amortisation			Net Block		
	Value at the beginning of the Year	Addition / Adjustment during the year	Deduction / Adjustment during the year	Value at the beginning of the Year	Addition / Adjustment during the year	Deduction / Adjustment during the year	Value at the end of the Year	As at 31.03.2014	As at 31.03.2013
Own Assets									
Tangible Assets									
Industrial Freehold Land	5896898	-	-	-	-	-	-	5896898	5896898
Leasehold Office Premises	5858863	-	-	799753	95499	-	895252	4963611	5059110
Factory Building	64932501	240559	-	18274666	2170880	-	20445546	44727514	46657835
Plant & Machinery	392314816	25581521	-	224235026	24739289	-	248974315	168922022	168079790
Pollution Control Equipments	7092289	658973	-	2949780	563221	-	3513001	4238261	4142509
Furniture & Fixtures	6872236	726937	-	3272244	437426	-	3709670	3889503	3599992
Vehicle(Car)	21469380	1626689	3261264	9678185	1973943	1890692	9761436	10073369	11791195
Office Equipments	4060059	548550	-	2220951	225678	-	2446629	2161980	1839108
Computers	5614250	3977619	-	4569882	611954	-	5181836	4410033	1044368
SUB TOTAL (A)	514111292	33360848	3261264	266000487	30817890	1890692	294927685	249283191	248110805
Intangible Assets									
Computer Software	1741634	1238475	-	303726	392874	-	696600	2283509	1437908
SUB TOTAL (B)	1741634	1238475	-	303726	392874	-	696600	2283509	1437908
Total [A + B] (Current Year)	515852926	34599323	3261264	266304213	31210764	1890692	295624285	251566700	249548713
(Previous Year)	489201991	27318121	667186	238344573	28203265	243625	266304213	249548713	250857418
Capital Work-in-progress	0	6307446	-	-	-	-	-	6307446	-
SUB TOTAL (C) {Current Year}	0	6307446	-	-	-	-	-	6307446	-
(Previous Year)	-	-	-	-	-	-	-	6307446	-

NOTE:

- Depreciation has been provided on rates as per Schedule VI of Companies Act, 1956 on Straight Line Method
- Depreciation on Assets for a value not exceeding Rs. 5000/- has been provided @100% for the year.
- Capital WIP of Rs.6307446/- including Allotment Money paid for Rs.6075000/-to HSIIDC for purchase of land at IMT Rohtak.
- Leasehold Office premises are in respect of office at Delhi.
- Plant & Machinery including capital expenditures of Rs 2615498/- incurred during the year on Research & Development.
- As a Sum of Rs 70167/- on account of foreign exchange loss incurred during the year has been capitalized in plant & machinery in accordance with notification no. GSR 225 (E) dated 30-09-2009 as amended vide notification dated 11/05/2011 issued by MCA
- As per the terms of letter of allotment from HSIIDC the title deed in respect of land acquired will be executed after the full payment to HSIIDC.

MOHINDRA FASTENERS LIMITED

Notes to Financial Statement for the year ended 31st March, 2014

Note : 10 Non Current Investments

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
Other Investments (Valued at Cost unless stated Otherwise)		
Investment in Equity Instruments (Quoted)		
1800 Equity Shares of Rs. 10/- each in (1800) Bank of India (Fully paid)	81000	81000
600 Equity Shares of Rs. 10/- each in (600) Sterling Tools Limited (Fully Paid)	24891	24891
400 Equity Shares of Re. 1/- each in (400) Sundram Fasteners Limited (Fully Paid)	18904	18904
150 Equity Shares of Rs. 10/- each in (150) Lakshmi Precision Screws Ltd. (Fully Paid)	2822	2822
	127617	127617
(Unquoted)		
1000 Equity Shares of Rs. 10/- (1000) each in Elegant Footwear Ltd. (Fully paid up)	10000	10000
	10000	10000
Total in ₹	137617	137617
Note :-		
1. All Investments are Long Term Investments		
2. Aggregate Value of Quoted Investment		
- Book Value	127617	127617
- Market Value	512530	620768
3. Aggregate Value of Unquoted Investment		
- Book Value	10000	10000
- Market Value	-	-
Note : Figures in (₹) are in respect of previous year		

