

**BOARD OF DIRECTORS**
**CHAIRMAN**

Sunil Kant Munjal

**MANAGING DIRECTOR**

Neeraj Munjal

**DIRECTORS**

Satyanand Munjal

Brijmohan Lall Munjal

Om Prakash Munjal

Bhagwan Dass Narang

Surrinder Lal Kapur

Vinayshil Gautam

Anil Kumar Gupta, Whole Time Director

**FINANCE TEAM**

Davendra Ujlayan

AVP-Finance &

Company Secretary

Sanjeev Chaba

DGM-Finance & Accounts

**AUDITORS**

S.S. Kothari Mehta & Co.

Chartered Accountants

146-149, Tribhvan Complex,

Ishwar Nagar, Mathura Road,

New Delhi-110065

**BANKERS**

IDBI Limited

ICICI Bank Limited

Punjab National Bank

AXIS Bank Ltd.

**REGISTERED OFFICE**

303, 3rd Floor, Square One,

C-2, District Centre, Saket,

New Delhi-110 017

**GURGAON PLANT**

58th Km. Stone

Delhi-Jaipur Highway

Village: Binola-122 413

Dist. : Gurgaon (Haryana)

**HARIDWAR PLANT**

Plot No. 3, Industrial Park-II, Phase-1,

Village Salempur Mehdood,

Distt. Haridwar (Uttarakhand)-249402

**SHARE TRANSFER AGENTS**

MCS Limited

F-65, First Floor,

Okhla Industrial Area, Phase I,

New Delhi-110 020

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## NOTICE

Notice is hereby given that the **7<sup>th</sup> Annual General Meeting** of the Members of **SHIVAM AUTOTECH LIMITED** will be held on Tuesday, the 25<sup>th</sup> day of September, 2012 at 03.00 P.M. at Tivoli Garden Resort, Near Chattarpur Mandir, Chattarpur Road, New Delhi-110030, to transact the following business:

### [A] ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit & Loss Account for the year ended on that date along with the Report of the Directors and the Auditors thereon.
2. To declare dividend to the equity shareholders for the year ended 31<sup>st</sup> March, 2012.
3. To appoint a Director in place of Dr. Vinayshil Gautam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Surrinder Lal Kapur who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi, the retiring auditors to hold office as auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Audit Committee to fix their remuneration.

### [B] SPECIAL BUSINESS

6. 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 provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof and subject to the approval of the Central Government, if required, consent of the members be and is hereby accorded to the appointment of Dr. Anil Kumar Gupta as Whole Time Director of the Company designated as “**Director (Technical)**” for a period of 3 (three) years with effect from 20<sup>th</sup> December, 2011 on such terms and conditions including remuneration as set out in explanatory statement annexed to this Notice.

**FURTHER RESOLVED THAT** the Board of the Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any Director or to any employee of the Company to give effect to the aforesaid resolutions.

**FURTHER RESOLVED THAT** in the event of loss, absence or inadequacy of profits of the Company in any financial year during the term of the office of the appointee, the remuneration as mentioned in the

explanatory statement shall be paid to him as minimum remuneration.”

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

“**RESOLVED THAT** in accordance with the provision of section 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force), subject to such approvals as may be necessary, the Company hereby approves the revision in the remuneration of Mr. Neeraj Munjal, Managing Director with effect from April 1, 2012 for the remainder of his tenure in the manner as set out in the explanatory statement annexed to the Notice convening this meeting.

**RESOLVED THAT** except as stated in the explanatory statement annexed below, other terms and conditions of re-appointment as approved by the shareholders at the Annual General Meeting held on 30<sup>th</sup> September, 2011 shall remain changed.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are incidental thereto or as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit without further reference to the Company in General Meeting.”

By Order of the Board of Directors  
**FOR SHIVAM AUTOTECH LIMITED**

DAVENDRA UJLAYAN  
AVP - FINANCE &  
COMPANY SECRETARY

Place: New Delhi  
Date: 14<sup>th</sup> August, 2012

**Registered Office:**  
303, 3<sup>rd</sup> Floor, Square One,  
C-2, District Centre, Saket,  
New Delhi – 110 017

## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.**
2. In order to be valid, proxies duly stamped, should be lodged with Company at its Registered Office not later than forty eight hours before the commencement of the Annual General Meeting.
3. For the convenience of the Members, attendance slip is enclosed elsewhere in the Annual Report. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting along with their copies of the Annual Report.
4. Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representatives to attend and vote at the Annual General Meeting.
5. As required under the provisions of Clause 49(IV) of the Listing Agreement, particulars relating to Dr. Vinayshil Gautam and Mr. Surrinder Lal Kapur, Directors retiring by rotation and whose re-appointments are being proposed at the forthcoming Annual General Meeting, are enclosed in the Appendix to this Notice.
6. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, which sets out details relating to Special Business to be transacted at the meeting, is annexed hereto.
7. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 18, 2012 to Tuesday, September 25, 2012 (both days inclusive)
8. In accordance with SEBI's directions vide their Circular No. DCC/FITT/Cir-3/2001 dated October 15, 2001, arrangements have been made to credit your dividend amount directly to bank account of members through the Electronic Clearing Service (ECS).  
  
In case of holding in physical form, please furnish your bank details in the ECS Mandate Form enclosed separately and return to our Registrars, MCS Limited on or before 17, September 2012. The said details in respect of the shares held in electronic form should be sent to your respective Depository Participant and not to the Registrar as the Registrar is obliged to use only the data provided by the Depository while making payment of dividend.
9. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting,

will be paid at par after September 25, 2012 to (i) those shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before September 17, 2012; (ii) in respect of shares held in electronic form to those beneficiaries whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) as at the end of business hours on September 17, 2012.

10. As per Section 53 of the Companies Act, 1956, which provides for service of documents under "certificate of posting" as one of the accepted mode of service, whereas the Department of Posts has recently discontinued the postal facility under "certificate of posting" vide their letter dated February 23, 2011. The Information Technology Act, 2000 also permits service of documents, etc., in electronic mode. Keeping this in view the Ministry of Corporate Affairs vide their circular no. 17/2011 dated April 21, 2011 clarified that a Company would have complied with Section 53 of the Companies Act, 1956, if the service of documents has been made through electronic mode provided the Company has obtained email addresses of its members for sending the notice/documents through email by giving an advance opportunity to every shareholders to register their email address and changes therein from time to time with the Company.  
  
In view of the above, the Company requests all its shareholders to kindly provide their email addresses along with client ID/Folio no. and number of shares as reference to the following email addresses with subject as "Shivam Autotech Limited – Member Email ID" at:  
  
admin@mcsdel.com
11. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least seven days before the date of the Meeting, so that the information required may be made available at the meeting.

### ANNEXURE TO NOTICE

#### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

#### ITEM NO. 6

The present proposal is to seek the Members' approval for the appointment of Whole Time Director designated as "Director (Technical)", in terms of the applicable provisions of the Companies Act, 1956.

Dr. Anil Kumar Gupta was appointed as Whole Time Director designated as “Director (Technical)” of the Company w.e.f. 20<sup>th</sup> December, 2011 for a period of 3 years. He has done doctorate in Engineering from Delhi University. He has a vast Experience in the field of mechanical / metallurgy engineering.

Shareholding of the Company: Nil

The Board of Directors has approved the proposal for appointment of Dr. Anil Kumar Gupta as Whole Time Director designated as “Director (Technical)”.

The remuneration payable to Dr. Anil Kumar Gupta is set out as under:

**A) Basic Salary:** Rs. 100,000/- (Rupees One Lac) per month.

**B) Perquisites and Allowances:** In addition to the above Basic Salary, he shall be entitled to the following monthly perquisites and allowances:

**a) Allowances**

<u>S.No</u>	<u>Particulars</u>	<u>% of Basic Salary</u>
I.	House Rent Allowance	60%
II.	Dearness Allowance	10%
III.	Professional Development Allowance	10%
IV.	Special Allowance	5%
V.	Medical Reimbursement Allowance	3%

**b) Perquisites:** The Director (Technical) shall also be entitled to the following perquisites:

- i. **Car:** Facility of car with driver to be used for the business of the Company shall not be included in the computation of the ceiling of perquisites.
- ii. **Telephone:** Free telephone facility at residence including Mobile Phone to be used for the business of the Company shall not be included in the computation of the ceiling of perquisites.
- iii. **Leave:** As per rules of the Company.
- iv. **Reimbursement of expenses:** Reimbursement of entertainment, traveling, hotel and other expenses actually and properly incurred by him in India and abroad for the business of the Company.
- v. **Contribution to Provident Fund:** Company’s Contribution to Provident Fund as per rules of the Company.
- vi. **Leave Travel Concession:** For the Director (Technical) and his family once in a year incurred in accordance with the policy/rules of the Company, restricted to one month’s basic salary.

vii. **Other allowances:** As may be applicable from time to time as per policy/rules of the Company.

*For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.*

*For the aforesaid purpose “Family” means the dependent children and dependent parents of the Director (Technical).*

**C. Minimum Remuneration:** In any financial year during the currency of tenure of the Director (Technical), the Company has no profits or its profits are inadequate, the minimum remuneration payable to the Director (Technical) shall be substantive salary and perquisites as above mentioned, subject to the ceiling set out under Section II of Part II of Schedule XIII to the Companies Act, 1956.

*Provided further that the following perquisites which are also allowed to the Director (Technical) shall not be included in the computation of ceiling as specified in (c) above:*

*Contribution to Provident Fund, to the extent these either singly or put together are not taxable under Income Tax Act, 1961;*

None of the directors, except Dr. Anil Kumar Gupta, may be deemed to be concerned / interested in this Resolution.

The resolution is accordingly recommended for the approval of the Members.

**ITEM NO. 7**

The present proposal is to seek the Members’ approval for revision in the remuneration of Mr. Neeraj Munjal, Managing Director, in terms of the applicable provisions of the Companies Act, 1956.

Mr. Neeraj Munjal was re-appointed as the Managing Director of the Company for a period of five years w.e.f. April 1, 2011. He has completed his Bachelor’s degree in Commerce and holds Diploma in Business management from Bradford & Likhay community college, England. He has more than 24 years of experience in the Auto Components sector.

Shareholding in the Company: Nil

The Board of Directors and the Remuneration Committee has approved the proposal of increase in the remuneration, subject to the approval of the members. All other terms & conditions of his appointment will remain unchanged. The increased remuneration of Mr. Neeraj Munjal is set out as under:

- A) Basic Salary:** Rs. 460,000/- (Rupees Four Lakhs Sixty Thousand only) per month.
- B) Commission:** He will also be entitled by way of commission in addition to Basic Salary, Perquisites and any other Allowances, benefits or amenities subject to the condition that the amount of commission shall not exceed 2.00% of the Net Profit of the Company in a particular financial year as computed in the manner referred to in Section 198 of the Companies Act, 1956.
- C) Perquisites and Allowances:** In addition to the above Basic Salary and Commission, he shall be entitled to the following monthly perquisites and allowances:

**a) Allowances**

<u>S.No</u>	<u>Particulars</u>	<u>% of Basic Salary</u>
i.	House Rent Allowance	68.5%
ii.	Electricity Allowance	10%
iii.	Furnishing Allowance	5%
iv.	Professional Development Allowance	10%
v.	Child Education Allowance	5%

**b) Perquisites:** The Managing Director shall also be entitled to the following perquisites:

- i. **Club Fees:** Reimbursement of Actual Fees of Clubs.
- ii. **Personal Accident Insurance:** Actual premium to be paid by the Company.
- iii. **Medical Reimbursement:** Reimbursement of actual medical insurance premium and medical expenses incurred by him and his family.
- iv. **Insurance of Household goods:** Actual premium to be paid by the Company.
- v. **Car:** Facility of cars with drivers to be used for the business of the Company shall not be included in the computation of the ceiling of perquisites.
- vi. **Telephone:** Free telephone facility at residence including Mobile Phone to be used for the business of the Company shall not be included in the computation of the ceiling of perquisites.
- vii. **Leave:** One month's leave with full salary for every 11 months of service subject to the condition that leave accumulated but not availed will be encashed.
- viii. **Reimbursement of expenses:** Reimbursement of entertainment, travelling, hotel and other expenses actually and properly incurred by him in India and abroad for the business of the Company.
- ix. **Contribution to Provident Fund, Super Annuation or Annuity Fund etc.:** Company's Contribution to Provident Fund, Super Annuation or Annuity Fund etc. will be as per policy/rules of the Company to the

extent these either singly or put together are not taxable under the Income Tax Act.

- x. **Gratuity:** Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- xi. **Leave Travel Concession:** For the Managing Director and his family once in a year incurred in accordance with the policy/rules of the Company.
- xii. **Spouse Traveling Expenses:** Such traveling expenses of the spouse as may be required in connection with the business of the Company.
- xiii. **Other allowances:** As may be applicable from time to time as per policy/rules of the Company.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

For the aforesaid purpose "Family" means the dependent children and dependent parents of the Managing Director.

- D) Minimum Remuneration:** In any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the minimum remuneration payable to the Managing Director shall be substantive salary and perquisites as above mentioned, subject to the ceiling set out under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Provided further that the following perquisites which are also allowed to the Managing Director shall not be included in the computation of ceiling as specified in (D) above:

Contribution to Provident Fund, Super Annuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961; and Gratuity payable at a rate not exceeding half month' salary for each completed year of service.

None of the directors, except Mr. Neeraj Munjal and Mr. Satyanand Munjal, being relative of Mr. Neeraj Munjal, may be deemed to be concerned / interested in this Resolution.

The resolution is accordingly recommended for the approval of the Members.

