



BOARD OF DIRECTORS:

Sh. Vijay Krishan Mehta
Sh. Kewal Krishan Taneja
Sh. Chandra Shekhar Aggarwal
Sh. Anuj Mehta
Smt. Pooja Kapur
Sh. Avinash P Gandhi
Sh. Satish Sekhri

Chairman & Managing Director
Director
Director
Executive Director
Director
Director
Director (Since Resigned w.e.f. 14.05.2011)

COMPANY SECRETARY:

Sh. Manish Rai

Company Secretary

AUDITORS:

M/s B. Aggarwal & Co.,
Chartered Accountants,
8/19, GF, Smile Chambers, W.E.A.
Karol Bagh
New Delhi- 110005

BANKERS:

State Bank of Travancore
State Bank of India
Central Bank of India
DBS Bank Ltd.
Canara Bank
Export Import Bank of India

REGISTERED OFFICE:

2E/14, (1st Floor),
Jhandewalan Extn.,
New Delhi-110055
Telefax: (011) 23683548

WORKS & ADMN. OFFICE

Plot No. 1A, Sector 27D,
12/4 Mathura Road,
Faridabad - 121003.
Tel:(91-129) 2565000
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DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 40th Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS	(Rs. in Lakhs)	
	2010-11	2009-10
1. Income from Operations	27058.08	24781.65
2. Excise Duty	2005.94	1783.59
3. Net Sales (1-2)	25052.14	22998.06
4. Other Income (including increase/ Decrease in value in goods in process)	321.73	575.54
5. Total Revenue (3+4)	25373.87	23573.60
6. Raw Materials and Components	14592.61	13546.65
7. Employees Costs	2339.89	2210.99
8. Other Expenses	4211.47	4147.45
9. Total Expenses (excl. Dep. & Interest)	21143.97	19905.09
10. PBDIT (5-9)	4229.90	3668.51
11. Depreciation and Amortization	1627.66	1404.22
12. PBIT (10-11)	2602.24	2264.29
13. Interest	1645.25	1351.92
14. PBT (12-13)	956.99	912.37
15. Current Tax	180.00	161.65
16. Deferred Tax	(100)	(89.00)
17. PAT (14-15-16)	876.99	839.72
18. Balance Brought Forward from last year	6779.02	5939.30
19. Surplus carried forward to the Balance Sheet	7656.01	6779.02
20. Earning per Share (EPS in Rupees) - Basic	4.89	5.03

Business Performance and Operations

During the year under report your Company has achieved an overall growth of 8.93% whereas the Gross Profit before Interest & Depreciation has increased by 14.93% and PAT by almost 4.44%.

In order to avoid duplication and overlap between the Directors' Report and the Management Discussion & Analysis, your directors request you to refer to the Management Discussion & Analysis section of this Annual Report, which cover the Company's performance, Industry trends and other material change with respect to the Company.

Expansion

The Expansion plan of the Company is on track. As reported last year your Company is expanding its manufacturing base at Bhiwadi, Rajasthan by setting a state of the art manufacturing plant which is almost double in its size and manufacturing facility in comparison to its existing manufacturing facility at Faridabad. The project is in its advance stage of the completion and already incurred Rs.2440 Lacs so far towards construction of the project. Although this project is facing cost over run due to steep increase in the price of construction material and labour cost, your company is hopeful to complete the construction activity as early as possible. To combat the problem of cost overrun your company is focusing to complete the first phase of construction activity

within the original stipulated cost so that commercial production could be started as early as possible. As reported earlier your Company has also undertaken a project to develop new generation of clutches under the aegis of CSIR in association with premier research organizations of the country. It is in the advance stage of the crystallization. Its successful commercialization will propel further growth for the Company in the niche product segment in which it operates.

Dividend

To retain the profit to utilize towards future expansion and growth plans your Board of Directors are not recommending any dividend for the financial year ended 31.03.2011. This will create long term wealth for the Share holders of the Company.

Share Capital

During the year, the Company has allotted 1249700 Equity Shares on conversion of Warrants of Rs.10/- each issued at premium of Rs.40/- each to promoter under preferential allotment to finance its Bhiwadi Project stated as above. Paid up Capital of the Company has increased to 17931580 shares of Rs.10/- each.

Fixed Deposits

The Company has not accepted any public Deposits within the meaning of Section 58A of the Companies Act, 1956 as such no amount of Principal as interest on fixed deposits was outstanding on the date of Balance Sheet.

Regarding Board Members:

i) Director :

Sh. Satish Sekhri was co-opted on the Board by your Directors w.e.f 1.4.2010 as additional director. His appointment was subsequently regularized by the share holders of the Company during the last Annual General Meeting of the Company. Due to some personal reasons Mr. Satish Sekhri has resigned from the Board of Directors of the Company w.e.f 14th of May,2011. Your Board sincerely appreciates his contributions for the Company.

ii) Disclosures regarding re-appointment of Directors liable to retire by rotation

a) In terms of Section 256 of the Companies Act, 1956, Mr. K. K. Taneja is liable to retire at the ensuing Annual General Meeting and being eligible, offer himself for re- appointment. His brief profile is given in the section of the Corporate Governance Report. Your Directors recommend his re-appointment for a further term from the conclusion of the ensuing Annual General Meeting in the larger business interest of your Company.

b) In terms of Section 256 of the Companies Act, 1956 Mr. C.S. Aggarwal is liable to retire at the ensuing Annual General Meeting and being eligible, offer himself for re- appointment. His brief profile is given in the section of the Corporate Governance Report. Your Directors recommend his re-appointment for a further term from the conclusion of the ensuing Annual General Meeting in the larger business interests of your Company.

c) Your Board of Directors has re-appointed Mr. V. K. Mehta as Managing Director for another term of two years. A brief terms of his appointment has been mentioned in the section of the Corporate Governance Report. Your Directors recommend his appointment as Managing Director of the Company in the larger business interest of your Company.

Management Discussion & Analysis Report

The Board presents Management Discussion and Analysis Report as **Annexure – A** to this Report.

Corporate Governance Report

Your Company has adopted the best possible corporate governance norms and it has been our endeavour to comply and upgrade the same to the changing norms as per Clause 49 of the Listing Agreement and maintaining highest level of transparency, ethics, accountability and fairness in all of its operations. The Company believes in attaining the best business interest to enhance overall shareholders' value by adopting sound business practices.