Note : 11 Long Term Loans and Advances

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
(Unsecured, considered good)		
Security Deposits	8498436	5448418
Total in ₹	8498436	5448418

MOHINDRA FASTENERS LIMITED

Notes to Financial Statement for the year ended 31st March, 2014

Note : 12 Other Non Current Assets

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
Defined Benefits Plans - Leave Encashment and Gratuity	1498513	2231191
Total in ₹	1498513	2231191

Note : 13 Inventories

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
Raw Material	80557588	55795428
Work-in-Progress	25380333	33455722
Finished Goods	44620395	32118664
Consumables, Stores, Spares & Packing Material	46117304	30724877
Scrap	109663	102994
Goods-in-Transit	4705228	3442822
Total in ₹	201490511	155640507

Note 1. :- Goods in Transit includes the followings :-

Raw Material	3575480	1413045
Consumables, Stores, Spares & Packing Material	273964	1000273
Tool & Dies	855784	1029504
Total Goods in Transit	<u>4705228</u>	<u>3442822</u>

Note 2. :- Inventories lying with third parties are subject to confirmation. The details are as follows:-

Raw Material	1.84 Lacs	0.53 Lacs
Work in Progress	28.07 Lacs	43.21 Lacs

Note : 14 Trade Receivables

	₹	₹
Particulars	As at 31st March.,2014	As at 31st March,2013
(Unsecured, Considered good)		
Outstanding for more than six months	4935950	5628499
Others	163932199	154845035
Total in ₹	168868149	160473534

MOHINDRA FASTENERS LIMITED

Notes to Financial Statement for the year ended 31st March, 2014

Note : 15 Cash & Cash Equivalents

Particulars	₹	₹
	As at 31st March, 2014	As at 31st March, 2013
Cash on Hand	644617	551150
Overseas Branch (EEFC-EURO & USD)	22699	0
Balances with Banks (Current Account)	3220545	471494
Balances with Banks (Unpaid Dividend Account)	906014	846253
Fixed Deposit with Bank*	15526798	17166654
Total in ₹	20320673	19035551

Notes:-

- * (a) Fixed Deposits Amounting to Rs.155.27 Lacs (Previous Year Rs.171.67 lacs) pledged with bank as Margin Money for Letter of Credit issued by them.
- * (b) Fixed Deposit with bank includes deposits of Rs 142.16 Lacs (Previous year Rs.153.66 Lacs) with maturity of more than 12 months.

Note :16 Short Terms Loans and Advances

Particulars	As at 31st March.,2014	As at 31st March,2013
(Unsecured , Considered Good)		
Advance to Suppliers	1962391	509802
Advance to Employees	737506	726398
Advance Income Tax (Including TDS Rs.415675/-) (Previous Year 181372/-)	20415675	17181372
Balance With Revenue Authorities	70881525	40211305
Security Deposits	351945	278706
Advance to Others	786800	129670
Total in ₹	95135842	59037253

Note :17 Other Current Assets

Particulars	₹	₹
	As at 31st March.,2014	As at 31st March,2013
Interest Accrued But Not Yet Due	265224	255638
Other Current Assets	528138	125579
Total in ₹	793362	381217

MOHINDRA FASTENERS LIMITED

Notes to Financial Statement for the year ended 31st March, 2014

NOTE-18: Revenue From Operations

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
a) Sale of Products		
Finished Product (Bolts & Screws)	942737789	839105478
	942737789	839105478
b) Other Operating Revenue		
Steel & Scrap Sale	15821615	10109300
Duty Drawback & Other Export Incentives	46122387	36243876
	61944002	46353176
Less: Excise Duty	86964793	60820292
Total in ₹	917716998	824638362