**THE ABOVE MAY ALSO BE TREATED AS AN ABSTRACT OF VARIATION IN TERMS OF APPOINTMENT AND MEMORANDUM OF INTEREST UNDER SECTION 302 OF THE COMPANIES ACT, 1956.**

**INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING  
(PURSUANT TO CLAUSE 49 (IV) OF THE LISTING AGREEMENT)**

<b>Name of Director</b>	<b>Dr. Vinayshil Gautam</b>	<b>Mr. Surinder Lal Kapur</b>
<b>Date of Birth</b>	03-06-1946	07-03-1937
<b>Date of Appointment</b>	14-02-2006	14-02-2006
<b>Qualifications</b>	Doctrate in Management	Advocate
<b>Experience in specific functional areas</b>	Practitioner & Consultant of Management in India and abroad & is attached with IIT Delhi	Expert in Company laws, industrial laws & industrial finance.
<b>List of Companies in which outside Directorship held</b>	<ol style="list-style-type: none"> <li>1. RITES Limited</li> <li>2. Moser Baer India Limited</li> <li>3. Ginni International Limited</li> <li>4. Gas Authority of India Limited</li> <li>5. S. Kumars Nationwide Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Yes Bank Limited</li> <li>2. Alchemist Asset Reconstruction Limited</li> <li>3. Ansal Housing &amp; Construction Limited</li> <li>4. Uniproducts Limited</li> <li>5. Claris Lifesciences Limited</li> </ol>
<b>Chairman / Member of Committees of Board of directors of other companies in which he is a director</b>	Nil	<ol style="list-style-type: none"> <li>1. YesBank Limited, Member-Audit &amp; Copliance</li> <li>2. Ansal Housing &amp; Construction Limited Member - Audit Committee</li> <li>3. Uniproducts (India)Limited - Member - Audit Committee Chairman - Investor Grievance COmmittee</li> <li>4. Claris Lifesciences Limited- Member-Audit Committee &amp; Shareholder Grievance Committee</li> </ol>
<b>No. of Shares held</b>	Nil	Nil

\* Excluding private limited companies

\*\* Only Audit Committee & Shareholders Grievance Committee considered

By Order of the Board of Directors  
FOR **SHIVAM AUTOTECH LIMITED**

DAVENDRA UJLAYAN  
**AVP - FINANCE &  
COMPANY SECRETARY**

New Delhi  
Date: 14<sup>th</sup> August, 2012

**Registered Office:**  
303, 3<sup>rd</sup> Floor, Square One  
C-2, District Centre, Saket,  
New Delhi – 110 017

## DIRECTORS' REPORT

### To The Members,

The Directors have pleasure in presenting the 7<sup>th</sup> Annual Report of the Company together with its Audited Statement of Profit and Loss Account for the year ended March 31, 2012 and the Balance Sheet as on that date:

### FINANCIAL RESULTS

The summarized financial results of the Company for the year ended March 31, 2012 are presented below:

Particulars	2011-12	2010-11
Gross Sales & Other Income	37,908.70	27,913.42
<b>Profit before Depreciation and Interest</b>	<b>8,497.27</b>	<b>6,136.20</b>
Depreciation	2,941.88	2,365.44
Interest	2,705.01	2,078.81
<b>Profit before Taxation</b>	<b>2850.38</b>	<b>1,687.71</b>
Provision for Taxation (Deferred & Current)	987.76	209.96
<b>Profit after Taxation</b>	<b>1862.63</b>	<b>1,477.75</b>
Profit available for appropriations	1862.63	1,477.75
<b>Appropriations</b>		
Amount transferred to General Reserve	300.00	300.00
Proposed Dividend on Equity Shares	320.00	250.00
Tax on Dividend	51.91	40.56
Profit after Appropriations	1190.72	887.19

### PERFORMANCE

The company has maintained the earnings at a strong level despite of rise in price of commodities, inflation & interest rates. We are committed in bringing the new processes and technological advancements in order to optimize the utilization of resources and to maximize the profits.

The total income of the company increased by 35.80% from Rs.27,913.42 Lacs in 2010-11 to Rs.37,908.70 Lacs in 2011-12. Operating profit (PBDIT) of the company increased by 38.46% from Rs.6,136.20 Lacs in 2010-11 to Rs.8,497.27 Lacs in 2011-12.

The overall performance of the company can be termed as satisfactory.

### DIVIDEND

The Board of Directors of the Company recommend, for consideration of shareholders at the 7<sup>th</sup> Annual General Meeting, payment of dividend of 32% (Re.3.20 per share) on equity shares of the face value of Re.10/- each for the year ended March 31, 2012. The dividend paid during the previous year was 25%.

### BUSINESS OVERVIEW

The global economic recovery is fast losing traction due to the continuing Euro Zone debt crisis. Domestically, the state of the economy is a matter of growing concern with slowing economy, persistently high inflation, uncertain political environment and the depreciation of the Indian rupee is weakening the overall economic sentiment of the country.

With the smoothening of operations at its Binola plant and Haridwar plant, the company expects growth in its top line and bottom line during the ongoing financial year 2012-13.  
(Rs. In Lacs)

13. The company's efforts in adding new customers and increased business from its existing customers has started yielding results.

Hero MotoCorp Limited (HMCL), the main customer of the company and the world No. 1 two wheeler manufacturer for 11 consecutive years, continues to maintain its leadership position in the two wheeler industry, and has achieved a growth of 15.00% in the year 2011-12 by selling 62,35,205 two wheelers.

### CORPORATE GOVERNANCE

The Company has followed the principles of Corporate Governance with all integrity and fairness aimed at building trust among stakeholders, customers and employees etc., being transparent with regard to all transactions, making the necessary disclosures and complying with the laws prevalent and applicable to the industry.

Separate detailed chapters on Corporate Governance, Additional Shareholder information and Management Discussion and Analysis are attached herewith and form part of this Report. All the board members and senior managerial personnel have affirmed compliance with the code of conduct for the F.Y. 2011-12.

A certificate from the Practising Company Secretary regarding the compliance of the conditions of Corporate Governance by the Company stipulated under Clause 49 of the Listing Agreement is also attached to this Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, as amended, with respect to the directors' responsibility statement, it is hereby confirmed:

- (i) That in preparation of accounts for the financial year ended March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to the material departures;
- (ii) That the directors' of the company have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profits of the Company for the year ended March 31, 2012;
- (iii) That the directors' of the company have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) That the directors' of the company have prepared the accounts of the company for the financial year ended March 31, 2012 on a going concern basis.

#### **FIXED DEPOSITS**

During the year, the Company has not accepted any deposit under Section 58A and Section 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

#### **FINANCE**

The company has met with its working capital requirement from a mix of internal accruals and availing cash credit facilities from its Bankers during the year. The capital expansion undertaken during the year at both the Gurgaon and Haridwar Plant have been financed from internal accruals and term loans from the Banks. The working capital and the term loans are tied to the base rate of the Banks.

#### **DIRECTORS**

Pursuant to Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Dr. Vinayshil Gautam and Mr. Surrinder Lal Kapur, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Dr. Anil Kumar Gupta was appointed as a Whole Time Director designated as "Director (Technical)" for a period of three years with effect from December 20, 2011. Taking into consideration his knowledge and experience, the Board recommends his appointment as Whole Time Director of the Company to the Members of the Company. Member's

approval for his appointment as Whole time director has been sought in the Notice convening the Annual General Meeting of the Company.

The appointments/re-appointments form part of the Notice of the seventh Annual General Meeting and the relevant Resolutions are recommended for your approval.

Profiles of these Directors, as required by the Listing Agreement provisions, are given in the Notice / Corporate Governance Report forming part of this Annual Report.

#### **HOLDING COMPANY**

The promoters of the Company i.e. Dayanand Munjal Investments Private Limited (DMIPL) hold 74,79,595 equity shares which represents 74.80% of the paid up equity capital of the Company. Your company continues to be a subsidiary company of DMIPL.

#### **SUBSIDIARY COMPANIES**

The Company has no subsidiary.

#### **INTERNAL CONTROL SYSTEMS**

Your company maintains an adequate and effective internal control system commensurate with its size and complexity. We believe that these internal control systems provide, among other things a reasonable assurance that the transactions are executed with management authorizations and they are recorded in material respects to permit preparation of the financial statements in conformity with established accounting principles and that the assets of the company are adequately safe-guarded against any significant misuse or loss.

The internal audit is done by an independent firm of Chartered Accountants. Internal audit and other controls are reviewed periodically by the Audit Committee and have been found to be adequate.

#### **AUDITORS AND AUDITORS' REPORT**

M/s. S.S. Kothari Mehta & Co., Chartered Accountants, existing Statutory Auditors' will retire at the conclusion of the ensuing Annual General Meeting and seek re-appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting.

The company has received certificate from M/s. S.S. Kothari Mehta. & Co. to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

The Board of Directors recommends to the shareholders the appointment of M/s. S.S. Kothari Mehta & Co. as Statutory Auditors of the Company.



The observations and comments given in the report of the Auditors read together with notes to the accounts are self explanatory. *The observation of the Auditors in the Audit Report under point no. 11 & 17 of the Annexure to the Auditors Report about delay in some instalment payment of loans and deployment of some of the funds raised on short term basis as long term investments.*

*The delay in some instalment payment is on account of some delays in realisation of amounts used for the payment of instalments, the delay is minor and the same has been regularised during the year.*

*The investments have been made in the fixed assets and the company is in the process of arranging suitable long term funds to replace these short term funds.*

### **COST AUDIT**

The Directors have appointed M/s Gurdeep Singh & Associates, Cost Accountants, as Cost Auditors to audit the Cost Records relating to "Engineering Industries" for the year ending 31<sup>st</sup> March 2013.

### **ENVIRONMENT, HEALTH & SAFETY**

The company is committed for delivering quality with minimum adverse impact on the environment. A well developed Environment Management System (EMS) is established in the Company. EMS is adherent to the highest possible standards of environmental management, health, safety and compliance with all relevant environmental legislations and regulations.

Reviews and audits of EMS are carried out on regular basis. Environment related initiatives are undertaken practically at all levels and in all functions of the organization. Environmental impacts are assessed and actions are taken in planned manner. Some of the environment related initiatives are installation of fume extraction to mitigate air emission and rain water harvesting.

Safety and health of the employees receives utmost importance at every workplace of the Company. Safe operating procedures, standards and systems have been laid down at all manufacturing locations. Regular training of employees regarding safe working guidelines, audit and review of every accident, mock drills on emergency are some of the steps that are followed to achieve higher safety standards. Safety requirements are also extended to our sub-contractors and visitors.

Your company also continues to be a constituent of a very important and responsible initiative of Hero MotoCorp Limited toward the commitment to environment, viz. GREEN SUPPLY-CHAIN MANAGEMENT PROGRAMME.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given as per Annexure – 'D' and forms an integral part of this Report.

### **PARTICULARS OF EMPLOYEES**

The Directors express their appreciation for the contribution made by the employees to the significant improvement in the operations of the Company and for the support received from them.

As required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure – 'C' included in this report.

### **HUMAN RESOURCE DEVELOPMENT**

Attracting and retaining talent remained a major challenge for the company in FY 2011-12. Like last few years, the Company has focused on various people development initiatives such as Learning and Development, Developing Leadership Culture, Succession Planning, Employee Engagement and Performance Management.

Learning and development initiatives were more sharpened with the process of Competency Mapping and Competency Development. The company continued the structured Leadership Programmes with the focus on Value Based Leadership Development for all the Managers.

A number of initiatives are being taken for all employees – Operating Engineers as well as staff for enhancing "employee value". This includes skill enhancement, training and soft skills. Coaching/guidance for selected talent is also included. This initiative is aimed at preparing the company for high growth in the coming years.

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

### **ACKNOWLEDGMENTS**

The Directors express their appreciation for the sincere co-operation and assistance of Central and State Government Authorities, Bankers, Customers, Suppliers and Business Associates. Your Directors also wish to place on record their deep sense of appreciation for the committed services by your Company's employees. Your Directors acknowledge with gratitude the encouragement and support extended by our valued shareholders.

**For and on behalf of the Board**

**Place: New Delhi**  
**Date: 14<sup>th</sup> August, 2012**

**Sunil Kant Munjal**  
**Chairman**

## ANNEXURE 'A' TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

According to the latest estimates released by the Central Statistical Organization, India's GDP growth is pegged at 6.5% in the FY 2011-12, down from 8.4% during the previous year. Industrial growth in particular was severely affected. Significant depreciation of the currency led to costlier imports and higher domestic input costs. High levels of interest rates with continuing inflation adversely impacted growth. The sovereign debt crisis in the Eurozone is putting the world's largest economic block into recession. The US economic outlook is uncertain as the prospect for recovery is weakening and no amount of quantitative easing is really working. To make the matters worse, the Chinese economy is slowing down, putting at jeopardy the outlook of the emerging market economies. For our own economy the basic problems are that of falling growth and high inflation. Actually, it is a deadly trio at work i.e. falling growth, continuing high inflation and large current account deficit, amidst high fiscal deficit.

#### INDUSTRY STRUCTURE AND DEVELOPMENT

Economically and demographically, India's automotive industry is well positioned for growth, servicing both domestic demand and increasingly export opportunities. A predicted increase in India's working-age population is likely to help stimulate the burgeoning market for private vehicles. Rising prosperity, easier access to finance and increasing affordability is expected to see four-wheelers gaining volumes, although two wheelers will remain the primary choice for the majority of purchasers, buoyed by greater appetite from rural areas, the youth market and women.

The components sector is in a strong position to cash in on India's cost-effectiveness, profitability and globally recognized engineering capabilities. As the benefits of collaborations become more apparent, super-specialties may emerge in which the automobile is treated as a system, with each specialist focusing on a sub-system, akin to the IT Industry. Though this approach is radical, it could prove an important step in reducing complexity and investment requirements, while promoting standardization and meeting customer demands.

Manufacturers are already planning for the future; early advocates of technological and distribution alliances have yielded generally positive results, enabling domestic OEMs to access global technology and experience, and permitting them to grow their ranges with fewer financial risks.

This exciting outlook for the industry is set against a backdrop of two potentially game changing transportation trends – the gradual legislative move towards greener, gas

based public transport vehicles, and a greater requirement for urban mass mobility schemes to service rapidly expanding cities.

In a price conscious economy such as India's, the shift towards green vehicles will be slow unless spurred by government mandates. Although the major players are already equipped with the necessary capabilities to develop cleaner vehicles, they do not see much merit in commercializing these technologies until the green revolution gains momentum – most likely through changes in political legislations – and it achieves the market scale required for commercial viability.

Manufacturers are placing greater faith in dual-fuel technologies than in battery-powered alternatives because the necessary support infrastructure, such as recharge stations, is not yet in place for the widespread adoption of the latter. The launch of electric motorcycles could have a significant impact on the market, given that motorcycles account for the majority of two wheeler sales in India.

The Indian Automobile industry has emerged stronger from the recent global downturn, and sales across all segments have seen record breaking numbers in the recent past.

While the Indian industry has much to look forward to, by way of steady growth in both domestic and export markets, there are some clear challenges accompanying the opportunities in greener vehicles and alternative mobility.

In order to capitalize on these opportunities, the industry needs to develop or acquire technologies and capabilities to produce vehicles that meet future market needs.

The government for its part has much to do to ensure the growth trends are maintained, and encourage the development of greener vehicles, while also improving compliance to even existing environment standards.

#### OPPORTUNITIES, CHALLENGES, RISK & CONCERN

The Indian automotive market is evolving as the next big opportunity and players from across the world see it as a natural extension of their business domain. And Indian players in the automotive component sector are now viewing the entire global market as an opportunity. With high skill levels and a competitive environment, they are no longer restricted to viewing India alone.