A separate section on Corporate Governance and a Certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of the Annual Report as **Annexure-B**.

In terms of Clause 49(I)(D)(ii) of the Listing Agreement, a certificate affirming compliance with the Code of Conduct of the Company has been signed by the Managing Director of the Company is enclosed as part of the Report as **Annexure–C**.

Auditors

M/s. B. Aggarwal & Co., Chartered Accountants, New Delhi, the Statutory Auditors of the Company, retire at the close of this Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors recommend their re-appointment subject to approval of the shareholders of the company for a further term at such remuneration as may mutually be agreed between the Board and the Auditors.

De-merger

Your Board has approved the scheme of de-merger of the Company in its Meeting held on 28th May,2011. Brief facts regarding de-merger of company has been explained herein below.

Clutch Auto Limited (Demerged Company) is the Industrial Partner of esteemed “**New Millennium Indian Technology Leadership Initiative (NMITLI)**” Project of CSIR and over the period has developed various technologies relating to auto parts. Hiving off of the “**Auto Ancillary Technology Division (including NMITLI Project)**” in a separate Company will allow a focused approach and harnessing the maximum commercial advantage of the Technologies. The NMITLI Project in Clutch Auto Limited will not only be used by this Company but would be of major commercial advantage. Ramifications of the NMITLI Technology being across the board, hiving-off will allow this project to cater to the entire clutch auto industry globally (not confined to clutch auto industry in India only)

and will enable maximum commercial exploitation possible, which is also the basic objective of CSIR's initiative for this market driven technology development.

The De-merged Undertaking has the potential of being developed into a parallel and independent profitable business segment in future. Keeping in view the potentials of demerged business and to unlock the value of shares of all its stakeholders the De-merged Company is being developed into an independent business segment by hiving- off Auto Ancillary Technology Division into C A Clutch Vision Limited (Resulting Company).

Clutch Auto Limited is in the process of shifting of its manufacturing facility to its new location at Bhiwadi, Rajasthan. After shifting of manufacturing facility to new location, the Property at Faridabad would get vacant and being situated at commercially important location it may be put to better commercial use. Transferring the Property at Faridabad into Clutch Developers Limited, Wholly Owned Subsidiary of Clutch Auto Limited as first part of the scheme will allow Clutch Developers Limited to explore the best possible real estate opportunities available/possible out of the land/property.

Keeping the Real Estate Business as a subsidiary of C A Clutch Vision Limited will give strength to the balance sheet of C A Clutch Vision Limited, especially in the initial stages when it will be in its gestation period. The revenue stream coming from the Real Estate project will accrue to C A Clutch Vision Limited which will be useful in making this new business a long term viable business proposition. Your Company has filed the scheme of De-merger with the Stock Exchanges to seek approval on 5th of July,2011 under clause 24(f) of the Stock Exchange. Bombay Stock exchange has given its approval vide its letter dated 30th August, 2011. Simultaneously, National Stock Exchange has given its approval vide their letter dated 13th of September, 2011. Your Company is in the final stage of filing the petition with Delhi High Court.

Re-Schedulement of the Loan of DEG, Germany

Your Company has requested the term Loan Lender, DEG, Germany to re-schedule its loan considering the liquidity crunch being faced by the Company and further to complete its Bhiwadi Project in time. The Company is hopeful of favourable consideration at the hands of DEG, Germany.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2011 the applicable accounting standards have been followed along



Annexure-A to the Directors' Report

Management Discussion & Analysis

I. Industrial Structure & Development

Gross domestic product recorded a growth of 8.6% (7.2%) and 7.8% (10.4%) respectively, reflecting the strong fundamentals of Indian economy during the financial year 2010-2011. Indian Auto Component Industry recorded a growth of 34% during the fiscal ended 31st March, 2011.

The global economy showed signs of slow recovery with emerging economies registering a sizable growth, while developed economies responded slowly to stimulus packages implemented during the period of economic meltdown. The US economy limped back to growth; however the European economies have not shown similar growth due to financial crisis in some of the European countries.

During 2010-11, the manufacturing sector in India including the automotive sector showed a smart recovery to register an unprecedented growth as evident from the following table.

Automobile Sales Trends

Category	Vehicle Sales in nos. during			
	2009-10	2010-11	% increase over previous year	CAGR % over 5 years
Medium & Heavy Commercial Vehicles	250,171	344,542	37.72	3.19
Light CVs	316,437	408,193	29.00	12.83
Total Cvs	566,608	752,735	32.85	7.78
Passenger Cars	1,926,484	2,453,113	27.34	14.09
Utility Vehicles	272,848	318,576	16.76	7.24
MPVs	151,908	215,607	41.93	20.63
Total Passengers Vehicles	2,351,240	2,987,296	27.05	13.61

The domestic market showed a record growth. There has been a perceptible shift in the type of production of Medium and Heavy Commercial Vehicles to larger and multi-axle vehicles. In the case of Light Commercial vehicles, there has been a shift to similar vehicles with low haulage capacities. Sales of cars, utility vehicles, MPVs and LCVs two-wheelers grew throughout the year due to introduction of new models and entry of new manufacturers. Increase in disposable incomes and need for personal transportation combined with availability of finance contributed to a strong growth of passenger vehicles.

with appropriate explanation relating to material departures;

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a "going concern" basis.

Employees

During the year under report, Management-Employee relationship was healthy & cordial. We sincerely appreciate the good work done at all level and the valuable co-operation extended by the employees towards attainment of the Company's goal.

The information required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report is placed as **Annexure – D** to this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

A Statement containing the necessary information as required under the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 as part of the Directors' Report for the year ended 31st March, 2011 is furnished in **Annexure – E** to this report.

Acknowledgement

Your Directors wish to place on record their thanks for the assistance, guidance and cooperation extended to the Company from time to time by our Customers, Financial Institutions, Banks, Central & State Governments and our dear Members (Shareholders) during the year under report. They also wish to place on record their deep appreciation of the loyal, diligent and devoted services provided by the employees at all levels of the Company.