Note : 19 Other Income

Particulars	As at 31st March, 2014	As at 31st March, 2013
Interest on		
-Fixed Deposits	4156710	1813711
-Others	0	10650
-Dividend Income on Long Term Investments	30720	19385
Exchange Rate Difference (Net) (Including Gain on Forward Exchange Contract)	0	7460595
Other Non Operating Income	165561	200426
Total in ₹	4352991	9504767

Note : 20 Cost of Material Consumed

	₹	₹
Particulars	As at 31st March,2014	As at 31st March,2013
Inventory at the Beginning of the Year	55795428	56562519
Purchases	412438886	355004496
	468234314	411567015
Inventory at the End of the Year	80557588	55795428
Total in ₹	387676726	355771587

Material Consumed Comprises:

- Wire Rods	387676726	355771587
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MOHINDRA FASTENERS LIMITED

Notes to Financial Statement for the year ended 31st March, 2014

Note : 21 Change in Inventories of Finished Goods, Work in Progress & Stock in Trade

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
Inventory at the Beginning of the Year		
Finished Goods	32221657	51402469
Work In progress	33455722	36985050
	65677379	88387519
Inventory at the End of the Year		
Finished Goods	44730058	32221657
Work In progress	25380333	33455722
	70110391	65677379
(Increase)/Decrease in Inventory	(4433012)	22710140

Note : Excise Duty on Increase/(Decrease) in Inventory of Finished Goods amounting to Rs.(2335132/-) (Previous Year Rs.2985822/-) has been considered as Income/Expenses in Statement of Profit & Loss Account in Note 25 of Financial Statement.

Note : 22 Employee Benefit Expense

Particulars	As at 31st March,2014	As at 31st March,2013
Salaries, Wages, Bonus & Allowances	116017425	98618733
Contribution to -		
(i) Provident Fund & Other Funds	3155591	2872847
Staff Welfare Expenses	5007672	3323587
Total in ₹	124180688	104815167

Note : 23 Finance Cost

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
Interest Expenses	13927435	18874780
Other Borrowing Costs	3926211	4345210
Total in ₹	17853646	23219990

MOHINDRA FASTENERS LIMITED

Notes to Financial Statement for the year ended 31st March, 2014

Note : 24 Depreciation & Amortisation Expenses

	₹	₹
Particulars	As at 31st March, 2014	As at 31st March, 2013
Depreciation & Amortization	31210764	28203265
Total in ₹	31210764	28203265

Note : 25 Other Expenses

	As at 31st March, 2014	As at 31st March, 2013
Consumption of Stores & Spare Parts	86618518	99504160
Increase/ (Decrease) in Excise Duty on Finished Goods	2335132	(2985822)
Power & Fuel Consumed	71991536	60516171
Factory Building Maintenance	1313691	1195813
Repair & Maintenance to Plant & Machinery	5548395	8650627
Insurance Expenses	1692036	2190004
Rates, Taxes & Duties	1722058	683184
Job Work Expenses	22119763	13038004
Packing Material Consumed	22729064	15954989
Freight Outward	25147460	22433684
Rebate & Discount	9542604	9164772
(Profit) /Loss on Sale of Fixed Assets	482572	(234892)
Payment to Auditors*	258908	254393
Exchange Rate Difference	12752871	0
Forward Contract Agst. Export	24167517	0
Miscellaneous Expenses	12016410	12861352
Total in ₹	300438535	243226439

*Note :- Payment to Auditors

As Auditor

- Statutory Audit Fees	125000	120000
- Tax Audit Fees	30000	30000
- For Certification Fees	20000	20000
- For Reimbursement of Expenses	53908	54393
- Cost Audit	30000	30000
	258908	254393

MOHINDRA FASTENERS LTD.