Some of the emerging trends and concerns facing the Indian auto component industry are:

1. Industry structure is fragmented.
2. Original Equipment Manufacturers (OEMs) are the major source of demand.
3. Healthy demand prospects prevail in both domestic and export markets.
4. Indian auto component manufacturers are ramping up production capacities to match growing domestic as well as export demand.
5. Increased focus on developing R&D and design & engineering skills.
6. Raw material costs surging, hence, margins are under pressure.
7. More mergers and acquisitions are taking place.
8. Industry's thrust is on increasing export turnover.
9. Competition is intensifying.
10. Companies are diversifying their businesses.

The industry has been successful in maintaining its operating efficiencies due to various cost reduction strategies adopted by players like entering into long term contracts with raw material suppliers. The companies have been focusing on procuring bulk orders for higher volumes of sales.

Financial performance of the industry is expected to be average in the coming years and growth is likely to be volume driven rather than realization driven. Exports turnover is expected to augment much faster than domestic turnover, as rising raw material prices, which has the largest share in net sales, will continue to squeeze industry margins in spite of handsome growth in net sales.

#### **OUTLOOK**

The overall prospects look bright for the Indian auto component industry, considering government support, aggressive investment plans, capacity expansions, surging demand, global footprint, and opportunities from international and domestic markets.

The auto component companies are adopting different strategies to increase their product range, get access to improved technology, to acquire proximity with their customers and to expand operations in lucrative markets.

The industry is, however, vulnerable to certain concerns and challenges that are likely to erode its competitiveness. Even though competition has intensified over the years, its severity has increased ever since global automobile manufacturers have started considering India as an outsourcing destination. The industry's own fragmented nature and low entry barriers for international players have stepped up the situation. Besides these factors, pricing pressure faced by component manufacturers from OEMs and raw material suppliers have also contributed substantially to rise in competition.

The company's main customer Hero MotoCorp Limited continues to be the market leader and has grown by 15% in terms of volume in the year 2011-12 by selling around 62,35,205 two wheelers in the year 2011-12. This augurs well for our company also going forward. The company is now also concentrating on adding new products and new businesses and is confident of growing further in the coming years.

#### **CAUTIONARY STATEMENT**

Certain Statements in the Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations or predictions may be 'forward looking statements' within the meaning of applicable laws and regulations. It cannot be guaranteed that these assumptions and expectations are accurate or will be realized. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

## ANNEXURE 'B' TO DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

#### A. MANDATORY REQUIREMENTS

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

The Company's Corporate Governance Philosophy derives from the values of integrity, excellence & responsibility. It emphasizes wealth creation for society, protection & interest enhancement for all stakeholders, without compromising the environment and health of society at large. This helps the company to perform better thus culminating into higher productivity of the corporate resources. Further, the company also applies the Balanced Scorecard methodology across its units, which assesses the steps taken to achieve long term strategic objectives of the company, which articulates the values, ethics and business principles that should be adhered to by employees, as part of its philosophy on Corporate Governance.

The Company has complied with the provisions of Clause 49 of the Listing Agreement of the Stock Exchange, which deals with the compliance of Corporate Governance requirements as detailed below:

##### 2. BOARD OF DIRECTORS

###### (a) Composition of the Board

The present strength of the Board as on 31<sup>st</sup> March, 2012, is nine Directors. The Chairman of the Board is a non-executive Director. The Board comprises of two executive Director and seven non-executive Directors, of whom six are independent Directors.

Two Directors namely Mr. Satyanand Munjal (Non-Executive Director) and Mr. Neeraj Munjal (Managing Director) belong to the promoter family, which owns 74.80% equity in the Company. Dr. Anil Kumar Gupta is Whole Time Director designated as "Director (Technical)". Apart from these, the rest of the Board constitutes of Non-Executive Directors. The directors bring to the Board wide range of experience & skills.

###### (b) Board / Committee Meetings and procedure

###### Board Meetings and Attendance of each Director at the Board Meetings and the last Annual General Meeting

During the Financial Year 2011-12, four meeting of the Board of Directors were held on 28-05-2011, 08-08-2011, 07-11-2011 and 13-02-2012. The maximum interval between any two meetings during this period was 105 days and the gap between any two Board Meetings did not exceed four months.

The details of attendance of Directors in the Board meetings are as under:

Name of Directors	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
Mr. Satyanand Munjal	4	-	No
Mr. Brijmohan Lall Munjal	4	-	No
Mr. Om Prakash Munjal	4	-	No
Mr. Sunil Kant Munjal	4	1	Yes
Mr. Neeraj Munjal	4	4	Yes
Mr. Bhagwan Dass Narang	4	4	Yes
Mr. Surrinder Lal Kapur	4	3	Yes
Mr. Vinayshil Gautam	4	4	Yes
Mr. Anil Kumar Gupta	4	4	Yes

The information as required under Annexure I A to Clause 49 of the Listing Agreement is made available to the Board of Directors. Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board. Adequate information is circulated as part of the Board papers and is also made available at the Board Meeting to enable the Board to take informed decisions.

**(c) Number of other Companies or Committees the Director is a Director / Member / Chairman of**

None of the Directors holds directorship in more than 10 listed companies. Further none of them holds membership of more than 10 Committees of the Boards nor is any Director a Chairman of more than 5 Committees of Board.

Name	Category	No. of Outside Directorships in Public Ltd. Companies	No. of Committee Memberships (including Chairmanship)	No. of Committee Chairmanship
Mr. Satyanand Munjal	Non-Executive	3	-	-
Mr. Brijmohan Lall Munjal	Non-Executive & Independent	7	-	-
Mr. Om Prakash Munjal	Non-Executive & Independent	5	-	-
Mr. Sunil Kant Munjal Chairman	Non-Executive & Independent	12	-	-
Mr. Neeraj Munjal Managing Director	Executive	-	-	-
Mr. Bhagwan Dass Narang	Non-Executive & Independent	10	-	-
Mr. Surrinder Lal Kapur	Non-Executive & Independent	5	6	1
Dr. Vinayshil Gautam	Non-Executive & Independent	5	-	-
Dr. Anil Kumar Gupta Director - Technical	Executive*	-	-	-

(\*Till 19-12-2011, Dr. Anil Kumar Gupta was Non-Executive & Independent Director.)

None of the Non-Executive Directors hold any shares (as own or on behalf of other person on beneficial basis) in the Company.

Notes:

1. Private Limited Companies, foreign companies and companies u/s 25 of the Companies Act, 1956 are excluded for the above purposes.
2. Only audit committee and shareholder's grievance committee are considered for the purpose of committee positions as per listing agreement.

**RE-APPOINTMENT OF DIRECTORS**

Dr. Anil Kumar Gupta was appointed as a Whole Time Director designated as "Director (Technical)" for a period of 3 years with effect from 20-12-2011. Taking into consideration his knowledge and experience, the Board commends his appointment as Whole Time Director of the Company. Members' approval for his appointment as Whole Time Director has been sought in the Notice convening the Annual General Meeting of the Company.

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Dr. Vinayshil Gautam and Mr. Surrinder Lal Kapur, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Relevant Information pursuant to Clause 49(IV)(G)(i) regarding Directors proposed to be re-appointed at the Annual General Meeting is given in the Notice of the Annual General Meeting.

**3. AUDIT COMMITTEE**

The constitution, quorum, scope, etc. of the Audit Committee is in line with the Companies Act, 1956 and provisions of Listing Agreement. All the members of Audit Committee are qualified and having insight to interpret and understand financial statements.

### (a) Composition of the Audit Committee and attendance of members

The Audit Committee comprises mainly of Independent Directors and the composition is compatible with the Listing Agreements. Meetings of the Audit Committee were held on 28-05-2011, 08-08-2011, 07-11-2011 and 13-02-2012.

Name	Designation	Category of Directorship	Attendance out of 4 meetings held
Mr. Surrinder Lal Kapur	Chairman	Non-Executive & Independent	3
Mr. Bhagwan Dass Narang	Member	Non-Executive & Independent	4
Dr. Vinayshil Gautam	Member	Non-Executive & Independent	4
Mr. Sunil Kant Munjal	Member	Non-Executive & Independent	1
Dr. Anil Kumar Gupta	Member	Executive*	4

(\*Till 19-12-2011, Dr. Anil Kumar Gupta was Non-Executive & Independent Director.)

The Company Secretary acts as the Secretary of the Committee.

Quorum of the Audit Committee is three non-executive & independent directors. Mr. Surrinder Lal Kapur is the Chairman of the Audit Committee.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company.

### (b) Terms of Reference

The terms of reference of the Audit Committee are wide enough to cover the matters specified for the Audit Committee under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956 and are as follows:

- Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment, replacement and removal of the statutory auditors and fixation of the audit fees.
- Reviewing with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgement by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly and yearly financial statements before submission to the Board for approval.
- Reviewing the adequacy of the internal control systems, internal audit function and company's financial and risk management policies.
- Review of Foreign Exchange Exposure.
- 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 internal auditors any significant findings and follow up thereon.
- 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.

#### 4. SHAREHOLDERS' GRIEVANCE COMMITTEE

During the year, 4 (four) meetings of the Shareholders' Grievance Committee were held on 28-05-2011, 08-08-2011, 07-11-2011 and 13-02-2012. The composition of the Shareholders' Grievance Committee is as follows:

The composition of the Shareholders' Grievance Committee is as follows:

Name of the Member	Designation	Category of Directorship	Attendance out of 4 meetings held
Mr. Bhagwan Dass Narang	Chairman	Non-Executive & Independent	4
Mr. Surrinder Lal Kapur	Member	Non-Executive & Independent	3
Mr. Neeraj Munjal	Member	Executive	4
Dr. Vinayshil Gautam	Member	Non-Executive & Independent	4
Dr. Anil Kumar Gupta	Member	Executive*	4

(\*Till 19-12-2011, Dr. Anil Kumar Gupta was Non-Executive & Independent Director.)

#### Scope of the Committee

Redressing of the Shareholders / Investors complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend etc.

#### Compliance Officer

Mr. Davendra Ujlayan - AVP-Finance & Company Secretary

Details of shareholders' complaints received during the F.Y. 2011-12 and their status are as follows:

Nature of Complaint / Query	Total Received	Total Replied / Resolved	Pending
1. Inquiry pertaining to non receipt of shares after transfer	5	5	-
2. Request for issue of duplicate share certificates	2	2	-
3. Non receipt of dividend / Revalidation of dividend warrants	6	6	-
4. Communication relating to Transfer / Transmission / Name Deletion / Demat of Shares	3	3	-
5. Miscellaneous i.e. Credit of Shares in Demat A/c's, non receipt of Annual Report, Change of Address, Bank Details, etc.	5	5	-

#### 5. REMUNERATION COMMITTEE

##### (a) Terms of Reference

The Remuneration Committee reviews and recommends the payment of annual salaries, commission and other employment conditions of Executive Directors to the Board for approval. The Committee takes into consideration performance parameters, growth in business as well as profitability and practices prevailing in the similar industry, while fixing appropriate remuneration packages.

##### (b) Composition of the Remuneration Committee and attendance of members

The Remuneration Committee comprises mainly of Independent Directors. During the year, the Committee had no meeting. The composition of the Remuneration Committee is as follows:

Name	Designation	Category of Directorship
Dr. Vinayshil Gautam	Chairman	Non-Executive & Independent
Mr. Bhagwan Dass Narang	Member	Non-Executive & Independent
Mr. Surrinder Lal Kapur	Member	Non-Executive & Independent
Mr. Sunil Kant Munjal	Member	Non-Executive & Independent

### (c) Remuneration Policy

The remuneration is fixed considering various parameters such as qualification, expertise, experience, prevailing remuneration in the industry and financial position of the Company. The remuneration structure comprises of Basic Salary, Commission, Perquisites & Allowances and Contribution to Provident Fund etc.

The Non-Executive Directors do not draw any remuneration from the Company except sitting fees of Rs. 20,000/- for each meeting of the Board and Rs. 10,000/- for each meeting of the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee attended by them. The Non-Executive Independent Directors are paid sitting fees of Rs. 20,000/- for attending each meeting of Committee of Board of Directors.

However, in addition to the sitting fees, non-executive & independent directors are entitled to remuneration by way of commission up to 0.30 per cent of profits of the company or Rs.6 Lacs per annum, whichever is less for each year of the period of 4 years commencing on 1<sup>st</sup> April, 2009 as approved by the shareholders in the Annual General Meeting held on 30<sup>th</sup> September, 2009.

### Details of Remuneration Paid to Managing Director & Executive Director

(Amount in Rs. Lacs)

Executive Director(s)	Salary	Commission	Perquisites & Allowances	Contribution to PF Fund	Total
Mr. Neeraj Munjal	48.00	45.88	52.08	5.76	151.72
Dr. Anil Kumar Gupta	3.39	-	2.87	0.41	6.67

(\*Till 19-12-2011, Dr. Anil Kumar Gupta was Non-Executive & Independent Director.)

#### Notes:

- The agreement between the Company and the Managing Director is for a period of five years. Either party is entitled to terminate the Agreement by giving not less than 180 days' notice in writing to the other party.
- \*Commission is payable @2.00% of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956 or Rs. 50 lakhs, whichever is less.
- Presently, the Company does not have Stock Option Scheme.

### Details of Remuneration Paid to Non-Executive Directors

Name of Non-Executive Directors	Sitting fees			Commission	Total
	Board Meeting	Committee Meeting			
Mr. Sunil Kant Munjal	20,000	10,000	-	30,000	
Mr. Bhagwan Dass Narang	80,000	160,000	200,000	440,000	
Mr. Surrinder Lal Kapur	60,000	120,000	200,000	380,000	
Dr. Vinayshil Gautam	80,000	160,000	200,000	440,000	
Dr. Anil Kumar Gupta	60,000	120,000	-	180,000	

(\*Till 19-12-2011, Dr. Anil Kumar Gupta was Non-Executive & Independent Director.)

## 6. GENERAL BODY MEETINGS

### Annual General Meeting

Date, time and location where the last three Annual General Meetings were held are as under:

Year	Type	Date	Venue	Time	Whether Special resolution passed in previous AGM
2008-09	AGM	30.09.2009	Tivoli Garden Resort, Near Chattarpur Mandir, Chattarpur Road New Delhi-110030	11.00 A.M	Yes. Authorizing the payment of commission to non-executive independent directors as per provisions of section 198, 309,



					349 & 350 of the Companies Act, 1956.
2009-10	AGM	29.09.2010	Tivoli Garden Resort, Near Chattarpur Mandir, Chattarpur Road New Delhi-110030	11.00 A.M	No.
2010-11	AGM	30.09.2011	Tivoli Garden Resort, Near Chattarpur Mandir, Chattarpur Road New Delhi-110030	11.00 A.M.	NO

## 7. DISCLOSURES

- There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, or relatives etc. that may have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note 12 of Notes to Accounts to the financial statements in the Annual Report.
- The guidelines / accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) have been followed in preparation of the financial statements of the Company.
- There were neither any non-compliance by the Company on any matters relating to capital markets; nor did the Company attract any penalties or strictures by the Stock Exchanges, SEBI or any statutory authority.
- Presently, the Company does not have a Whistle Blower Policy. No personnel of the Company have been denied access to the Audit Committee.
- The Code of Conduct applicable to all Directors and employees of the Company has been posted on the Company's website. For the year under review, all Directors and senior management personnel of the Company have confirmed their adherence to the provisions of the said codes.