For and on behalf of the Board of Directors

New Delhi,
24th November, 2011

V.K. Mehta
Chairman & Managing Director

There was an improvement in the sales of passenger cars during 2010 in the US and Europe. The CV industry has continued to struggle, with growth of sales remaining at low levels. Growth levels in sales of passenger cars may remain muted during 2011 due to high levels of unemployment, stringent increase in gasoline prices and volatile consumer confidence.

II. FINANCIAL PERFORMANCE OF THE COMPANY

The overall commercial vehicle segment witnessed a growth of approx. 33%, LCV 29%, passenger Cars 27% and Tractor Industry approx. 24% during this financial year. However, Company has registered a 8.93% growth in Sales Turnover in 2010-11 over the previous year.

Company has launched various new products in the replacement market which are giving overwhelming response and Company expects good business in this segment .

Turnover, net of excise duties, at Rs. 250.52 Cr. vs. Rs. 229.98 Cr. in 2010-11 was increased by 8.93% due to increase in demand in Replacement market segment in India and also slight improvement in OEM segment.

Raw Material consumption has increased from Rs. 135.47 Cr (57.53%) to Rs. 145.92 Cr (58.18%) in 2010-11 due to increase in input material and also cost thereof.

Employee Cost increased from Rs. 22.11 Cr. (9.39%) to Rs. 23.40 Cr. (9.33%) in FY 2010-11.

Profit Before Depreciation, Interest, Exceptional items and Tax increased to Rs.42.30 Cr.(16.86%) in 2010-11 from previous year of Rs.36.69 Cr. (15.58%).

Depreciation for the year 2010-11 increased to Rs.16.28 Cr. (6.49%) from Rs. 13.97 Cr. (5.93%) of last year.

Interest Cost increased to Rs.16.45 Cr. (6.56%) in 2010-11 from Rs. 13.52 Cr. (5.74%) of previous year.

Profit Before Tax (PBT) stood at Rs.9.57 Cr. in 2010-11 as compared to Rs. 9.12 Cr. in 2009-10. The tax provision for current year is at Rs. 1.80 Cr. as compared to Rs.1.62 Cr. in previous year.

Profit After Tax (PAT) stood at Rs. 8.77 Cr. in 2010-11 as compared to Rs. 8.40 Cr. in previous year. Due to increase in share capital, Earning Per Share (EPS) stood at Rs.4.89 compared to Rs.5.03 of last year.

Balance Sheet Equity Share Capital – During the last fiscal, the Company had allotted 12,49,700 shares of Rs.10/- each to a promoter at a premium of Rs.40/- each

under preferential allotment on conversion warrants allotted to her during the year 2010. As such, the ordinary share capital of the Company has increased from Rs. 16.68 Cr. to Rs.17.93 Cr. as on March 31, 2011.

Gross Secured Debt stood at Rs.177.76 Cr. as on March 31, 2011 as compared to Rs. 163.07 Cr. of the previous year.

Current Assets of the Company has increased to Rs.223.48 Cr. in 2010-11 as compared to Rs. 207.52 Cr. in previous year due to increase in Inventories at Rs.63.74 Cr. in 2010-11 from Rs. 55.62 Cr., increase in debtors at Rs.123.86 Cr. from Rs. 107.97 Cr. and decline in Cash & Bank Balances at Rs. 5.27 Cr. in 2010-11 from Rs. 10.81 Cr. in previous year. There was decrease in loans & advances from Rs.33.13 Cr. to Rs.30.60 Cr. in the year 2010-11.

III. SWOT ANALYSIS

Strengths –

- The only Standalone clutch manufacturer in the World, poised to grow based on strong fundamentals in Technology with no restrictions.
- Sustained Brand leadership in a highly technology intensive industry.
- Low manufacturing cost compared to other leaders of the Industry across.
- Efficient supply flow thru' vertical integration, Selective in house processing.
- Fiercely innovative & focus on needs of end customers.
- Versatile Clutch Dyno - testing facility
- Products are virtually in the verge of Double life.
- Effective cost cutting and competitive edge technology
- MEOST (Multiple Environment Over Stressed Testing) Facility.
- Quick response to OEMs and customers' need
- Steps taken during the last one year for increasing the Foundry and heat treatment .
- Increase in market share of the leading Truck manufacturer in USA , with whom the company has made long term supply contracts will enhance company's business opportunity.

Weakness -

- Present Scale of operations
- Limited Global reach due to lack of complementarity of the products across various continents.
- Single manufacturing facility, to be grown up to a full scale integrated facility.
- High dependence on Limited resource base

Opportunities –

- Agricultural Segment- Five decade monopoly.
- Heavy duty segment – There is no compatibility among dominant players.
- Technology dissemination.
- Cost effective solutions.
- Long obsolescence.



- Availability of CNG in more cities/town will lead to affordability of Vehicles.
- Rising middle class population with increasing purchasing power will boost the demand for passenger cars.

Threat -

- Infringements by local players in unorganized sector.
- General market environment.
- Penetration of Spurious products in Aftermarket segment.
- New Technologies.
- Consolidation by the Competitors in domestic arena.
- OEM's target to have total control on the Aftermarket can significantly impact company's Replacement Market operations.
- Competition from Chinese low cost manufacturers can be a threat to Company's business in some segments.
- Steep increase in fuel prices may have dampening effect on the rising demand for the vehicles.
- Increasing interest rates are making vehicle finance expensive and may have adverse impact on vehicles demand.
- Introduction of rapid transport system in metro cities may have adversely affect the domestic passenger vehicles demand.