Notes to Financial Statement for the year ended 31st March, 2014

NOTE: 26 SIGNIFICANT ACCOUNTING POLICIES

26.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(A) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and presented under the historical cost convention on accrual basis of accounting to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956 and 2013.

(B) USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenues and expenses during the reporting period difference between the actual results and estimates are recognised in the period in which the results are known/materialized

26.2. TANGIBLE AND INTANGIBLE ASSETS

(A) TANGIBLE FIXED ASSETS

Tangible Assets are stated at cost net of recoverable taxes, trade discounts and rebates and include amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

(B) INTANGIBLE ASSETS

Intangible Assets are stated at cost net of recoverable taxes, trade discounts and rebates and include amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

26.3. DEPRECIATION AND AMORTIZATION, DEPLETION

Depreciation on fixed assets is provided on the Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs. 5,000/- or less are fully charged to the Statement of Profit and Loss in the year of acquisition. In respect of additions or extensions forming an integral part of existing assets including incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets, depreciation is provided as aforesaid over the residual life of the respective assets.

26.4. IMPAIRMENT OF ASSETS

An Asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Statement of Profit & Loss in the year 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.

26.5. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is

recognized over the life of the contract.

Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in Statement of Profit and Loss, except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

26.6. 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. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss. Profit or loss on sale of investments is determined on a first-in-first-out (FIFO) basis.

26.7. VALUATION OF INVENTORIES

In determining cost of raw materials, packing materials, stock-in-trade, stores, components, spares and consumables, FIFO method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Raw Material, Spares parts & Consumables and Goods in Transit are valued at cost.

Work-in-Progress is valued at cost or net realizable value, whichever is less.

Finished goods are valued at cost or net realizable value whichever is less.

Scraps are valued at net realizable value.

26.8. REVENUE RECOGNITION

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer, it can be reliably measured and it is reasonable to expect ultimate collection.

Domestic Sales are recognized on the basis of invoices raised and includes excise duty exclude SALES TAX/ VAT, sales return and adjustment for discount if any,

Export Sales are recognized on the basis of sales invoices raised and removal of goods from the factory premises. Duty draw back are recognized on the basis of export invoice issued and removal of goods from the factory. However Focus and other licensing export benefits are recognized, as income in the year in which licensed are received.

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.

26.9. EMPLOYEE BENEFITS

Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services. These benefits include performance incentive and compensated absences.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity The Company makes specified monthly contributions towards Provident Fund and Pension Scheme. The Company's contribution is recognised as an expense in Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the

Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Statement of Profit and Loss.

26.10. BORROWING COSTS

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss in the period in which they are incurred.

26.11. RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure pertaining to research is charged to Statement of Profit and Loss. Development costs of products are charged to Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised.

26.12. FINANCIAL DERIVATIVES AND COMMODITY HEDGING TRANSACTIONS

In respect of derivative contracts, premium paid, gains/losses on settlement and losses on restatement are recognized in Statement of Profit and Loss except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

26.13. CURRENT AND DEFERRED TAX

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.

26.14. 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 notes. Contingent assets are neither recognized nor disclosed in the financial statements.

26.15. SEGMENT REPORTING

The accounting policies adopted for segment reporting are in line with accounting policies of the company. Revenue, expenses, Assets and liabilities have been identified to segments on the basis of their relationship to operating activities of the segments. Revenues, Expenses, assets and Liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "Common revenue/expenses/assets/liabilities", as the case may be.

26.16. EARNINGS PER SHARE

Basic earnings per share are disclosed in Statement of 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.

26.17. PROPOSED DIVIDEND

Dividend recommended by the Board of directors is provided for in the accounts, pending approval at the Annual General Meeting.

MOHINDRA FASTENERS LTD.