## 8. MEANS OF COMMUNICATION

- The quarterly results are published in widely circulating national and local newspapers such as The Economic Times, Business Standard, in English and Navbharat Times, in Hindi.
- The Company's results are displayed on the Company's website i.e. [www.shivamautotech.com](http://www.shivamautotech.com). The website also displays the Distribution Schedule and Shareholding Pattern pursuant to Clause 35 of the Listing Agreement.

## 9. GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

Date	25 <sup>th</sup> September, 2012
Day	Tuesday
Time	03.00 P.M.
Venue	Tivoli Garden Resort, Near Chattarpur Mandir, Chattarpur Road, New Delhi – 110030.

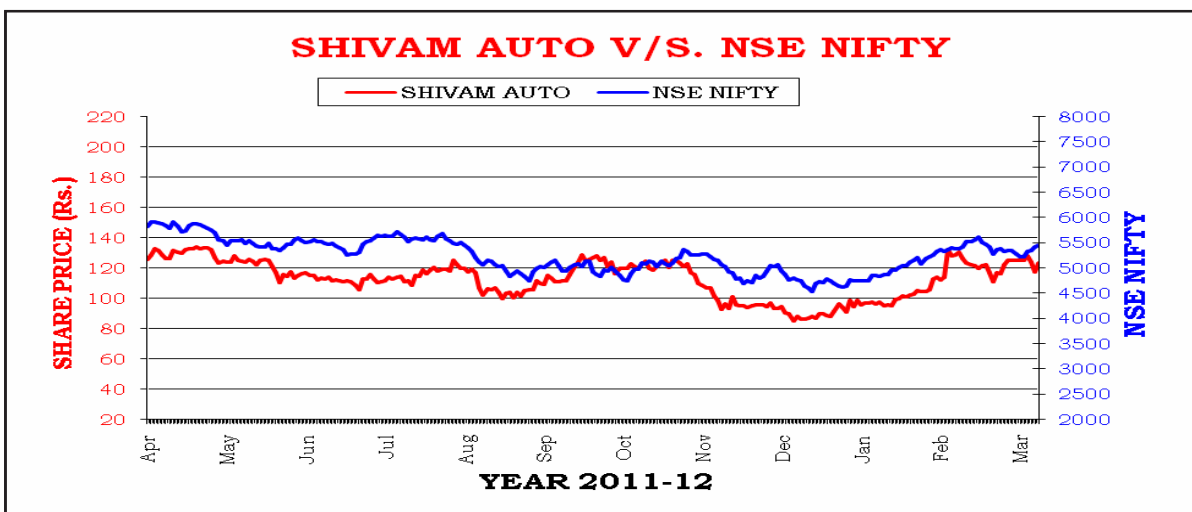
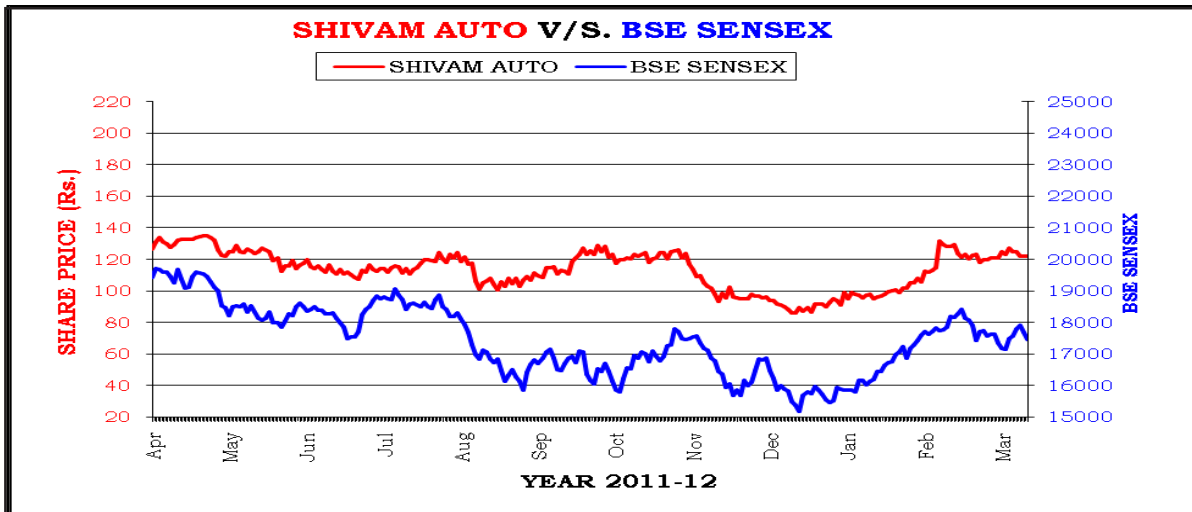
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<b>Financial Year</b>	April 1 to March 31 i) First Quarter Results – first week of August ii) Second Quarter Results – first week of November. iii) Third Quarter Results – second week of February. iv) Fourth Quarter Results – last week of May v) Audited Results for the year ended March 31, 2012 – May 2012
<b>Dates of Book Closure</b>	Tuesday, September 18 ,2012 to Tuesday, September 25, 2012 (both days inclusive)
<b>Dividend Payment Dates</b>	Within 30 days of AGM
<b>Listing on Stock Exchanges</b>	The Bombay Stock Exchange Limited The National Stock Exchange of India Limited  The Annual Listing Fees for 2012-2013 have been paid to both the Stock Exchanges.
<b>Stock Code</b>	532776 – The Stock Exchange, Mumbai SHIVAMAUTO – The National Stock Exchange
<b>Demat ISIN Number for NSDL and CDSL</b>	INE 637H01016

## MARKET PRICE DATA

The monthly high and low quotations as well as the volume of shares traded on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) are as follows:

Month	Bombay Stock Exchange (BSE)					National Stock Exchange (NSE)				
	High (Rs.)	Date	Low (Rs.)	Date	Monthly Volume	High (Rs.)	Date	Low (Rs.)	Date	Monthly Volume
Apr' 11	147	11-04-2011	119	11-04-2011	47,103	139.00	06-04-2011	122.50	01-04-2011	36,606
May' 11	138	16-05-2011	111	25-05-2011	21,972	130.00	20-05-2011	110.00	25-05-2011	53,071
Jun' 11	125	06-06-2011	106	23-06-2011	42,585	123.85	06-06-2011	105.00	23-06-2011	27,131
Jul' 11	127	26-07-2011	107	05-07-2011	12,590	126.00	26-07-2011	108.30	13-07-2011	17,427
Aug' 11	125	01-08-2011	97	19-08-2011	21,871	124.00	01-08-2011	91.00	09-08-2011	11,996
Sept' 11	130	29-09-2011	105	05-09-2011	35,943	129.85	21-09-2011	102.70	05-09-2011	34,768
Oct' 11	134	26-10-2011	116	11-10-2011	15,681	125.80	26-10-2011	114.00	11-10-2011	10,040
Nov' 11	130	04-11-2011	92	23-11-2011	177,542	129.80	04-11-2011	91.60	23-11-2011	278,915
Dec' 11	106	30-12-2011	85	21-12-2011	29,781	101.00	05-12-2011	83.00	29-12-2011	26,216
Jan' 12	104	27-01-2012	85	02-01-2012	44,697	105.90	17-01-2012	84.55	02-01-2012	25,316
Feb' 12	136	15-02-2012	101	01-02-2012	54,369	141.00	17-02-2012	98.25	06-02-2012	61,752
Mar' 12	129	28-03-2012	115	07-03-2012	22,431	128.00	20-03-2012	111.40	03-03-2012	9,843

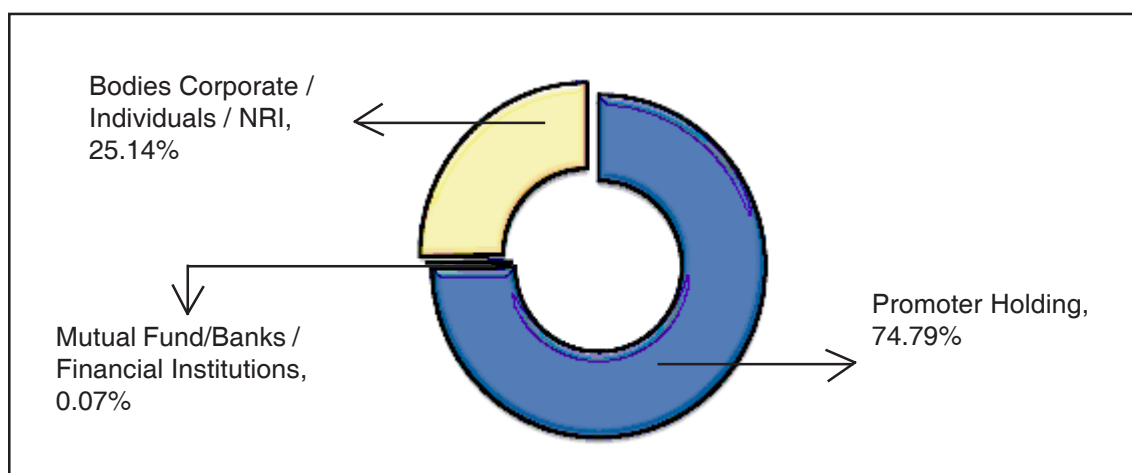


## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2012

No. of shares held	No. of shareholders		No. of shares	
	Numbers	%	Numbers	%
Up to 500	6,663	92.35	767,243	7.67
501 – 1000	257	3.56	208,552	2.09
1001 – 2000	142	1.97	212,878	2.13
2001 – 3000	52	0.72	137,179	1.37
3001 – 4000	23	0.32	82,451	0.82
4001 – 5000	25	0.35	119,021	1.19
5001 – 10000	24	0.33	197,399	1.97
10001 – 50000	23	0.32	419,925	4.20
50001 – 100000	4	0.06	251,257	2.51
100001 & above	2	0.03	7,604,095	76.04
<b>Total</b>	<b>7,215</b>	<b>100.00</b>	<b>10,000,000</b>	<b>100.00</b>

Categories	Holders (No.)	No. of shares held	% of shareholding
<b>PROMOTER HOLDING</b>			
Indian Promoters (Bodies Corporate)	1	7,479,595	74.80
<b>Total Promoter Holding</b>	<b>1</b>	<b>7,479,595</b>	<b>74.80</b>
<b>PUBLIC HOLDING</b>			
Institutions			
• Mutual Funds	4	2100	0.02
• Banks & FI	5	4,891	0.05
• Foreign Institutional Investors	1	94,040	0.94
Non-Institutions			
• Bodies Corporate	196	295,925	2.96
• Individuals	6,926	2,059,226	20.59
• NRIs	82	64,223	0.64
<b>Total Public Holding</b>	<b>7,214</b>	<b>2,520,405</b>	<b>25.20</b>
<b>Grand Total</b>	<b>7,215</b>	<b>10,000,000</b>	<b>100.00</b>

## CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2012



### Dematerialisation of Shares and Liquidity

The Company has arrangements with National Securities Depository Ltd. (NSDL) as well as the Central Depository Services (India) Ltd. (CDSL) for demat facility. As on 31<sup>st</sup> March 2012, 96.65 % of the total Equity Capital is held in the demat form with NSDL and CDSL.

#### Physical and Demat Shares:

	As on 31/03/2012	%
No. of Shares held by NSDL	9,102,403	91.02
No. of Shares held by CDSL	562,917	5.63
Physical Shares	334,680	3.35
<b>TOTAL</b>	<b>10,000,000</b>	<b>100.00</b>

#### Registrar and Transfer Agents

##### **MCS Limited**

F-65, 1<sup>st</sup> Floor, Phase-I, Okhla Industrial Area, New Delhi-110 020

Tel: 011-41406149-52 Fax No: 011-41709881

E-mail: [admin@mcsdel.com](mailto:admin@mcsdel.com)

#### Share Transfer System

All the transfers received are processed by the Registrar and Transfer Agents and are approved by the Share Transfer Committee, which normally meets twice in a month. Share Transfers are registered and returned within the prescribed period if documents are complete in all respects.

#### Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity

Not Issued

#### Address for correspondence

Mr. Davendra Ujlayan

AVP - Finance & Company Secretary

58<sup>th</sup> Km Stone, Delhi – Jaipur Highway

Village – Binola, Gurgaon – 122 413

Tel. Nos.: 0124-2379444-6

E-mail ID: [davendra@shivamautotech.com](mailto:davendra@shivamautotech.com)

### B. NON-MANDATORY REQUIREMENTS

The Company has not adopted the non-mandatory requirements as specified in Annexure – I D of the Listing Agreement to the extent applicable except clause (2) relating to Remuneration Committee.

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## CEO & CFO CERTIFICATE

We hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2012, and that to the best of our 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.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We are responsible for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i) Significant changes in Internal Control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.

Place: New Delhi  
Date 25<sup>th</sup> May, 2012

(NEERAJ MUNJAL)  
Managing Director

(DAVENDRA UJLAYAN)  
AVP-Finance & Company Secretary

## CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of  
SHIVAM AUTOTECH LIMITED

We have examined all relevant records of SHIVAM AUTOTECH LIMITED (“the Company”) for the purposes of certifying compliances of the conditions of Corporate Governance under the revised Clause 49 of the Listing Agreement entered into with National Stock Exchange of India and Bombay Stock Exchange Limited (“Stock Exchanges”) for the Financial Year ended March 31, 2012.

The compliances of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliances of the conditions of Corporate Governance. This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

**Place: New Delhi**  
**Date: 14<sup>th</sup> August, 2012**

**For Satyender Kumar & Associates**  
**Company Secretaries**

**Satyender Kumar**  
**Proprietor**  
**C.P. No. 5189**

## CERTIFICATE OF COMPLIANCE OF CODE OF CONDUCT

I, Neeraj Munjal, Managing Director of the Company hereby certify that the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2011-12.