IV. IPR PORTFOLIO

Clutch Auto Limited is the ONLY Indian Auto Component Manufacturer with domestic & overseas Patents & Trade Marks. Company has made good progress in this portfolio despite tough competition. Company's continued efforts in R&D has generated unique products across all segments and further strengthened the IPR portfolio of the Company over a period of time. Snapshot of such IPR profile as on 1.11.2011 is as under

<u>Patents</u>	<u>Approved</u>	<u>Pending</u>	<u>Under filing</u>
Overseas			
USA	3	-	9
Mexico	1	-	-
Australia	1	-	-
Total overseas	5	-	9
Domestic	6	10	16
Designs			
India	27	1	2
Trade Marks			
USA	11	1	13
India	22	30	9

V. The performance of the Company is directly related to the growth of the automobile manufacturers and general economic scenario prevailing in the country. To cope up with these risks, your company continues to broaden product profile, increase in customer profile and geographic reach. We are exposed to competition from domestic as well as overseas manufacturers. We are relentlessly trying to improve product performance, design support and higher level of engineering. Your Company is exposed to change in interest rates, foreign exchange rates and raw material prices. Your Company is implementing proper risks management system to counter these problems.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a comprehensive system of Internal Controls to safeguard the Company's Assets against loss from unauthorized use and ensure proper authorization of Financial Transactions. The Company maintains a system of internal controls designed to provide a high degree of assurance regarding effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations. The Company has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

Recognizing the important role of internal controls, the Company has appointed a separate independent firm of Internal Auditors for looking over the operations of the Company. The Internal Auditor is separately responsible to examine the Internal Control Systems and Procedures of the Company. Continuous Internal Audit of the systems enables various business groups to plug any shortcomings sooner rather than later. In addition, the top management and the Audit Committee of the Board review the findings and recommendations of the Internal Auditors on regular basis.

VII. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

The Management of the Company appreciates the cordial relations maintained with the employees during the year. The Management has been able to keep the employees moral high and has been able to motivate them to achieve the business goals of the Company. Regular training is being given to upgrade the skills of the employees so as to increase their productivity. As on 31.03.2011 the total number of employees on the payrolls of the Company were 627. According to the Policy of Government of India to give more and more employment to the Reserved Categories in the Private Sector, Company employs 261 persons belonging to SC/ST/OBC categories

VIII. CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the automobile industry (global or domestic or both) significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs.

For and on behalf of the Board of Directors

New Delhi, V.K. Mehta
24th November, 2011 Chairman & Managing Director

Annexure B to the Directors' Report

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

Clutch Auto Ltd believes that strong Corporate Governance Standards are vital not only for the healthy and dynamic Corporate Sector growth, but also for inclusive growth of the economy. Good Corporate Governance Practices enhance Company's value and stakeholder's trust resulting into strong and healthy development of the economy. The Company has implemented appropriate disclosure procedures, transparent accounting policies, independent Board practices and highest levels of ethical standards towards its stakeholders for sustaining corporate growth.

Clutch Auto Ltd.'s commitment to good corporate governance practices predicts the laws and regulations of Securities & Exchange Board of India (SEBI) and the Stock Exchanges through Clause 49 of their listing agreement.

(1) BOARD OF DIRECTORS

(a) Composition

The current Board comprises of six Directors including an Executive Chairman cum Managing Director, one Executive Director and four Non-Executive Directors (out of which one is relative of the Promoter). As such 50% of the Directors are independent Directors in terms of Clause 49 of the Listing Agreement with Stock Exchanges. The constitution of the Board of Directors and the composition of the Committees of the Board as on date are given below:

Sl. No.	Name of Directors	DIN	Category
1	Sh. Vijay Krishan Mehta	00053482	Executive Chairman & Managing Director
2	Sh. Kewal Krishan Taneja	00053226	Non Executive, Independent Director
3	Sh. Chandra Shekhar Aggarwal	01539616	Non Executive, Independent Director

Sl. No.	Name of Directors	DIN	Category
4	Sh. Avinash P Gandhi	00161107	Non Executive, Independent Director
5	Sh. Anuj Mehta	00047381	Executive Director
6	Ms. Pooja Kapur	00047231	Non Executive, Non-Independent Director (Relative of Promoter)
7*	Sh. Satish Sekhri*	00211478	Non Executive Independent Director

*Sh. Satish Sekhri Director, who joined Board on 01.04.2010, has since resigned w.e.f. 14.05.2011.

b) Board Meetings

During the financial year under review, 10 Board meetings were held on 15.5.2010, 2.7.2010, 19.7.2010, 11.08.2010, 30.10.2010, 13.11.2010, 13.12.2010, 01.01.2011, 12.02.2011 & 31.03.2011.

Names of Member(s) of the Board	Category of Directors	Board Meetings attended	Attendance at the last AGM	No. of Director-ships held (excluding Private Ltd. companies) as on 31.03.2011	No. of Membership of Committees (other than Private Ltd. Companies) as on 31.03.2011	No. of Chairmanship of Committees (other than Private Ltd. Companies) as on 31.03.2011
Sh. V. K. Mehta	CMD	9	Present	1	2	-
Sh. K.K. Taneja	NEDI**	9	Present	1	2	1
Sh. Anuj Mehta	Executive Director	10	Present	-	1	-
Sh. C.S. Aggarwal	NEDI	-	Absent	-	-	-
Ms. Pooja Kapur	NED	10	Present	None	2	1
Sh. A.P. Gandhi	NEDI	9	Present	9	9	5
Sh. Satish Sekhri*	NEDI	8	Present	-	-	-

** NEDI – Non-Executive Director (Independent).

(c) Information supplied to the Board

The Board has complete access to any information within the Company. At Board Meetings employees who can provide additional insights into the items being discussed are invited. The information regularly tabled to the Board includes:

- ◆ Capital Budgets and updates.
- ◆ Review of Quarterly results and annual results and all compliances related thereto.
- ◆ Disclosure of interest in other Companies made by the Directors.
- ◆ Minutes of meetings of audit committees and other committees of the Board.
- ◆ Future Business opportunities.
- ◆ Banking and funding arrangement proposals.
- ◆ Mitigation of risks related to Foreign currency.
- ◆ Internal control efficiencies and effectiveness.
- ◆ Alternate raw material sourcing whether indigenous or imported.
- ◆ Manpower strength and its productivity enhancement.
- ◆ R&D and Quality improvements etc.
- ◆ Progress of projects undertaken by the Company (NMITLI & Capacity Expansion & modernization project).
- ◆ Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- ◆ Show cause, demand, prosecution notices and penalty notices, which are materially important.
- ◆ Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- ◆ Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- ◆ Transactions that involve substantial payment towards goodwill, brand equity or intellectual property rights.
- ◆ Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- ◆ Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of voluntary Retirement Scheme etc.
- ◆ Non-compliance of regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc., if any.
- ◆ Other information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement
Clutch Auto has established procedures to enable its Board to periodically review compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances.