Notes to Financial Statement for the year ended 31st March, 2014

NOTE: 27 Contingent Liabilities and Commitments (to the extent not provided for):

- a) Liabilities on account of foreign letter of credit are Rs. 62.40 Lacs (Previous year Rs.25.03 Lacs).
- b) For the Assessment Year 2005-06, Haryana Tax Tribunal, Chandigarh raised a demand of Rs. 15.73 Lacs and the appeal is pending before the High Court of Punjab & Haryana and the amount of 16.44 Lacs has been deposited.
For the Assessment Year 2004-05, Haryana Tax Tribunal, Chandigarh raised a demand of Rs. 13.49 Lacs and the appeal is pending before the High Court of Punjab & Haryana and the amount of Rs.13.47 Lacs has been deposited.
For the Assessment Year 2003-04, Haryana tax Tribunal, Chandigarh raised a demand of Rs. 5.24 Lacs and the appeal is pending before the High Court of Punjab & Haryana and amount of Rs. 5.24 Lacs has been deposited against the demand.
- c) Estimated amount of contract remaining to be executed on capital account are Rs. 546.75 Lacs (Previous year Rs. NIL Lacs).
- d) Outstanding Bank Guarantee of Rs. 21.38 Lacs (Previous year Rs.13.90 Lacs)

NOTE: 28 Related Party Disclosure as per Accounting Standard 18

a) **Parties where control exists: NIL**

b) **Other parties with whom the company has entered into transactions during the year:-**

i) **Key Management Personnel**

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

ii) **Relatives of Key Management Personnel**

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

iii) **Enterprises over which key management personnel and relatives of such personnel exercise significant influence:-**

Mohindra Sales Private Limited

c) **Related Party Transactions:**

Nature of Transaction	Key Management Personnel & Relatives (₹)	Enterprises over which key management Personnel and Relatives of such personnel exercise significant influence (₹)	Total (amount in ₹)
Sale of Goods	-	13171544	13171544
		-	-
Remuneration	7783680 (7125600)	-	7783680 (7125600)
Balance Outstanding as at the end of the year:-			
Remuneration Payable	717840 (663000)	-	717840 (663000)
Trade Receivable	-	7697132	7697132
		-	-

Previous year figures have been given in brackets.

NOTE: 29 The Computation of Earnings per Share:

	2013-14	2012-13
Profit after tax for the year (₹)	44254455	37428457
Weighted Average Number of Equity shares	5356800	5356800
Basic & Diluted Earnings per share	8.26	6.99
Face Value of equity share (₹)	10.00	10.00

NOTE: 30 Disclosure in respect of Derivative Instruments:-

- a) Derivates Instruments (Forward Exchange Contract) against Export entered by the Company and outstanding as on 31st March, 2014 amount to EURO 4.00 Lacs (previous year 4.00 Lacs) for sell in Rs.327.52 Lacs (Previous year 299.32 Lacs). All the instruments have been acquired for hedging purpose and not for trading or speculative purpose.
- b) Foreign currency exposures that are not hedged by derivative instruments as at 31 March, 2014:-

Particulars	USD	EURO	GBP
Import Trade Payables	183093.14	-	-
	(714679.01)	(165244.74)	(-)
	149756.47	716422.29	75031.79
Export Trade Receivables	(127541.46)	(Nil)	(29791.52)
Term Loan (ECB)	286696	Nil	Nil
	(214600)	Nil	Nil
Working Capital Loan (ECB)	25367.85	Nil	Nil
	(Nil)	Nil	Nil
Working Capital Loan (PCFC)	Nil	1050780	Nil
	(437000)	(727585.38)	(30800)

Previous year figures have been given in brackets.

NOTE: 31 As per Accounting Standard 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:-

	(Rs. In Thousand)	
	2013- 14	2012-13
Employer’s Contribution to Provident Fund and Pension Scheme	2446.54	2218.24

Defined Benefit Plan: Gratuity

The employees’ gratuity scheme managed by a Life Insurance Corporation of India under 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.