**(NEERAJ MUNJAL)**  
**MANAGING DIRECTOR**

Place: New Delhi  
Date: 14<sup>th</sup> August, 2012

## ANNEXURE 'C' TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2012.

S. No.	Name and Qualification	Designation	Remuneration (Rs. in Lacs)	Exp. (Years)	Age (Years)	Date of Commencement of Employment	Previous Employment & Designation
1	Mr. Neeraj Munjal B.Com, DIBM	Managing Director	151.72	24	45	01.04.2006	Munjal Auto Industries Ltd. Executive Director

### Notes:

1. Remuneration includes Basic Salary, Commission, other allowances and taxable value of perquisites and Company's contribution to provident fund.
2. The above mentioned appointment is on contractual basis.
3. Managing Director Mr. Neeraj Munjal is related to Mr. Satyanand Munjal, a Director of the Company.

## ANNEXURE 'D' TO DIRECTORS' REPORT

Information as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988

### (a) Conservation of Energy

The Company regularly measures and records its direct and indirect emissions of Green House Gases, water consumption and re-use, as well as waste generation and disposal. We are conscious of our environmental impact across our operations and strive to reduce consumptions.

Various on-going measures for conservation of energy include (i) use of energy efficient lighting like LED and better use of natural lighting, (ii) reduction of energy loss, and (iii) replacement of outdated energy intensive equipment with power efficient equipments.

Installation of electric control panels and high voltage control stabilizers and UPS, which has saved costs and improved the quality of power supply. Energy Audit is being conducted.

Power and Fuel Consumption	Year 2011-12	Year 2010-11
<b>ELECTRICITY (KWH)</b>		
<b>a) PURCHASED</b>		
Units (000)	27,535.14	21,612.17
Total Amount (Rs. '000)	129,768.83	100,604.27
Rate / Unit (Rs.)	4.71	4.66
<b>b) OWN GENERATION</b>		
Through Generator		
Units (000)	5,730.46	5,834.73
Fuel (HSD) Consumed (KL)	1,691.38	1,729.25
Unit/Ltr of Fuel	3.39	3.37
Cost of Fuel (HSD) (Rs. '000)	65,044.93	57,140.04
Cost/Unit (Rs.)	11.35	9.79



**(b) Technology Absorption, Adaptation and innovation**

The R & D activities helped the Company to add new quality products and to improve process capabilities. These activities also enabled the Company to reduce process waste, lower the energy consumption and increase productivity.

The company carries out research and development in several areas including material and process developments towards efficiency improvements, quality improvements, waste reduction, etc. Apart from process improvements, the research and development also aims at finding equivalent substitutes of various inputs and materials to have cost savings without compromising quality.

The research and development is an ongoing exercise and suitable efforts will continue to be made in future. The company has derived benefits of cost reduction and better quality as a result of these efforts. Development team has been strengthened by increase in number of professionals.

**(c) Foreign Exchange Earnings and outgo**

(Rs. In lacs)

**F.Y. ended on March 31, 2012**

(a) Total Foreign Exchange Earnings	99.79
(b) Total Foreign Exchange Outgo	2,883.60

## AUDITORS' REPORT

### To the members of Shivam Autotech Limited

We have audited the attached Balance Sheet of **Shivam Autotech Limited** as at 31<sup>st</sup> March, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (Collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
  - (ii) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
  - (iii) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

**For S.S. KOTHARI MEHTA & CO.**  
Chartered Accountants  
FRN 000756N

Place: New Delhi  
Date : 25<sup>th</sup> May, 2012

**KAMAL KISHORE**  
Partner  
Membership Number - 078017

## **ANNEXURE TO AUDITORS' REPORT** **(Annexure referred to in our report of even date)**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) Verification of the fixed assets is being conducted based on a phased programme by the management designed to cover all assets, which, in our opinion, is reasonable having regard to the size of the company and nature of its business. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.  
  
(c) Fixed assets disposed off during the year were not substantial.
2. (a) The inventory has been physically verified during the year by the management at all its locations at reasonable intervals. Further stocks in the possession and custody of third parties as at 31st March 2012 have been verified by the management with reference to confirmations or statement of account or correspondence of the third parties. In our opinion, the frequency of such verification is reasonable.  
  
(b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.  
  
(c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses (iii) (a) to (iii) (g) of paragraph 4 of CARO are not applicable.
4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.  
  
(b) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that, there are no transactions made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five Lacs rupees in respect of each party during the year.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to "The Companies (Cost Accounting Records) rules, 2011" as notified by notification no. GSR 429 (E) dated 3<sup>rd</sup> June, 2011 of Ministry of Corporate Affairs, Government of India under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed records have been made and maintained by the Company. We are, however, not required to make a detailed examination of such records.
9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities during the year and there are no such undisputed statutory dues outstanding as on the date of Balance

Sheet for a period exceeding six months from the date they became payable as on the date of the balance sheet.

(b) According to the information & explanations given to us and as per the books and records examined by us, there are no dues in respect of Excise Duty, Sales Tax, Wealth Tax, Custom Duty, Income Tax and Cess which have not been deposited on account of any dispute except the following dues of Income Tax along with the forum where the dispute is pending :

Name of the Statute	Nature of Dues	Year to which amount pertains	Amount (Rs.in Lacs)	Forum
Income Tax Act, 1961	Demand raised on assessment	A.Y 2008-09	6.45	Commissioner of Income Tax (Appeals), New Delhi

10. There are no accumulated losses of the Company as at the end of the financial year. There are no cash losses during the financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us there were no delays in amounts due in respect of Term Loans from Banks / Financial Institutions on account of Principal *except 2 instances of Rs.600 Lacs with delay ranging from 30 to 45 days and 2 instances of Rs.540 Lacs with delay ranging from 60 to 90 days of Punjab National Bank, the amount being fully paid up to 31<sup>st</sup> March 2012.*
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.
14. The Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the company.
15. The company has not given any guarantees for loans taken by others from bank or financial institution.
16. In our opinion, and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end-use has been stipulated by the lender.
17. According to the information and explanations given to us and as per the books and records examined by us, on an overall examination of the Balance Sheet of the Company, *the funds raised by the Company on short term basis have been applied for long-term investment to the extent of Rs. 3,626.68 Lacs. We understand from management that the company is in the process of arranging suitable long term funds to replace these short term funds.*
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 issued any debentures during the year nor has any outstanding debentures.
20. The Company has not raised any money by way of public issues during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

**For S. S. KOTHARI MEHTA & CO.**  
 Chartered Accountants  
 Firm Registration No. 000756N

Place: New Delhi  
 Date : 25<sup>th</sup> May, 2012

**KAMAL KISHORE**  
 Partner  
 Membership Number - 078017

## Balance Sheet as at 31<sup>st</sup> March, 2012

(Rs. In Lacs)

Particulars	Note no.	As at 31st March, 2012	As at 31st March, 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	1,000.00	1,000.00
(b) Reserves & Surplus	3	10,412.59	8,882.40
		11,412.59	9,882.40
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	4	6,180.11	8,969.14
(b) Deferred tax liabilities (net)		1,263.62	731.70
(c) Long-term provisions		96.00	73.28
		7,539.73	9,774.12
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	5	6369.53	6110.92
(b) Trade payables		3,606.24	3,446.44
(c) Short-term provisions		380.35	293.49
(c) Other current liabilities		6,904.39	5,331.95
		17,260.51	15,182.80
<b>TOTAL</b>		<b>36,212.83</b>	<b>34,839.32</b>
<b>II ASSETS</b>			
<b>1 Non Current Assets</b>			
(a) Fixed assets	6		
(i) Tangible assets		25,968.99	24,772.02
(ii) Intangible assets		20.69	19.19
(iii) Capital work-in-process		-	127.59
		25,989.68	24,918.80
(b) Long-term loans and advances	7	150.57	150.08
(c) Other non-current assets		-	-
		26,140.25	25,068.88
<b>(2) Current Assets, Loans &amp; Advances</b>			
(a) Inventories	8	5,232.08	3,519.35
(b) Trade receivables		2,838.46	4,137.90
(c) Cash & cash equivalents		137.69	814.20
(d) Short-term loans and advances		1,681.13	1,132.50
(e) Other current assets		183.22	166.49
		10,072.58	9,770.44
<b>TOTAL</b>		<b>36,212.83</b>	<b>34,839.32</b>

### Significant Accounting Policies

1

The notes referred to above form an integral part of financial statements

In terms of our report of even date

For and on behalf of the Board

**For S.S. KOTHARI MEHTA & CO.**

Chartered Accountants

CA KAMAL KISHORE  
Partner  
Membership No.078017

Neeraj Munjal  
Managing Director

Anil Kumar Gupta  
Whole Time Director

Sanjeev Chaba  
DGM (Finance & Accounts)

Davendra Ujlayan  
AVP-Finance &  
Company Secretary

PLACE: New Delhi

DATED: 25<sup>th</sup> May, 2012

## Statement of Profit & Loss Account for the year ended 31<sup>st</sup> March, 2012

Particulars	Note no.	(Rs. In Lacs)	
		As at 31st March, 2012	As at 31st March, 2011
i Revenue from operation (gross)	9	37,901.64	27,885.75
Less:- Excise duty		1,888.22	1,541.44
Revenue from operation (net)		36,013.42	26,344.31
ii Other Income	10	7.06	27.67
<b>iii Total Revenue ( i + ii )</b>		<b>36,020.48</b>	<b>26,371.98</b>
<b>iv EXPENSES</b>			
Raw Material & Components Consumed	11	12,062.71	8,040.16
Increase/(Decrease)in Stocks of Finished goods and Work in progress	12	(1,029.52)	(6.65)
Employee benefits	13	2,424.23	2,078.81
Finance Cost	14	2,705.01	2,083.05
Depreciation and amortisation expenses	15	2,941.88	2,365.44
Other expenses	16	14,065.78	10,123.46
<b>TOTAL</b>		<b>33,170.10</b>	<b>24,684.27</b>
v Profit before exceptional and extraordinary items and tax		2,850.38	1,687.71
vi Less : Exceptional items			
vii Profit before extraordinary items and tax		2,850.38	1,687.71
viii Less : Extraordinary items			
ix Profit before tax			
x Less: Provisions for:-			
- Income Tax-Current (MAT)		570.27	334.71
- Less MAT entitlement Credit		(114.44)	(334.71)
- Deferred tax		531.92	201.78
- Income tax adjustment for earlier years			8.18
xi Profit/(Loss) for the period		1,862.63	1,477.75
<b>Earning Per Share</b> ( Nominal value of equity share Rs. 10/-)			
- Basic		18.63	14.86
- Diluted		18.63	14.86

### Significant Accounting Policies

1

The notes referred to above form an integral part of financial statements

In terms of our report of even date

For and on behalf of the Board

**For S.S. KOTHARI MEHTA & CO.**

Chartered Accountants

CA KAMAL KISHORE  
Partner  
Membership No. 078017

Neeraj Munjal  
Managing Director

Anil Kumar Gupta  
Whole Time Director

Sanjeev Chaba  
DGM (Finance & Accounts)

Davendra Ujlayan  
AVP-Finance &

Place: New Delhi

DATED: 25<sup>th</sup> May, 2012

## Statement of Cash Flows For The Year Ended 31<sup>st</sup> March, 2012

	(Rs.in Lacs)	
	Year ended	Year ended
	31.03.2012	31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income before tax	2,850.42	1,687.71
Adjusted for:		
Depreciation	2,941.88	2,365.44
(Profit)/ Loss on sale of fixed assets	10.09	1.75
Interest on deposits	(1.95)	(4.16)
Interest paid	2,543.28	1,966.92
Liability / provisions no longer required, written back	-	(1.93)
<b>Operating profit before working capital changes</b>	<u>8,343.72</u>	<u>6,015.73</u>
Adjusted for:		
Accounts Receivable	1,299.45	(933.68)
Loans & Advances	(515.19)	181.41
Inventories	(1,712.74)	(163.21)
Current Liabilities & Provisions	1,347.80	(1,984.67)
<b>Cash generated from operations</b>	<u>8,763.04</u>	<u>3,115.58</u>
Income Tax Paid (Including taxes deducted at source)	(535.63)	(431.30)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES :</b>	<u>8,227.40</u>	<u>2,684.28</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4,085.19)	(3,044.63)
Proceeds from sale of Fixed Assets	62.11	2.22
Interest on deposits	1.95	4.16
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES :</b>	<u>(4,021.12)</u>	<u>(3,038.25)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(246.41)	(147.18)
Tax on Dividend	(40.56)	(24.91)
Interest paid on Loans	(2,531.46)	(2,101.06)
State Sales Tax Subsidy	39.47	59.34
Working Capital Borrowings from Banks	258.61	640.07
Proceeds from Long Term Borrowings (Net of repayments)	(2,362.43)	1,681.82
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES :</b>	<u>(4,882.78)</u>	<u>108.08</u>
<b>Net (Decrease)/Increase in Cash &amp; Cash Equivalents (A + B + C)</b>	<u>(676.50)</u>	<u>(245.89)</u>
<b>Cash and cash Equivalents at the beginning of the year</b>	814.19	1,060.08
<b>Cash and Cash Equivalents at the end of the year</b>	<u>137.69</u>	<u>814.19</u>

### Notes

The figures have been regrouped / rearranged, wherever necessary, for comparison purposes.