(d) Directors with materially pecuniary or business relationship with the Company

All disclosures relating to financial and commercial transactions, where Director(s) may have a potential interest are provided to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters. We have made sufficient disclosures in respect of related party transactions in the notes on accounts of this annual report.

(e) Shares held by non-executive directors

The details of shareholding of the Non-executive Directors as on 31.03.2011 are as under:

Sl. No.	Name of the Director	No. of Shares
1	Sh. Kewal Krishan Taneja	10,000

None of the other Non-Executive Directors hold any shares in the Company.

(f) Remuneration of Directors paid or payable to Directors for the year ended 31.03.2011

Name of Director	Relationship with other Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Sh. Vijay Krishan Mehta	Father of Sh. Anuj Mehta	11737794	-	11737794
Sh. Anuj Mehta	Son of Sh. Vijay Krishan Mehta	8220328	-	8220328

Sitting Fees

During the year 2010-11, the non-executive Directors were paid sitting fees of Rs.12,500/- (excluding reimbursement of travel and other expenses incurred for the Company's business) only for attending each Board Meeting and Committee Meetings of the Company.

(g) Code of Conduct

The Company has laid down a code of conduct, under clause 49 of the Listing Agreement, for all its Board members and Senior Management Personnel for avoidance of conflict of interest.

The declarations with regard to compliance of code of Conduct have been received for the year 2010-11 from all the Board members and Senior Management personnel. All Board members and Senior Management personnel have affirmed compliance of the Code of Conduct and the Chairman & Managing Director has confirmed the same. The Code of Conduct is also available on Company's website www.clutchauto.com.

2. COMMITTEES OF THE BOARD

The Board and its Committees are constituted as under –

Sl. No	Name of the Director	Board of Directors	Audit Committee	SSSG Committee	Remuneration Committee
1	Sh. V.K. Mehta	Chairman & Managing Director	Permanent Invitee	Member	Member
2	Sh. K.K. Taneja	Director NEI*	Chairman	-	Member
3	Sh. Avinash P Gandhi	Director NEI*	Member	-	Chairman
4	Sh. C.S. Aggarwal	Director NEI*	-	-	Member
5	Sh. Anuj Mehta	Executive Director	Permanent Invitee	Member	-
6	Ms. Pooja Kapur	Director NE**	Member	Chairperson	-
	Total Nos.	6	3	3	4

* Non-Executive Independent Director

** Non-Executive Director

The above composition of the Board Committee fulfills the requisite composition under Clause 49 of the Listing agreement vs-a-vis provision of Section 292A of the Companies Act, 1956.

(a) Audit Committee

The composition of the Audit Committee and the attendance of members at the meetings held during the financial year 2010- 11 are given below.

Name of Director	Category	Status	No. of Audit Committee Meetings attended	
			Held	Attended
Shri Kewal Krishan Taneja	NEI*	Chairman	4	4
Shri Avinash P Gandhi	NEI*	Member	4	4
Smt. Pooja Kapur	NE**	Member	4	4
Shri V.K. Mehta	CMD	Permanent Invitee	4	4
Shri Anuj Mehta	Executive Director	Permanent Invitee	4	4

* Non –Executive Independent Director

**Non –Executive Director

The role and terms of reference of the Audit Committee covers the areas mentioned in Clause 49 of the Listing Agreement with Stock Exchanges and Section 292A of the Companies Act, 1956 as amended from time to time besides other matters as may be referred by the Board of Directors.

The committee derives its powers from clause 49(II)(C) of the Listing Agreement. Apart from its other functions, the committee has been regularly reviewing the information as prescribed in Clause 49(II)(E) of the listing agreement.

In generality, the scope and functions of the Audit Committee of the Company revolves around the following:

- ◆ Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ◆ Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- ◆ Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- ◆ Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any Related party transactions
 - Qualifications, if any, in the draft Audit report.
- ◆ Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- ◆ Reviewing, with the management, performance of statutory auditors, adequacy of the internal control systems.
- ◆ 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.
- ◆ Discussion with internal auditors any significant findings and follow up thereon.
- ◆ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors
- ◆ Investigate into any matter as specified in Section 292A or referred to it by the Board.
- ◆ Reviewing Company's financial and risk management policies.

The Audit Committee meetings were held 4 times during the year 2010-11 on 15.05.2010, 11.08.2010, 13.11.2010 and 12.02.2011. The time gap between any two meetings was less than four months.No person has been declined access to the Audit Committee.



Besides others, the Audit Committee of Clutch Auto reviews the following information:

- ◆ Management discussion and analysis of financial condition and results of operations.
 - ◆ Statement of significant related party transactions (as defined by the Audit committee) submitted by management.
 - ◆ Internal Audit reports relating to internal control weaknesses
- The Audit Committee is also presented with the following information on Related party transactions (whenever applicable):
- ◆ A statement in summary form of transactions with related parties in the ordinary course of business.
 - ◆ Details of material individual transactions with related parties, which are not in the normal course of business.
 - ◆ Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

The Audit Committee is empowered, pursuant to its terms of reference, to:

- ◆ Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- ◆ Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Chairman of the Audit Committee was present at the last Annual General Meeting to answer shareholders queries raised therein. The Committee was regularly apprised of the various follow up actions taken on the direction of the Audit Committee. The Audit Committee regularly invite such executive/s as it considers appropriate, including the head(s) of the Finance, Production, Marketing, and the representative(s) of the internal audit and the statutory auditors, as and when invited, were present at the meetings of the Committee.

(b) Shares Servicing & Shareholders' Grievance (SSSG) Committee

SSSG Committee is consisted of three members i.e. Sh. V K Mehta, Sh. Anuj Mehta and Ms. Pooja Kapur who is also the Chairperson of this Committee.

The Committee looks into redressal of Shareholders' and Investors' complaints related to transfer/ transmission of shares, non-receipt of Balance Sheet, non-receipt of declared dividend and ensures expeditious share transfer process. The status of complaints are reported to the Committee, minutes of Shareholders/Investors Grievance Committee meetings were placed before and discussed by the Board from time to time. Complaints received from shareholders on above mentioned grounds are resolved generally within 10 days, except in deserving cases.