(Rs. In Thousands)

	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
Defined Benefit Obligation at the Beginning of the year	5871	5679	3223	2821
Service cost	836	787	339	321
Adjustment of previous year	-	(787)	-	-
Interest cost	469	391	257	225
Actuarial (gain)/loss	31	38	1134	231
Benefits paid	(286)	(237)	(215)	(375)
Defined Benefit Obligation at the year end	6922	5871	4740	3223

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

	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
Fair value of Plan Assets at the beginning of the year	7269	5983	4058	3697
Expected return on plan assets	628	562	347	320
Actuarial gain/loss	-	-	-	-
Employer contribution	931	961	424	416
Benefits paid	(286)	(237)	(215)	(375)
Fair value of plan assets at year end	8542	7269	4614	4058

(iii) Reconciliation of fair value of Assets and obligations

	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
Fair value of plan assets	8542	7268	4614	4058
Present value of obligation	6922	5871	4740	3223
Amount recognized in Balance sheet	1619	1397	125	835

(iv) Expense recognized during the year

	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
Service cost	836	787	339	321
Interest cost	469	391	257	226
Expected return on plan assets	(628)	(562)	(347)	(320)
Actuarial (Gain)/loss	31	38	1134	231
Net Cost	709	654	1384	458

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

Actuarial assumptions

	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
Mortality table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8%	8%	8%	8%
Expected rate of return on plan assets (per annum)	-	9.15%	-	9.15%
Rate of escalation in salary (per annum)	6%	6%	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.

NOTE: 32 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	2013-14		2012-13	
	Value (Rs.)	% age	Value (Rs.)	% age
Raw Material				
Imported	95332655	24.59	151373255	42.55
Indigenous	292344071	75.41	204398332	57.45
	<u>387676726</u>	100.00	<u>355771587</u>	100.00

Stores, Spare parts and Packing Material

Imported	12326710	11.27	11898193	10.30
Indigenous	97020872	88.73	103562549	89.70
	<u>109348582</u>	100.00	<u>119172443</u>	100.00

NOTE: 33 C.I.F. Value of Imports

	2013-14	2012-13
	(Rs.)	(Rs.)
Plant & Machinery	9501883	17871230
Raw Material	63227569	144987352
Consumables, Stores & Spares	1876092	1039155
Packing Material	6682527	3422199
Tool & Dies	4207899	3216265
R & D	1190747	-

NOTE: 34 Expenditure in Foreign Currency

	2013-14	2012-13
	(Rs.)	(Rs.)
-Travelling Expenses	985991	993261
-Business Promotion and Others	270410	607669
-Interest on ECB	212592	71390
- Bank Charges	3174914	594369
- Interest on PCFC	3118480	549261

NOTE: 35 Earning in Foreign Currency

	2013-14	2012-13
	(Rs.)	(Rs.)
Exports at FOB Value	501879817	405505940

NOTE: 36 Segment Reporting

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organisation structure as well as the differential risks and returns of these segments.

The company is operating in a single business segment and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on Segment Reporting.

The Company has disclosed Geographic Segment as the primary segment considering the different geographical location of customers.

The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

The company believes that it is not practical to allocate segment expenses, segment results, fixed assets, used in the company's business or liabilities contracted since the resources/services/assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made.

Geographic segments of the Company are Europe, India and Rest of the World.

Europe includes continental Europe, Germany, France, UK, Belgium, Italy, Netherland, Switzerland, Poland, Finland, Romania & Austria and the Rest of the World comprising all other places (primarily Canada, USA & Australia) except those mentioned above and India.

Information about Geographic Segment

Information of geographic segment is based on the geographical location of the customers.

	(Rs. in Lacs)			
Particulars	Europe	India	Rest of the World	Total
Segment Revenue				
Sales to External Customers	4610.08 (3657.96)	3622.07 (3730.88)	483.80 (495.10)	8715.95 (7883.94)
Other Operating Income				461.22 (362.44)
Other Income (net)				43.53 (95.05)
Total Revenue				9220.70 (8341.43)

MOHINDRA FASTENERS LTD.