In terms of our report of even date

For and on behalf of the Board

**For S.S. KOTHARI MEHTA & CO.**

Chartered Accountants

CA KAMAL KISHORE  
Partner  
Membership No.078017

Neeraj Munjal  
Managing Director

Anil Kumar Gupta  
Whole Time Director

Sanjeev Chaba  
DGM (Finance & Accounts)

Davendra Ujlayan  
AVP-Finance &  
Company Secretary

PLACE: New Delhi

DATED: 25<sup>th</sup> May, 2012

## Notes to the Financial Statement

		(Figures in Rs. Lacs)			
NOTE TO THE FINANCIAL STATEMENTS		As at 31st	As at 31st		
		March, 2012	March, 2011		
<b>2. SHARE CAPITAL</b>					
<b>Authorised</b>					
1,26,00,000 (Previous Year 1,26,00,000 ) Equity Shares of Rs.10/- each		1,260.00	1,260.00		
		<u>1,260.00</u>	<u>1,260.00</u>		
<b>Issued, Subscribed &amp; Paid Up</b>					
1,00,00,000 (Previous Year 1,00,00,000) Equity Shares of Rs.10/-		1,000.00	1,000.00		
		<u>1,000.00</u>	<u>1,000.00</u>		
<b>(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</b>		<b>No of shares</b>	<b>No of shares</b>		
Equity Share outstanding as at the beginning of the year		1,000,000	1,000,000		
Equity Shares outstanding as at the close of the year		1,000,000	1,000,000		
<b>(b) Terms/ rights attached to equity shares</b>					
The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares 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 31 March 2012, the amount of per share dividend recognized as distributions to equity share holders was Rs.3.20 (previous year Rs.2.50 )					
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 the preferential amount, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.					
<b>(c) Shares held by holding company</b>					
Out of equity issued by the company, shares held by its holding company are as below:					
Dayanand Munjal Investment Pvt. Ltd		747.96	747.96		
7,479,595 (31 March 2011 :7,479,595) equity shares of Rs. 10 each fully paid up		<u>747.96</u>	<u>747.96</u>		
<b>(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:</b>		<b>31st March 2012</b>	<b>31st March 2011</b>		
Equity shares allotted as fully paid bonus shares by capitalization of securities premium		-	-		
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash		-	-		
Equity shares bought back by the company		-	-		
Equity Shares allotted to employees under the employee stock option plan		-	-		
<b>(e) Detail of shareholder holding more than 5% Share in the Company</b>					
<b><u>Name of the shareholder</u></b>		<b><u>As at 31 March 2012</u></b>		<b><u>As at 31 March 2011</u></b>	
		<b><u>No of Shares</u></b>	<b><u>% holding</u></b>	<b><u>No of Shares</u></b>	<b><u>% holding</u></b>
Dayanand Munjal Investments Pvt Ltd		7,479,595	74.80%	7,479,595	74.80%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



	31st March, 2012	31st March, 2011
<b>3. RESERVES AND SURPLUS</b>		
<b>(i) General Reserve</b>		
As Per last financial statements	3,568.62	3,268.62
Add: amount transferred from surplus balance in the Statement of profit and loss	300.00	300.00
<b>Closing Balance</b>	<u><b>3,868.62</b></u>	<u><b>3,568.62</b></u>
<b>(ii) Capital Redemption Reserve</b>		
As per last financial statements	5.00	5.00
Add:- During the year	-	-
<b>Closing Balance</b>	<u><b>5.00</b></u>	<u><b>5.00</b></u>
<b>(iii) Sale Tax Subsidy from the Government of Haryana</b>		
As per last financial statements	605.39	546.04
Add:- During the year	39.47	59.35
<b>Closing Balance</b>	<u><b>644.86</b></u>	<u><b>605.39</b></u>
<p>Company has availed sales tax incentive amounting to <b>Rs.644.86 Lacs</b> (Previous Year Rs.605.39 lacs) by the end of 31st March, 2012 in the form of deferment, in accordance with the scheme of the Govt. of Haryana for development of Industries. Considering the nature of incentive and legal opinion taken by the Company, the amount is treated as Capital Receipt and disclosed as such in the Balance Sheet.</p>		
<b>(iv) Surplus/ (deficit) in the statement of profit and loss</b>		
As Per last financial statements	4,703.39	3,816.20
Add: During the year	1,862.63	1,477.75
Less: Appropriations		
- Transfer to General Reserve	300.00	300.00
- Proposed dividend on equity shares (Amount per share Rs. 3.20, Previous year Rs.2.50)	320.00	250.00
- Corporate tax on proposed dividend	51.91	40.56
<b>Net surplus in the statement of profit and loss</b>	<u><b>5,894.11</b></u>	<u><b>4,703.39</b></u>
<b>Total Reserves and Surplus</b>	<u><b>10,412.59</b></u>	<u><b>8,882.40</b></u>

#### 4. NON-CURRENT LIABILITIES

	Non-Current Portion		Current Portion	
	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011
<b>(a) Long-term borrowings</b>				
<b>Secured Long term borrowings</b>				
<b>A. Term Loans form Banks - Gurgaon Plan</b>				
(i) IDBI Bank-	564.08	1,051.56	487.49	762.50
(ii) Axis Bank- Corporate Loan	1,649.87	1,687.81	666.67	333.00
<b>Sub Total:</b>	<u><b>2,213.95</b></u>	<u><b>2,739.37</b></u>	<u><b>1,154.16</b></u>	<u><b>1,095.50</b></u>
<b>B. Term Loan from Banks-Haridwar Plant</b>				
(i) Punjab National Bank	3,966.16	4,710.93	2,012.50	1,137.50
(ii) ICICI Bank Ltd	-	1,011.78	1,011.78	1,011.78
(iii) Hong Kong & Shangai Bank Ltd. (HSBC)	-	507.07	507.06	1,014.12
<b>Sub Total:</b>	<u><b>3,966.16</b></u>	<u><b>6,299.77</b></u>	<u><b>3,531.34</b></u>	<u><b>3,163.40</b></u>
<b>Term Loans from Banks (A+B)</b>	<u><b>6,180.11</b></u>	<u><b>8,969.14</b></u>	<u><b>4,685.50</b></u>	<u><b>4,258.90</b></u>
<b>Amount disclosed under the head "Current Liabilities" Note- 5 (d)</b>			<u><b>(4,685.50)</b></u>	<u><b>(4,258.00)</b></u>
<b>Total Secured Long Term Borrowings</b>	<u><b>6,180.11</b></u>	<u><b>8,969.14</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

**Details of Securities:**

- A** (i) Term Loan from IDBI Bank Ltd are secured by exclusive charge on the fixed assets created under expansion project.  
(ii) Term Loan from Axis Bank are secured by exclusive charge on specific movable machineries of Binola Plant.
- B** (i), (ii), (iii) Terms loans availed for Haridwar Plant is having Pari Passu charge over the entire fixed assets of Haridwar Plant both, present and future.

Amounts due in respect of Term Loans from Banks / Financial Institutions on account of Principal aggregating Rs. 1,140 Lacs (as per detail noted here under) were delayed and have been fully paid as on March 31 '2012.

Note: - 1 The detail of amounts referred above

- Punjab National Bank 2 instances of Rs.600 Lacs with delay ranging 30 to 45 days.
- Punjab National Bank 2 instances of Rs.540 Lacs with delay ranging 60 to 90 days.

Repayment and interest rates for the above Term Loan are as follows:

Year	2012-2013	2013-2014	2014-2015	2015-2016 & Above
Amount	4685.50	896.77	597.84	-

The Interest rate for the above term loans varies from 9% to 13% per annum.

	As At 31st March 2012	As At 31st March 2011
<b>(b) Deferred Tax Liabilities (net)</b>		
(Refer Note no. 28)		
As per last Balance Sheet	731.70	529.92
Add: Adjustment for the year	<u>531.92</u>	<u>201.78</u>
<b>Total Deferred Tax Liabilities</b>	<u><b>1,263.62</b></u>	<u><b>731.70</b></u>

	Non-Current Portion		Current Portion	
	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011
<b>(c) Long-term provisions :</b>				
<b>Provision for employee benefits</b>				
- for leave benefits	86.47	73.28	3.74	2.93
- for gratuity	9.53	-	4.70	-
<b>Total</b>	<u>96.00</u>	<u>73.28</u>	<u>8.44</u>	<u>2.93</u>
<b>Amount disclosed under the head</b>	-	-	<b>(8.44)</b>	<b>(2.93)</b>
<b>“ Short Term Provisions” Refer Note-5 (c)</b>				
<b>Total Long Term Provisions</b>	<u><b>96.00</b></u>	<u><b>73.28</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

	As At 31st March 2012	As At 31st March 2011
<b>5 CURRENT LIABILITIES</b>		
<b>a) Short-term borrowings :</b>		
<b>Secured Short term borrowings</b>		
<b>A. Cash Credit from Banks - Gurgaon Plant</b>		
i) IDBI Bank Ltd.	2,210.18	2,282.65
ii) Axis Bank	684.41	370.73
Sub Total - Cash Credit Gurgaon Plant	<u><b>2,894.59</b></u>	<u><b>2,653.38</b></u>
<b>B. Cash Credit from Banks - Haridwar Plant</b>		
i) Punjab National Bank	2,295.29	2,471.56
ii) IDBI Bank Ltd.	1,179.65	985.98
Sub Total - Cash Credit Haridwar Plant	<u><b>3,474.94</b></u>	<u><b>3457.54</b></u>
<b>Total Short Term Borrowings</b>	<u><b>6,369.53</b></u>	<u><b>6,110.92</b></u>

**Details of Securities:**

- A** (i), (ii) Cash Credit from IDBI Bank Ltd & Axis Bank at Gurgaon is secured by first pari passu charge on the current assets of Gurgaon Plant
- B** (i), (ii) Cash Credit from Punjab National Bank & IDBI Bank Ltd at Haridwar is secured by first pari passu charge on the current assets of Haridwar Plant

The Interest rate for the above cash credit varies from 12% to 15% per annum.

<b>b) Trade payables :</b>		
Trade payables	3,606.24	3,446.44
[includes Rs. 163 Lacs (Previous year Rs. 911.56 Lacs) creditors for capital supply]		
<b>Total Trade Payables</b>	<u>3,606.24</u>	<u>3,446.44</u>

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

**c) Short-term provisions :**

<b>i) Provision for Employee benefits from Long Term Provisions Note-4 (c)</b>		
- For leave benefits	3.74	2.93
- For gratuity	4.70	-
	<u>8.44</u>	<u>2.93</u>
<b>ii) Other Provisions</b>		
- Proposed Dividend	320.00	250.00
- Corporate Tax on Dividend	51.91	40.56
	<u>371.91</u>	<u>290.56</u>
<b>Total Short Term Provisions</b>	<u>380.35</u>	<u>293.49</u>

**d) Other current liabilities :**

i) Current Maturities of Long Term debts Note-4 (a)	4,685.50	4,258.90
ii) Interest accrued but not due on borrowings	149.23	137.54
iii) Advance from customer	1,505.10	520.43
iv) Investor Education & Protection Fund*		
Unpaid Dividend	19.41	15.82
Unpaid Matured Deposits and Interest accrued	-	-
v) Other Payables		
Statutory Dues	119.85	79.93
Security Deposits	0.20	0.40
Retention Money	33.94	14.57
Outstanding Liabilities	391.15	304.36
<b>Total Other Current Liability</b>	<u>6,904.39</u>	<u>5,331.95</u>

\* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

**7 NON-CURRENT ASSETS**

**(b) Long-term loans and advance :**

(unsecured considered good, unless stated otherwise)

(i) Capital advances	150.57	150.08
<b>Total Non Current Assets</b>	<u>150.57</u>	<u>150.08</u>
<b>(c) Other non-current assets</b>	-	-
<b>Total Other Non Current Assets</b>	<u>-</u>	<u>-</u>

**8 CURRENT ASSETS**
**(a) Inventories**
**Raw Materials**

Inventories-Raw Materials	1,222.15	936.62
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**Work- in-process**

Closing Work in process	1,818.99	995.88
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**Finished Goods**

Finished Goods	222.84	14.52
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**Stores & Spares**

Stores Material (includes stock in transit NIL previous year 9.99 Lacs)	1,961.25	1,563.57
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**Other**

Scrap	6.85	8.76
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**Total Inventories**

<u>5,232.08</u>	<u>3,519.35</u>
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**(b) Trade Receivables**
**Secured**

Total Secured Trade Receivable	<u>-</u>	<u>-</u>
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**Unsecured**
**Exceeding Six Months**

Accounts Receivable-Domestic		
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**Considered Good**

14.71	4.42
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**Other**

Considered Good	2,823.75	4,133.48
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**Total Trade Receivables**

<u>2,838.46</u>	<u>4,137.90</u>
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**(c) Other current assets :**
**Balance with banks :**

Earmarked for Unpaid Dividend	19.41	15.82
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Earmarked for Fixed Deposits *	84.81	578.20
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Other Bank Balances	27.75	216.15
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Cash on hands	5.72	4.03
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<b>Total Cash and cash equivalents</b>	<u>137.69</u>	<u>814.20</u>
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\*(pledged with Banks Rs. 84.81 Lacs (previous year Rs. 78.20 Lacs)

**(d) Short-term loans and advances :**

Loan and Advances to Vendor (Unsecured, considered good)	488.81	270.12
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Loan and Advances to employees	0.71	8.33
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Prepaid Expenses	58.07	53.18
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Security Deposit	147.26	133.07
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Advance Tax and Tax deducted at source	67.70	102.67
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net of provisions Rs. 1696.83 Lacs (previous year 1125.65 Lacs)]

Minimum Alternative Tax (MAT)	635.66	521.22
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Other	282.92	43.91
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<b>Total Short-term loans and advances</b>	<u>1,681.13</u>	<u>1,132.50</u>
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<b>(e) Other Current Assets :</b>		
- Balance and Deposits with Government Authorities & Others	183.22	166.49
	183.22	166.49
<b>Total Current Assets</b>	<b>10,072.58</b>	<b>9,770.44</b>
<b>9 REVENUE FROM OPERATIONS</b>		
(a) Sale of products		
Finished Goods ( Gears, Shafts & Engineering items)	37,142.46	27,396.37
(b) Other operating revenues		
Scrap Sale	759.18	489.38
<b>Total Revenue from Operations</b>	<b>37,901.64</b>	<b>27,885.75</b>
<b>10 OTHER INCOME</b>		
Interest income	1.95	4.16
Foreign Exchange	4.49	14.57
Liability / provisions no longer required, written back	-	1.93
Cash Discount	-	0.07
Others	0.62	6.94
<b>Total Other Income</b>	<b>7.06</b>	<b>27.67</b>
<b>11 COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>		
Inventory at the beginning of the year	936.62	1,080.02
Add : Purchases	12,348.24	7,896.76
	13284.86	8976.78
Less: inventory at the end of the year	1,222.15	936.62
<b>Total Cost of Raw Material and Components Consumed</b>	<b>12,062.71</b>	<b>8,040.16</b>
<b>12 (INCREASE) / DECREASE IN FINISHED STOCK AND WORK IN PROCESS</b>		
Inventories at the beginning of the year	995.88	952.92
Work-in-Process	14.52	55.35
Finished Goods	8.76	4.24
Scrap	1,019.16	1,012.51
Less - Inventories at the end of the year	1,818.99	995.88
Work-in-Process	222.84	14.52
Finished Goods	6.85	8.76
Scrap	2,048.68	1,019.16
<b>(Increase )/Decrease in Finished Stock and Work in Process</b>	<b>(1,029.52)</b>	<b>(6.65)</b>
<b>13 EMPLOYEE BENEFITS</b>		
a) Salaries, wages and other allowances	1,922.70	1,611.71
b) Contribution to Provident and other Funds	163.30	140.82
c) Staff welfare expense	271.32	229.18
d) Retirement Benefit	66.91	97.10
<b>Total Employee Benefits</b>	<b>2,424.23</b>	<b>2,078.81</b>
<b>14 FINANCE COST</b>		
a) Interest on		
- Term Loans	1,564.72	1,198.36
- Cash Credit	878.14	643.29
- Interest others	100.42	125.27
b) Bank & Other charges	161.73	116.13
<b>Total Finance Cost</b>	<b>2,705.01</b>	<b>2,083.05</b>