Mr. Sanjay Grover, Company Secretary, was the "Compliance Officer" of this Committee upto 09.10.2010 and after his resignation Sh. Sarabjit Singh, Chief Financial Officer & Company Secretary has been appointed as "Compliance Officer" in his place who hold this position till 26.02.2011. The status of the Committee meetings held during 2010-11 is as under.

Name of Director	Position	Meetings held during the year	Meetings attended by the Members
Ms. Pooja Kapur	Chairperson	3	3
Sh. Vijay Krishan Mehta	Member	3	3
Sh. Anuj Mehta	Member	3	3

(c) Remuneration Committee

Remuneration Committee is consisting of four members i.e. Sh. Avinash P Gandhi, Sh. V K Mehta, Sh. K K Taneja and Sh. C S Aggarwal with Sh. Avinash P Gandhi as Chairman of this Committee.

One meeting of this Committee was held during the year which was attended by all members except Sh. C S Aggarwal.

3. GENERAL BODY MEETINGS

The last three (3) General Body meetings were held on the following dates and timings:

Financial Year	Date	Time	Location
2007-08	27.09.2008	10.00 a.m.	Gandhi Memorial Hall, Pearey Lal Bhawan, 2, Bhadur Shah Zafar Marg, New Delhi
2008-09	29.09.2009	10.00 a.m.	Seble Cinema, Mathura Road, Badarpur, New Delhi.
2009-10	29.09.2010	10.00 a.m.	Seble Cinema, Mathura Road, Badarpur, New Delhi.

Two Special Resolution were passed by the Shareholders in last AGM.

4. DISCLOSURES

(i) Disclosures regarding re-appointment of Managing Director

- ◆ **Sh. Vijay Krishan Mehta**

Name	Sh. Vijay Krishan Mehta
Father's name	Late Sh. Ram Kishan Mehta
Nationality	Indian
Education	B.E.(Mech.) from Punjab University
Experience	45 years in Automotive space
Directorships in other Companies	NIL
Professional Bodies	Committee Member – 1. Automotive Component Manufacturers Association

ii) Disclosures regarding re-appointment of Directors retire by rotation

◆ **Shri K K Taneja**

Name	Shri K K Taneja
Father's name	Late Shri R M Taneja
Nationality	Indian
Education	B.Sc. D.I.I.Sc
Experience	45 Years in Industrial Projects
Position held in Committees	Audit Committee & Remuneration Committee

◆ **Shri Chandra Shekhar Aggarwal**

Name	Shri Chandra Shekhar Aggarwal
Father's name	Late Shri R K Aggrawal
Nationality	Indian
Education	B.Com., LLB
Experience	50 years in the Field of Taxation
Position held in Committees	Remuneration Committee

(iii) Disclosure regarding materially significant related party transactions

All disclosures relating to financial and commercial transactions, where Directors may have a potential interest are provided to the Board. Interested Directors, if any, do not participate in the discussion nor do they vote on such matters. The Audit Committee regularly reviews such transactions, if any.

(iv) Details of non-compliance

The Company has complied with all the requirements of regulatory authorities & no penalty or strictures were imposed on the Company by any Stock Exchange or SEBI or any Statutory Authority on any matter related to Capital market during previous three years.

(v) Code of Conduct for Directors and Senior Management

The Board of Directors of the Company has adopted a Code of Conduct for the Directors and Senior Management personnel and the same is posted in Company's web-site www.clutchauto.com. In terms of Clause 49(D), a declaration by the Managing Director of the Company is separately annexed with this report.

(vi) CEO/CFO Certification

The Chairman & Managing Director has certified to the Board with regard to the compliance made by them in terms of clause 49(V) of the Listing agreement. He has certified to the Board regarding their review on the Financial Statements, Cash Flow Statements and matters related to Internal controls etc., in the prescribed format for the year ended 31st March, 2011.

5. Non-Mandatory requirements

The Company has not adopted the non-mandatory requirements as specified in Annexure ID of the Listing agreement.

6. MEANS OF COMMUNICATION

(i) Quarterly results

The Company published its quarterly results regularly in leading national dailies both in English and Hindi with wide circulation viz. Financial Express(FE), Business Standard (BS), Veer Arjun (VA) & Jansatta (JS).The details of such announcement of result(s) during the year are as under:

Quarter ended	Date of Announcement	Date of Publication	Name of Newspapers
31.03.2010	15.05.2010	17.05.2010	BS, VA
30.06.2010	11.08.2010	13.08.2010	BS, VA
30.09.2010	13.11.2010	15.11.2010	FE, JS
31.12.2010	12.02.2011	14.02.2011	FE, JS
31.03.2011	14.05.2011	15.05.2011/16.05.2011	FE/ JS

(ii) Website

More information about the Company & its financials are available at its **Website** www.clutchauto.com.

(iii) Annual Report

Audited annual accounts along-with Auditors' & Directors' Report (including Corporate Governance Report) are circulated to members and other entitled thereto.

7. GENERAL SHAREHOLDERS INFORMATION

(i) 40th Annual General Meeting

Day & Date : Tuesday, 27th December, 2011
 Time : 10.00A.M.
 Venue : SEBLE CINEMA
 Mathura Road,
 Badarpur, New Delhi – 110 044.

ii) Financial Year : 01.04.2010 to 31.03.2011.

(iii) Book Closure Dates : 26.12.2011 to 27.12.2011 (both days inclusive).

(iv) Dividend Payment Data:

Dividend for the financial year 2010-11 was not declared, therefore, no payment of dividend is pending for the said period. Keeping in view, its ongoing expansion projects and future growth plans, the Directors have decided to plough back the profits of the Company for financial year 2010-11. Accordingly, the Board has not recommended any dividend payment for the year ended 31st March, 2011

(v) Listing on Stock Exchanges & Stock Code

The Listing particulars in respective Stock Exchanges are as under:

Name of the Stock Exchange	Stock Code No. / Symbol
Bombay Stock Exchange Limited (BSE)	505052
National Stock Exchange of India Limited (NSE)	CLUTCHAUTO
Demat ISIN Number	INE779 B01019



The Company has already paid the requisite Listing fees to both the Stock Exchanges.