Unallocable Expenses				8569.27 (7779.47)
Profit before Tax				651.43 (561.96)
Tax Expense				208.88 (187.68)
Profit for the year				442.54 (374.28)
Segment Assets	586.61	938.23	163.84	1688.68
	(476.26)	(1066.38)	(62.09)	(1604.74)
Unallocable Assets				5857.49 (4914.60)
Total assets				7546.17 (6519.34)
Segment Liabilities	0.00	3432.15	358.32	3790.47
	(0.00)	(2502.18)	(673.83)	(2783.50)
Unallocable liabilities				899.53 (820.63)
Total liabilities				4690.00 (3996.64)
Other information				
Capital expenditure (unallocable)				345.99 (273.24)
Depreciation (unallocable)				312.11 (282.03)

Previous year figures have been given in brackets.

NOTE: 37 Balances of Trade & other receivables, loans & advances, current liabilities and Trade & other payables are subject to confirmation.

NOTE: 38 The previous year's figures have been re-grouped / re-classified to conform to this year's classification which is as per Revised Schedule VI. This adoption does not impact recognition and measurement principles followed for preparation of financial statements as at 31st March, 2014.

As per our Report of even date

For GSK & Associates LLP

Chartered Accountants

Firm Reg. No.: 013838N

Sd/-

Anil Somani

(Designated Partner)

Membership No. : 093521

For & on Behalf of the Board of Directors

Sd/-

Ravinder Mohan Juneja

(Managing Director)

DIN: 00006496

Sd/-

Deepak Arneja

(Managing Director & CEO)

DIN: 00006112

Place : New Delhi

Date : 30-07-2014

Sd/-

Sunil Mishra

(Chief Financial Officer)

Sd/-

Madhu Kaushik

(Company Secretary)

MOHINDRA FASTENERS LIMITED

Cash Flow Statement for the year ended 31st March,2014

Particulars	For the year ended 31st March,2014 (Amount in ₹)	For the year ended 31st March, 2013 (Amount in ₹)
A. Cash Flow from Operating Activities		
Net Profit/(Loss) before extraordinary items and tax	65142642	56196541
Adjustment for:		
Depreciation and Amortisation	31210764	28203265
(Profit)/ Loss on Sale of Fixed Assets	482572	(234892)
Finance Costs	17853646	23219990
Interest Income	(4156710)	(1824361)
Dividend Income	(30720)	(19385)
	110502193	105541158
Operating Profit/(Loss) before Working Capital Changes		
Adjustments for (increase)/(decrease) in Operating Assets:		
- Inventories	(43514872)	46964983
- Trade and Other Receivables	(44813059)	24490605
Adjustments for (increase)/(decrease) in Operating Liabilities:		
- Trade Payables and others	80934055	(55869458)
Cash generated from Operations	103108318	121127288
Income Tax Paid	(20836033)	(18498722)
Net Cash generated from Operating Activities (A)	82272285	102628566
B. Cash Flow from Investing Activities		
Capital Expenditure on Fixed Assets	(40906769)	(27324321)
Proceeds from sale of Fixed Assets	888000	658453
Interest Received	4156710	1824361
Dividend Received	30720	19385
Net Cash Generated from Investing Activities (B)	(35831339)	(24822122)
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	5584943	19785327
Repayment of Long Term Borrowings	(55120815)	(47323511)
Short term Borrowings	32201435	(20464894)
Finance Cost Paid	(17853646)	(23219990)
Dividends Paid	(8511119)	(7991269)
Tax on Dividend Paid	(1456621)	(1303510)
Net Cash generated from Financing Activities (C)	(45155823)	(80517847)
Net	1285123	(2711403)
Cash and Cash Equivalents at the Beginning of the Year	19035550	21746953
Cash and Cash Equivalents at the End of the Year*	20320673	19035550