**Notes on Financial Statements for the year ended 31st March, 2012**
**Note 6 & 15**
**Fixed Assets**

Particulars	Tangible Assets							Intangible Assets		
	Land	Building	Plant & Machinery	Computers	Office Equipment	Furniture & Fixtures	Vehicles	Lease Hold Improvements	Total Software	Grand Total
<b>Cost</b>										
As at 1st April, 2010	3,324.62	2,975.78	23,962.75	101.47	149.43	120.83	214.04	28.31	30,877.23	30,969.74
Additions	-	79.96	3,688.94	14.47	12.45	32.43	18.58	1.92	3,848.75	3,860.29
Disposals	-	10.76	443.39	2.26	-	0.70	6.49	-	463.60	463.60
<b>As at 31st March, 2011</b>	<b>3,324.62</b>	<b>3,044.98</b>	<b>27,206.30</b>	<b>113.68</b>	<b>161.88</b>	<b>152.56</b>	<b>226.13</b>	<b>30.23</b>	<b>34,262.38</b>	<b>34,366.43</b>
Additions	-	603.43	3,506.43	10.60	9.41	14.15	53.31	2.43	4,201.76	4,212.55
Disposals	-	-	153.30	-	-	-	34.98	-	188.28	188.28
<b>As at 31st March, 2012</b>	<b>3,324.62</b>	<b>3,648.41</b>	<b>30,563.43</b>	<b>124.28</b>	<b>171.29</b>	<b>166.71</b>	<b>244.46</b>	<b>32.66</b>	<b>38,,275.86</b>	<b>38,390.70</b>
<b>Depreciation</b>										
As at 1st April, 2010	-	198.75	6,992.40	63.13	39.14	36.30	69.96	3.14	7,402.82	7,481.23
Charge for the year	-	100.39	2,205.80	11.51	7.71	8.31	21.88	3.39	2,358.99	2,365.44
Disposals	-	-	267.23	1.66	-	0.04	2.52	-	271.45	271.45
<b>As at 31st March, 2011</b>	<b>-</b>	<b>299.14</b>	<b>8,930.97</b>	<b>72.98</b>	<b>46.85</b>	<b>44.57</b>	<b>89.32</b>	<b>6.53</b>	<b>9,490.36</b>	<b>9,575.22</b>
Charge for the year	-	109.12	2,770.02	10.25	7.51	9.41	22.56	3.73	2,932.60	2,941.89
Disposals	-	-	96.66	-	-	-	19.42	-	116.08	116.08
<b>As at 31st March, 2012</b>	<b>-</b>	<b>408.26</b>	<b>11,604.33</b>	<b>83.23</b>	<b>54.36</b>	<b>53.98</b>	<b>92.46</b>	<b>10.26</b>	<b>12,306.88</b>	<b>12,401.03</b>
<b>Net Block</b>										
As at 31st March, 2011	3,324.62	2,745.84	18,277.33	40.70	115.03	107.99	136.81	23.70	24,772.02	24,791.21
As at 31st March, 2012	3,324.62	3,240.15	18,959.10	41.05	116.93	112.73	152.00	22.40	25,968.99	25,989.67
<b>CWIP</b>										
As at 31st March, 2011	-	-	-	-	-	-	-	-	-	127.59
As at 31st March, 2012	-	-	-	-	-	-	-	-	-	-

Note :- Lease Hold Improvements have been depreciated according to Lease Term

**16 OTHER EXPENSES**

a) Job Work Charges	3,353.68	2,417.71
b) Stores, Spares, Tools & Dies consumed	5,451.30	3,692.16
c) Power and Fuel Consumption	1,948.14	1,577.44
d) Packing Material Consumption	48.15	39.94
e) Repair and Maintenance		
- Machinery Repair	246.98	163.87
- Building Repair	121.24	41.50
- Other Repair	14.58	8.47
f) Lease Rent	76.78	60.44
g) Wages To contractors	1,962.17	1,397.83
h) Rates and Taxes	9.66	7.71
i) Charity and donation	3.80	2.06
j) Water charges	0.14	0.35
k) Insurance	108.00	94.90
l) Payment to auditor (Refer details below)	7.12	6.73
m) Legal and professional	54.95	44.97
n) Travelling and conveyance	246.84	212.69
o) Printing and Stationery	30.64	31.74
p) Postage, telegram and telephones	26.58	23.98
q) Miscellaneous Expenses	168.53	181.58
r) Selling expenses	17.85	5.75
s) Board & Secretarial Exp.	23.23	25.80
t) Security Expenses	63.45	43.60
u) Freight and forwarding charges	48.07	38.80
v) Excise duty difference on stocks of finished goods (Net)	23.80	1.69
w) Loss on sale of fixed assets	10.09	1.75
	<b><u>14,065.78</u></b>	<b><u>10,123.46</u></b>

**Total Other Expenses**
**Payment to auditor**

As auditor:		
- Audit Fee	5.50	5.42
- Limited review	1.00	0.90
Reimbursement of expenses	0.62	0.41
	<b><u>7.12</u></b>	<b><u>6.73</u></b>

# NOTES TO THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012

## 1 SIGNIFICANT ACCOUNTING POLICIES

### OVERVIEW:-

SHIVAM AUTOTECH LIMITED (SAL) was established in the year 1999, and was initially known as Munjal Auto Components till July, 2005. The company got later converted to a separate Public Limited Company w.e.f. 29th July, 2005. In pursuant to the scheme of Demerger arrangement, the Gurgaon Unit was transferred to Shivam Autotech Ltd. on 1st August, 2005. The Company has been engaged in the manufacturing of Near-Net- Shaped, auto transmission components mainly for Original Equipments Manufacturers (OEMs). The product range includes various types of transmission gears, transmission shafts, spline shafts, plunger, power train components, employing cold/warm/hot forging techniques. The Company has two state-of-the-art manufacturing facilities, located at Gurgaon & Haridwar. The company's new plant in Haridwar was commissioned in April, 2009 and is equipped with modern and state of art facilities. The main advantage of cold/ warm forging technology, which is being used to manufacture near net shaped components, are high production rates, better dimensional accuracies, excellent surface finish, substantial savings in material with minimized machining and having superior mechanical and metallurgical properties. It is listed on the National Stock Exchange of India and Bombay Stock Exchange in India.

### I Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, on going concern basis and in terms of the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 in compliance with Section 211(3C) of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of incomes. Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles in India.

The Company has prepared its financial statements in accordance with Schedule VI as inserted by Notification- S.O. 447(E), dated February 28, 2011 (As amended by Notification No F.NO. 2/6/2008-CL-V, Dated March 30, 2011). The Schedule does not impact recognition and measurement principle followed for the preparation of financial statement. However it has necessitated significant changes in the presentation of and disclosures in financial statements. The Company has reclassified its previous year figures to confirm to the classification as per the aforesaid Schedule.

### II Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

### III Fixed Assets

a. Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Costs include costs of acquisitions or constructions, including incidental expenses thereto and other attributable costs of bringing the asset to its working condition for its intended use and are net of available duty/tax credits.

#### b. Intangible assets

Intangible Assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS-26) "Intangible Assets".

#### c. Expenditure during construction period

Expenditure related to and incurred during implementation of new/expansion projects is included under Capital Work -in-progress and the same is allocated to the respective Fixed Assets on completion of its construction/ erection. Interest on borrowing costs relating to the qualifying asset is worked out on the basis of actual utilisation of funds out of project specific loan and/ or other borrowings to the extent identifiable with the qualifying asset and are capitalised with the cost of qualifying assets.

### IV Depreciation/Amortisation

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956. The following methods of depreciation are used by the Company for fixed assets:

Plant and machinery	Straight Line
Leasehold Land	Amortised over the period of lease
Intangible Assets	Amortised over a period of four years on a Straight line basis
Remaining Fixed Assets	Straight Line Method.



Fixed Assets costing Rs.5000/- or less are fully depreciated in the year of acquisition.

#### **V Impairment of Assets**

The carrying amount of assets is reviewed for impairment at each balance sheet date wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount being the higher of the assets net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units).

Previously recognized impairment losses are reversed where the recoverable amount increases because of favorable changes in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset's impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in prior years.

#### **VI Government grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with.

#### **VII Borrowing Costs**

Borrowing cost related to a qualifying asset is worked out on the basis of actual utilization of funds project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalized with the cost of qualifying asset. Other borrowing costs incurred during the period are charged to Statement of Profit and Loss Account.

#### **VIII Segment reporting**

##### **Identification of segments**

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

#### **IX Employee Benefits**

- a) Employee benefits in the form of the Company's contribution to provident fund, pension fund and ESI are considered as defined contribution plan and charged to the Statement of profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective funds.
- b) Retirement benefits in the form of gratuity are defined benefit plans. Gratuity is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- d) Actuarial gains/losses are immediately taken to statement of profit and loss account.

#### **X Valuation of Inventories**

- a) Finished goods are valued at lower of cost or net realizable value. Scrap is valued at net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
- b) Work in progress is valued at lower of cost or net realizable value. Cost is determined on a average basis.
- c) Stores, Spares and Raw Materials are valued at lower of cost or net realizable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of purchases is assessed on first in first out (FIFO) method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

- d) Excise duty liability on Finished Goods lying in the factory is accounted for and the corresponding amount is considered for the valuation thereof.

#### **XI Tools & Dies**

The consumable Tools & Dies are charged to statement of profit & loss account in the year they are put to use.

#### **XII Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined for each category separately. Long-term investments are carried at cost on individual investment basis. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments.

#### **XIII Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

##### **(a) Sale of goods**

Sales is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and sales is inclusive of excise duty but net of returns, rebates, VAT and sales tax materials returned/rejected are accounted for in the year of return/rejection. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year. Sale is net of trade discount and sales tax.

##### **(b) Dividends**

Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

##### **(c) Insurance Claim**

Claims lodged with the insurance companies are accounted on accrual basis to the extent these are measurable and ultimate collection is reasonably certain.

#### **XIV Foreign Currency Transactions**

##### **(a) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### **(b) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

##### **(c) Exchange Differences**

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

##### **(d) Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and

loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

## **XV Income Taxes**

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

## **XVI Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## **XVII Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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Contingent liabilities are shown by way of Notes to Accounts in respect of obligations where based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are not recognised in the accounts nor disclosed.

## **XVII Leases**

### **Where the Company is the lessee**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

### **Where the Company is the lessor**

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the profit and loss account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the profit and loss account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the profit and loss account.

## **XIX Cash and Cash Equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**NOTES TO THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012**
**17 Contingent Liabilities (not provided for) in respect of:- (Rs. In lacs)**

Description	2011-12	2010-11
a) Letter of Credit opened by banks	1,454.88	1,095.91
b) Claims against the Company not acknowledged as debts	129.77	113.25

18 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances): Rs.768.71 Lacs (Previous year Rs.2854.80 Lacs)

19 There are no present obligations requiring provision in accordance with the guiding principles as enunciated in Accounting Standard AS 29-“Provisions, Contingent Liabilities and Contingent Assets “ as it is not probable that an outflow of resources embodying economic benefits will be required.

**20 The details of Pre-operative Expenditure pending allocation in the Capital Work in Progress : (Rs. In lacs)**

Description	2011-12	2010-11
Carried forward as part of Capital Work in Progress	-	16.11
Expenditure incurred during the year	-	-
Financial Charges	-	24.41
Capitalised in Fixed Assets	-	40.52
<b>Carried forward as part of Capital Work In Progress</b>	-	-

21 Company has availed sales tax incentive amounting to **Rs.644.86 Lacs** (Previous Year Rs.605.39 lacs) by the end of 31st March, 2012 in the form of deferment, in accordance with the scheme of the Govt. of Haryana for development of Industries. Considering the nature of incentive and legal opinion taken by the Company, the amount is treated as Capital Receipt and disclosed as such in the Balance Sheet.

22 Expenditure on insurance includes **Rs.6.30 Lacs** (Previous Year Rs.6.30 lacs) being the premium paid under Keyman Insurance Schemes to cover risks on life of Key Management personnel. Benefits to the Company under the said scheme depend on various factors including resignation/survival of the said personnel or premature surrender of the policy. Such benefits will be accounted in the year in which they become due.

**23 Micro Small & Medium Enterprises Development Act,2006**

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

**24 Computation of net profit in accordance with the provisions of Section 349 of the Companies Act, 1956 for calculation of commission payable to Directors:-**
**a) Executive and Non executive directors (Rs. In lacs)**

Particulars	2011-12	2010-11
<b>Profit before tax as per Profit &amp; Loss account</b>	2,850.38	1,687.71
Add: Wealth Tax	0.89	0.83
Add: Non- Executive Director's Commission	6.00	5.36
Director's Sitting Fees	8.70	12.20
Managing Director's remuneration	158.39	77.24
(Profit) / Loss on sale/ discard of Fixed Assets (Net)	10.09	1.75
<b>Net Profit for calculating Directors' Commission</b>	<b>3,034.45</b>	<b>1,785.09</b>
<b>Maximum Commission Payable To:-</b>		
Non-Executive Directors 0.30% on Rs. 3,034.49 Lacs (Rs. 1,785.09 Lacs)	9.10	5.36
Managing Directors 2% (Previous year 2%) on Rs. 3,034.49 Lacs (Rs. 1,785.09 Lacs)	60.69	35.70
<b>Commission Paid to:-</b>		
Non- Executive Directors redistricted to:-	6.00	5.36
Managing Director restricted to 5% as per Section 198 of Companies Act,1956	45.88	20.00

Director's Commission (restricted in terms of the agreement with reference to salaries, allowances and limits prescribed under the Companies Act)

**b) Director Remuneration includes the following:**

(Rs. In lacs)

	2011-12	2010-11
Remuneration paid to Directors including the Managing Director and Director-Technical		
Salary	51.39	27.00
Share in Profits to Managing Director	45.88	20.00
Contribution to Provident Funds and Other funds	6.17	3.24
Other allowances	54.95	27.00
	<b>158.39</b>	<b>77.24</b>

As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

**25 Earning Per Share (EPS) as per Accounting Standard -20**

(Rs. In lacs)

Description	2010-11	2009-10
Net Profit After Taxation	1,862.63	1,477.75
Add: Tax adjustment of earlier years		8.18
Profit attributable to ordinary shareholders	1,862.63	1,485.93
Number of Equity Shares (in nos)	10,000,000	10,000,000
Nominal Value of Equity shares	10.00	10.00
<b>Basic &amp; Diluted Earnings Per Share (Rs.)</b>	<b>18.63</b>	<b>14.86</b>

**26 AS 15 Employees Benefits Gratuity and Other Post Employment Benefit Plans Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

(Rs. In lacs)