(vi) Market Price Data at BSE and NSE

The details of High/Low market price and volume of shares traded at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited during the period ended 31.03.2011 are as under:

Year & Month 2010-11	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (Rs. per share)	Low (Rs. per share)	Volume	High (Rs. per share)	Low (Rs. per share)	Volume
April' 10	76.25	62.50	1889421	76.50	62.25	726284
May'10	71.45	55.25	493894	70.65	50.55	706017
June'10	70.65	55.10	1016783	70.50	55.15	740561
July'10	76.95	60.15	3696249	77.00	61.00	644687
August'10	73.20	62.10	890927	73.40	62.10	959547
September'10	74.45	64.55	2693763	74.55	65.00	683829
October'10	71.25	62.55	519726	71.10	52.15	598152
November'10	76.20	53.00	1559433	76.25	55.40	721050
December'10	65.00	55.00	324860	64.80	54.15	504376
January'11	71.25	50.15	622451	71.45	50.10	536531
February'11	54.95	39.60	409341	55.50	40.00	381538
March'11	55.85	46.40	278816	56.00	46.50	458268

(vii) Registrar and Share Transfer Agents

M/s. MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi – 110 020. Tel. 91-11-2638 7281-83. Fax 2638 7384, E-Mail: info@masserv.com.

Viii) Shareholding Pattern as on 31.03.2011.

The following table gives the pattern of shareholding:

Sl. No.	Particulars	No. of Shares	Shareholding %
1	Promoters, their relatives, Friends & associates	5987018	33.39
2	Corporate Bodies	4265622	23.79
3	Banks & Financial Institutions	3525	0.02
4	Mutual Funds	5350	0.030
5	Foreign Institutional Investors	20000	0.11
6	NRI/OCBs	274194	1.53
7	Public	7375871	41.14
	Total	17931580	100.00

(ix) Distribution of Shareholding as on 31.03.2011

The following table gives the distribution of shareholding:

Holdings	Shareholders		Shares	
	Number	% to total	Number	% to total
1 - 5,000	25,928	91.00	33,05,603	18.44
5,001-10,000	1,432	5.00	11,56,279	6.45
10,001-20,000	563	1.98	8,63,096	4.81
20,001-30,000	187	0.66	4,74,947	2.65
30,001-40,000	60	0.21	2,13,707	1.19
40,001-50,000	61	0.22	2,96,136	1.65
50,001-1,00,000	86	0.30	5,95,993	3.32
1,00,001 & above	70	0.25	110,25,819	61.49
Total:	28,387	100.00	1,79,31,580	100.00

(x) Dematerialization of Shares

Your Company's shares are tradable compulsorily in electronic form and has established connectivity with both the Depositories viz. National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] through its Shares Transfer Agent & Registrar; viz. M/s MAS Services Limited. As on 31.03.2011, 84.51% of Company's paid-up Share Capital stood dematerialized and remaining 15.49% shares were held in Physical form.

(xi) Unclaimed Dividend

The Company is having no money remained unclaimed and liable to be transferred to the **Investor Education and Protection Fund** administered by the Central Government during the year under report.

(xii) Investors' Assistance:

Registered Office: Secretarial Department Clutch Auto Limited 2E/14 (First Floor), Jhandewalan Extn., New Delhi – 110 055. Telefax: (011) 2368 3548 e-mail – cs@clutchauto.com	Plant Location: Clutch Auto Limited Plot No.1A, Sector 27D 12/4, Mathura Road, Faridabad – 121 003 Tel: (0129) 256 5000 Fax: (0129) 227 6039
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For and On behalf of the Board of Directors

New Delhi, **Vijay Krishan Mehta**
24th November, 2011 **Chairman & Managing Director**

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration Number of the Company : 55-5634
Nominal Capital of the Company : Rs.20 Crores

The Members of
Clutch Auto Limited
2E/14, First Floor, Jhandewalan Extension
New Delhi – 110055

We have examined all relevant records of Clutch Auto Limited (herein after called the Company) having registered office at 2E/14, First Floor, Jhandewalan Extension, New Delhi-110055 for the purpose of certifying compliance of the condition of the Corporate Governance under the Clause 49 of the Listing Agreement with the Bombay Stock Exchange and National Stock Exchange for the financial year ended 31st March 2011. We have obtained all the information and explanations to the best of our knowledge and belief were necessary for the purpose of the certification.

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

On the basis of our examination of the records produced, explanation provided/furnished, we certify that the Company has complied with the mandatory conditions of the said Clause 49 of the Listing Agreement.

**For D K Dubey & Associates
(Company Secretaries)**

**Date: 21/11/2011
Place: New Delhi**

**D K Dubey
Proprietor C.P. No.8882**

Annexure – C TO DIRECTORS' REPORT

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2011.

For CLUTCH AUTO LIMITED

**24th November, 2011
Place: New Delhi**

**V K MEHTA
Chairman & Managing Director**

ANNEXURE –D TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST MARCH, 2011 AND FORMING PART OF THE DIRECTORS' REPORT.

Employees who were employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 24,00,000 per annum.

Name of Employee	Age (Yrs)	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Previous Name of the Company	Employ-ment Position Held
Sh. V.K. Mehta	70	Chairman & Mg. Director	11737794	B.E. (Mech.)	45	26.05.1971	N.A.	N.A.
Sh. Anuj Mehta	42	Executive Director	8220328	MBA	18	01.07.1993	N.A.	N.A.

Note:

- Gross remuneration comprises of Salary, Allowances, Medical reimbursement, Company's contribution to Provident Fund, taxable value of perquisites and Commission.
- Employment of Sh. V. K. Mehta and Sh. Anuj Mehta are contractual.
- Sh. Vijay Krishan Mehta along-with his wife and son (being director of the Company) hold more than 2% of equity shares of the Company.