- Notes:** (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing operations.
(ii) All figures in brackets are outflows/ decrease.
(iii) Previous years figures have been regrouped/restated wherever necessary.
(iv) *Cash and Cash Equivalents are Cash and Bank balances as mentioned in Note No. 15

As per our Report of even date

For GSK & Associates LLP

Chartered Accountants
Firm Reg. No.: 013838N

Sd/-

Anil Somani
(Designated Partner)
Membership No. : 093521

Place : New Delhi
Date : 30-07-2014

For & on Behalf of the Board of Directors

Sd/-

Ravinder Mohan Juneja
(Managing Director)
DIN: 00006496

Sd/-

Sunil Mishra
(Chief Financial Officer)

Sd/-

Deepak Arneja
(Managing Director & CEO)
DIN: 00006112

Sd/-

Madhu Kaushik
(Company Secretary)

MOHINDRA FASTENERS LIMITED

304, Gupta Arcade, Inder Enclave
Delhi – Rohtak Road, New Delhi - 110087

**PROXY FORM
(MGT-11)**

(pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014)

CIN:- L74899DL1995PLC064215

Name of the Company: Mohindra Fasteners Limited

Resg. Office:- 304, Gupta Arcade, Inder Enclave,
Delhi Rohtak Road, New Delhi - 110087

<p>Name of the Member(s):</p> <p>Registered Address:</p> <p>E-mail Id:</p> <p>Folio No/Client Id:</p> <p>DP Id:</p>
--

I /we, being the member(s) of _____ shares of the above named company, hereby appoint :

Name: _____

Address: _____

E-mail: _____

Signature: _____

Contact No: _____

As my /our proxy to attend and vote (on a poll) for me /us and on my /our behalf at the Bansal Farm House, Annual General Meeting of the Company to be held on 25th day of September at 11.30 a.m. and any adjournment thereof in respect of such resolution as are indicated below:-

Resolution No. 1:- To receive, consider & adopt the Audited Balance Sheet as at 31st March, 2014 and Statement of Profit & Loss for the year ending on 31st March, 2014 together with Directors' & Auditors' Report thereon

Resolution No 2:- To declare the dividend on equity shares for the financial year ended on 31st March, 2014

Resolution No 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.

Resolution No 4:- To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of Twenty Third Annual General Meeting, subject to ratification by shareholder in every General Meeting.

Resolution No 5:- Re-appointment of Mr. Sudhir Arneja as Whole Time Director of the Company

Resolution No 6:- Re- appointment of Mr. Deepak Arneja as Managing Director of the company

Resolution No 7:- Appointment of Mr. Vinod Kumar (Din 02303504) as Independent Director of the company for a period of five years.

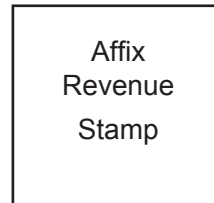
Resolution No 8:- Appointment of Mrs. Anjali Malik (Din 06875087) as Independent Director of the company for a period of five year.

Resolution No 9:- Fixation of remuneration of the Cost Auditor of the company for the financial year 2014-15.

Resolution No. 10:- Appointment of relative of Director to an office of profit.

Resolution No. 11: Increase in borrowing power in terms of section 180(1)(c) of the Companies Act, 2013.

Signatures of Shareholders



Signatures of Proxy Holder(s)

MOHINDRA FASTENERS LIMITED

304, Gupta Arcade, Inder Enclave

Delhi – Rohtak Road, New Delhi - 110087

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING PLACE

I hereby record my presence at the 20th Annual General Meeting of the Company at Bansal Farm House, Hiranki Road, Bakhtawarpur, New Delhi -110036.

Name of Shareholder(s)/ Proxy (IN BLOCK LETTERS)

Member's Folio No. No. of Shares

Signature of the Shareholder

or Proxy

Mohindra Fasteners Ltd.

304, Gupta Arcade, Inder Enclave, Delhi - Rohtak Road, New Delhi-110087