Particulars	2011-12	2011-12	2010-11	2010-11
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
- Present value of obligations as at 01.04.2011	126.81	76.21	69.83	49.25
- Interest Cost	10.78	6.48	5.59	3.94
- Past Service Cost	-	-	2.92	-
- Current Service Cost	27.72	21.63	25.41	19.68
- Benefits Paid	(6.51)	(35.71)	(5.44)	(16.35)
- Actuarial loss on obligations	(2.00)	21.61	28.50	19.69
Present value of obligations as at 31.03.2012	156.80	90.21	126.81	76.21

(Rs. In lacs)

Particulars	2011-12	2011-12	2010-11	2010-11
Changes in fair value of plan assets	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
- Fair value of plan assets at the beginning of the year	137.41		77.87	
- Acquisition adjustment	-		-	
- Expected return on plan assets	11.68		7.12	
- Contributions	-		50.18	
- Benefits paid	(6.51)		(5.44)	
- Actuarial gain/(loss) on plan assets	-		7.68	
Fair value of plan assets at the end of the year	142.58	-	137.41	-

(Rs. In lacs)

Particulars	2011-12	2011-12	2010-11	2010-11
Liability recognised in Balance Sheet	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
- Present value of obligations at the end of the year	156.81	90.21	126.81	76.21
- Fair value of plan assets as at the end of the year	142.58	-	137.41	-
- Funded Status / Difference	(14.22)	(90.21)	10.60	-
- Excess of actual over estimated	-		7.68	-
- Unfunded status	-			(76.21)
- Unrecognised Actuarial (Gain). Loss	-		-	
- Net Assets/ (Liabilities) recognised in Balance Sheet	<b>(14.22)</b>	<b>(90.21)</b>	<b>10.60</b>	<b>(76.21)</b>

(Rs. In lacs)

Particulars	2011-12	2011-12	2010-11	2010-11
Expenses recognised in Profit and Loss Account	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
- Current Service Cost	27.72	21.62	25.41	19.68
- Past Service Cost	-	-	2.93	-
- Interest Cost	10.78	6.48	5.59	3.94
- Expected return on Plan assets	(11.68)	-	(7.12)	-
- Net Actuarial (Gain). Loss recognised during the year	(2.00)	21.61	20.82	19.69
<b>Total Expenses</b>	<b>24.82</b>	<b>49.71</b>	<b>47.63</b>	<b>43.31</b>

Amounts for the current and previous three periods in respect of gratuity are as follows:

Gratuity		(Rs. In lacs)				
Particulars	2011 -12	2010 - 11	2009 - 10	2008 - 09	2007-08	
Defined benefit obligation	156.81	126.81	69.83	52.66	42.88	
Plan Assets	142.58	137.41	77.87	48.27	37.02	
Surplus/ (deficit)	(14.23)	10.60	8.04	(4.39)	(5.86)	
Experience adjustment on plan assets	(0.89)	7.80	(4.71)	(3.33)	-	
Experience adjustment on plan liabilities	1.60	(25.57)	0.17	(2.81)	-	

**LEAVE ENCASHMENT** (Rs. In lacs)

Particulars	2011 -12	2010 - 11	2009 - 10	2008 - 09	2007 - 08
Defined benefit obligation	90.21	76.21	49.25	37.07	30.71
Plan Assets	-	-	-	-	-
Surplus/ (deficit)	(90.21)	(76.21)	(49.25)	(37.07)	(30.71)
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	(21.88)	(19.69)	(0.04)	(2.44)	-

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	2011-12	2010-11
- Discount rate	8.50%	8.00%
- Expected rate of return on assets	8.50%	9.15%
- Expected rate of future salary increase	6.00%	5.50%
-Retirement age	58 years	58 years

**Provident Fund and Employees State Insurance**

The Company makes contribution to statutory provident fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952 and Employee State Insurance Act, 1948 respectively. This is post employment benefit and is in the nature of defined contribution plan. Contribution made by the Company during the year is Rs.163.30 Lacs. (Previous year Rs. 140.82 lacs)

- 27 In the opinion of the Board and to the best of their knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
- 28 **Deferred Tax Liabilities on taking into account the impact of timing differences between financial statements and estimated taxable income.**

The breakup of Deferred Tax Liabilities/ (Assets) (Net) is as under:

(Rs. In lacs)

Particulars	2010-11		2011-12		
	Balance as on 01.04.2010	Charge (Credit) during the year to P & L	Balance as on 01.04.2011	Charge (Debit) during the Year to P & L	Balance as on 31.03.2012
<b>A. Deferred Tax Liabilities</b>					
Tax Effect of excess Net Block of Fixed assets as per the books of account over written down value as per the income tax computation	544.77	534.84	1,079.61	217.88	1,297.50



<b>B. Deferred Tax Assets</b>	-	-	-	-	-
Retirement benefits *	(14.85)	(6.06)	(20.91)	(12.97)	(33.88)
Brought forward Losses	-	(327.00)	(327.00)	327.00	-
<b>Net Deferred Tax Liabilities (A-B)</b>	<b>529.92</b>	<b>201.78</b>	<b>731.70</b>	<b>531.92</b>	<b>1,263.62</b>

29 As the Company's business activity falls within a single primary business segment viz. Motorcycles Parts, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" notified by Companies (Accounting Standards) Rules, 2006, (as amended) are not applicable.

30 Disclosures as required by Accounting Standard (AS-18) 'Related Party Disclosures:-

**a) Key Managerial Personnel**

Mr. Neeraj Munjal, Managing Director

Dr. Anil Kumar Gupta, Director-Technical (w.e.f. 20.12.2011)

**b) Holding company**

Dayanand Munjal Investments Pvt Ltd

**c) Enterprises over which key management personnel and their relatives are able to exercise significant influence**

Munjal Showa Limited

Hero MotoCorp Ltd. (Till 31.03.2012)

Hero Corporate Services Limited (Till 31.03.2012)

Arow Infrastructure Limited (Till 31.03.2012)

d) The following transactions were carried out with the related parties in the ordinary course of business:

(Rs. In lacs)

Nature of Transaction	Key Managerial		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Total	
	As at 31 <sup>st</sup> March, 2012	As At 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As At 31 <sup>st</sup> March, 2011
<b>Sale of Goods and Services</b>						
Hero MotoCorp Ltd.	-	-	-	26,572.54	-	26,572.54
Munjal Showa Ltd.	-	-	465.00	144.91	465.00	144.91
<b>Purchase of goods and services</b>						
Hero MotoCorp Ltd.	-	-	-	55.17	-	55.17
Hero Corporate . Services Ltd	-	-	-	14.14	-	14.14
<b>Salary &amp; Perquisites</b>						
Neeraj Munjal (Managing Director)	151.72	77.24	-	-	151.72	77.24
Anil Kumar Gupta (Director - Technical)	6.67	-	-	-	6.67	-
<b>Interest Paid (On Advance)</b>						
Hero MotoCorp Ltd.	-	-	-	123.12	-	123.12
<b>Advances refunded</b>						
Hero MotoCorp Ltd.	-	-	-	1,200.00	-	1,200.00

Nature of Transaction	Key Managerial		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Total	
	As at 31 <sup>st</sup> March, 2012	As At 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As At 31 <sup>st</sup> March, 2011
<b>Outstanding Balance as at the year</b> Amount (receivable)						
Hero MotoCorp Ltd.	-	-	-	3,864.43	-	3864.43
Munjaj Showa Ltd.	-	-	108.89	48.04	108.89	48.04
<b>Amount (Payable) and services</b>						
Hero MotoCorp Ltd.	-	-	-	7.36	-	7.36
<b>Advance against Supply (Payable)</b>						
Hero MotoCorp Ltd.	-	-	-	500.00	-	500.00

**31 Future commitments in respect of minimum lease payments payable for non cancellable operating leases (other than land) entered into by the Company:**

(Rs. In lacs)

Particulars	2011-12	2010-11
Not later than one year	66.83	48.22
Later than one year and not later than five years	430.28	301.19
Later than five years	52.31	198.50
	<b>549.43</b>	<b>547.91</b>

**32 Unhedged Foreign Currency Exposures**

The amount of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under:-

(Rs. In lacs)

Particulars	Foreign Currency	2011-12		2010-11	
		Amount in FCI	Amount in INR	Amount in FC	Amount in INR
Receivables (Debtors)	EURO	55,321.68	37.24	29,250	18.29
Receivables (Debtors)	USD	-	-	2,410	1.07

**III. ADDITIONAL INFORMATION PURSUANT TO THE PARAGRAPHS V OF PART II OF REVISED SCHEDULE VI TO THE COMPANIES ACT, 1956**

**33 Particulars in respect of licenced and installed capacities:**

Class of Goods	Installed Capacity				in nos.	
	Gurgaon		Haridwar			
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Gear Components:</b>						
Forging Components	18,000,000	18,000,000	123,600,000	123,600,000		
Gear Blank Machining	19,500,000	19,500,000	33,000,000	30,750,000		
Gear Finishing	8,400,000	8,400,000	33,000,000	27,300,000		

- (i) The installed capacity is on annualised basis and is as certified by the management and relied upon by the auditors being a technical matter. The installed capacity is calculated on triple shift basis.
- (ii) Actual production of Forging Components and Gear blanks Machining depends on exact specification of the product. The quantities are indicative of production, with specifications, which are considered representative of estimated average product mix.

**34 Particulars in respect of opening and closing stock of finished goods produced**

Opening Stock	2011-12		2010-11	
	Qty.(in Nos.)	Value	Qty.(in Nos.)	Value
Gear Components	31,841	14.52	135,243	55.35

Closing Stock	2011-12		2010-11	
	Qty.(in Nos.)	Value	Qty.(in Nos.)	Value
Gear Components	408,570	222.84	31,841	14.52

**35 Details of Production and sales**

Production	2011-12		2010-11	
	Qty.(in Nos.)	Value	Qty.(in Nos.)	Value
Gear Components	55,160,453		41,145,570	

Sales	2011-12		2010-11	
	Qty.(in Nos.)	Value (in Lacs)	Qty.(in Nos.)	Value (in Lacs)
Gear Components*	54,783,724	37,901.64	41,248,972	27,885.75

\* includes sales of Scrap of Rs. 759.17 lacs (Previous Year Rs.489.38 lacs) and Export Sales of Rs. 99.79 lacs (Previous Year Rs.72.28 lacs)

**36 Raw Material, processing materials and components consumption:**

(Amt. In lacs)

Class of Goods	2011-12		2010-11	
	Qty.	Value	Qty.	Value
Alloy Steel (Qty. in MT)	15,797.69	11,368.67	11,778.97	7,629.73
Bought out parts (Nos.)	2,126,017.00	694.04	565,834.00	410.43
		<b>12,062.71</b>		<b>8,040.16</b>

**37 Value of Imported and Indigenous Raw Materials and Stores consumed and percentage thereof**
**Class of Goods**

(Amt. In lacs)

Raw Material and Components	2011-12		2010-11	
	Value	%age	Value	%age
Imported	-	0%	-	0%
Indigenous:	12,062.71	100%	8,040.16	100%
	<b>12,062.71</b>		<b>8,040.16</b>	

Stores, spares, Tools & Dies consumed	2011-12		2010-11	
	Value	%age	Value	%age
Imported	710.47	13%	638.47	17%
Indigenous	4,740.83	87%	3,053.69	83%
	<b>5,451.30</b>		<b>3,692.16</b>	

(Amt. In lacs)			
38	<b>Expenditure in foreign Currency (on cash basis)</b>	<b>2011-12</b>	<b>2010-11</b>
	Foreign Traveling	42.85	17.45
	Consultancy Charges	10.85	-
		<b>53.70</b>	<b>17.45</b>

(Amt. In lacs)			
39	<b>CIF Value of Imports</b>	<b>2011-12</b>	<b>2010-11</b>
	Spares	1,003.04	753.86
	Capital Goods	1,826.86	1,086.81
		<b>2,829.90</b>	<b>1,840.67</b>

(Amt. In lacs)			
40	<b>Earning in Foreign Exchange</b>	<b>2011-12</b>	<b>2010-11</b>
	FOB value of Exports	99.79	72.28

**41 RECLASSIFICATION / PRIOR YEAR COMPARATIVES**

The financial statements for the year ended 31<sup>st</sup> March, 2011 had been prepared as per the then applicable; pre revised Schedule VI to the Companies Act, 1956. Consequent to the notification of revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31<sup>st</sup> March, 2012 are prepared as per revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year classification.

As per our report of even date

For and on behalf of the Board

**For S.S. KOTHARI MEHTA & CO.**

Chartered Accountants

CA KAMAL KISHORE  
 Partner  
 Membership No.078017

Neeraj Munjal  
 Managing Director

Anil Kumar Gupta  
 Whole Time Director

Sanjeev Chaba  
 DGM (Finance & Accounts)

Davendra Ujlayan  
 AVP-Finance &  
 Company Secretary

PLACE: New Delhi  
 DATED: 25<sup>th</sup> May, 2012

# SHIVAM AUTOTECH LIMITED

Regd. Office: 303, Square One, Saket, New Delhi – 110 017

## 7<sup>th</sup> Annual General Meeting ATTENDANCE SLIP

Folio No. \_\_\_\_\_

No. of Shares(s) Held: \_\_\_\_\_

Client ID.*			D.P. ID.*		
Name(s) in full	Father/Husband's Name	Address as registered with the company			
1. _____	_____	_____			
2. _____	_____	_____			
3. _____	_____	_____			

I/We hereby record my/our presence at the 7th Annual General Meeting of the Company being held at The **Tivoli Garden Resort, Near Chattarpur Mandir, Chattarpur Road, New Delhi – 110017** on Tuesday, the 25<sup>th</sup> September, 2012 at 03.00 P.M.

Signature of the Member(s)/Proxy

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

\*Applicable for members holding share(s) in electronic form

Notes:

1. A member / proxy attending the meeting must complete this Attendance Slip and hand it over at the entrance of meeting hall.
2. A member intending to appoint a proxy, should complete the Proxy Form printed below and deposit it at the Company's Registered Office not later than 48 hours before the commencement of the meeting.

# SHIVAM AUTOTECH LIMITED

Regd. Office: 303, Square One, Saket, New Delhi – 110 017

## 7<sup>th</sup> Annual General Meeting PROXY FORM

Folio No. \_\_\_\_\_

No. of Shares(s) Held: \_\_\_\_\_

Client ID.*			D.P. ID.*		
Name(s) in full	Father/Husband's Name	Address as registered with the company			
1. _____	_____	_____			
2. _____	_____	_____			
3. _____	_____	_____			

being a member(s) of Shivam Autotech Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or falling him / her \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to vote for me / us on my / our behalf at the 7<sup>th</sup> Annual General Meeting of the Company at 03.00 P.M. and any adjournment thereof.

Signature of the Member(s)

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

\*Applicable for members holding share(s) in electronic form

Note:

1. The proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

**Affix  
1 Rupee  
Revenue  
Stamp**