ANNEXURE – E TO DIRECTORS' REPORT

Information pursuant to section 217(1)(e) of the Companies Act, 1956

A. Conservation of Energy:	<u>2010-11</u>	<u>2009-10</u>
a) Electricity purchased Units (KWH)	50,60,700	42,73,125
Total Amount (Rs.)	2,64,83,255	2,06,90,955
Rate/Unit (Rs. KWH)	5.23	4.84
b) Own Generation through Diesel Generators Units (KWH)	10,65,002	16,68,653
Total Amount (Rs.)	1,06,06,838	1,50,96,870
- Diesel oil per litre (Rs.)	35.30	31.42
- Cost per unit (Rs.) (Diesel Cost only)	9.96	9.05
c) Total Electricity consumed (units)	61,25,702	59,41,778
Total Production (units)	26,25,329	25,47,353
Electricity consumption (per unit)	2.34	2.33

B. Technology Development & Absorption

- 1) Status of Patents:- 11 Registered (India & Overseas) , Under filing 25 (India & Overseas)
- 2) New Products developed:- 380 Dia Clutch, 170 Dia Clutch, 352 Dia Clutch, 352 Dia Sheet Metal Cover
- 3) NMITLI Technology.

From the first stage of NMITLI Project, which has been completed on 30th September, 2011 and as reviewed by the CSIR Steering & Monitoring Committee on 13th of October, 2011, it has been commented by the Chairman of the Monitoring Committee and Steering Committee that project has taken a very satisfactory turn. At present the technologies developed by the participating institutions have been proven on Laboratory scale and Technology Transfer documents have been passed on to Clutch Auto Limited for study and review. Based on these CAL will have review meeting with CSIR in the coming weeks to firm up the product development and come to marketable product stage.

CSIR is very keen that in this second phase, CAL should introduce marketable products in the market based on the technology developed by PIs at least in 2 or 3 product ranges within one year and more thereafter. In continuity with already completed Phase I of the project, go ahead has been indicated in the above review meetings at CSIR for the launch of the second phase, after necessary negotiations and reviews between CAL & CSIR.

This will involve development & procurement of production equipments and processes with all activities related for proto type bulk production based on the selected technologies with all allied activities like infrastructure, plant & machinery and marketing strategy for the newly developed product range (Cushion bonded, Organic, Cerametallic, Ceramic clutch discs) in line with NMITLI technology with advanced Cerametallic, Ceramic and friction materials. The estimated completion for this phase of the project is expected to be 2-3 years. Detailed work is scheduled to be carried out with the above objectives in mind in the product phase.

The Technologies already developed have been dovetailed into appropriate product designs in intermediary stage of introduction with scope of creating a spring board for the ultimate technologies envisaged under the original NMITLI Program. Technology Transfer Documents – Development of Adhesive Formulations and bonding technologies for the Application in Automotive Clutch Discs is under finalization with Council of Scientific & Industrial Research (CSIR), Department of Science & Technology, Government of India.

Participating Institutions in this Project are:

- a) National Chemical Laboratory (NCL), Pune
- b) Central Glass & Ceramic Research Institute (CGCRI), Kolkata
- c) International Advance Research Centre (ARCI), Hyderabad and
- d) Indian Institute of Technology, Delhi

C. Foreign Exchange Earnings and Outgo

	(Amount in Rs)	
Particulars	2010-11	2009-10
1. Foreign Exchange Earnings	20,73,78,000	25,78,00,550
2. Foreign Exchange Outgo:		
i) Raw Materials (CIF)	25,03,89,992	30,58,79,044
ii) Travel	21,58,263	30,80,744
iii) Capital	-	13,65,65,951
iv) Technical Fees	446,300	54,03,529
Total	25,29,94,555	45,09,29,268

For and on behalf of the Board of Directors

Vijay Krishan Mehta
Chairman & Managing Director

**Auditor's Report to the Members of
CLUTCH AUTO LIMITED**

We have audited the attached Balance Sheet of M/s. CLUTCH AUTO LIMITED, (hereinafter referred to as the 'Company') as at March 31, 2011 and also the Profit and Loss Account and Cash Flow Statement of the company for the year ended on that date, annexed there to. 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 statements presentation. We believe that our audit provides reasonable basis for our opinion.

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

Further to our comments in the Annexure referred to above, and subject to the exceptions in the above paragraphs, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
- d) In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as

a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 read with the Companies (Disqualification of Directors under Section 274(1) (g) of the Companies Act, 1956) Rules, 2003.

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts and Notes of Accounts portrayed in Schedule XIX-B, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :
- i) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2011 and;
- ii) In the case of the Profit & Loss Account of profit for the year ended on that date.
- iii) In case of the cash flow statement of the cash flows for the year ended on that date.

Place: New Delhi

Date: 24.11.2011

**For and on behalf of
B. Aggarwal & Co.
Chartered Accountants
FRN-004706N**

**ALOK JAIN
Partner
M. No. 510960**

Annexure to the Auditors' Report

*(Referred to in Paragraph (3) of the Auditors' Report of even date to the members of **CLUTCH AUTO LIMITED** on the financial statements for the year ended 31-03-2011)*

- 1)
 - a) The Company has maintained a Fixed Assets Register, showing full particulars, including quantitative details, however the register *does not include* details of situation of fixed assets (other than Plant and Machinery substantially). Further, in case of tools and implements quantitative details have not been indicated in most of the cases.
 - b) On the basis of available records and according to the information and explanations given to us, the fixed assets have been physically verified by the respective department heads once during the year, except for furniture and fitting, dyes and fixtures, testing & office equipment including those held by job work parties. No material discrepancies were noticed on such verification
 - c) During the year, the Company has not disposed off any major part of the plant and machinery. According to the

information and explanations given to us, we are of the opinion that the sale of other fixed assets has not affected the going concern status of the Company.

- 2)
- a) The stocks of the finished goods, stores and spare parts have been physically verified by the management at the year end. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business. Further we are informed that in regards to stock held by job work parties' confirmations have been received by the company in many cases.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company has maintained proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of stocks, as compared to book records.
- 3)
- The company has taken unsecured loans from companies, firms or other parties covered by register maintained under section 301 of the Indian Companies Act, 1956. The maximum amount outstanding at any time during the year and the balance outstanding as at 31.03.2011 was Rs. 16.56 crores.
- The rate of interest and other terms and conditions of the loan taken by the Company is not *prima facie prejudicial* to the interest of the company
- 4)
- In our opinion and according to the information and explanations given to us, certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, however there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services, except for MIS-ERP system used for tracking inventory, in which there is scope for improvement. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any

continuing failure to correct major weaknesses in the aforesaid internal control system. However there is scope for improvement in the internal control procedure in the aforesaid areas.

- 5)
- a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Indian Companies Act have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Indian Companies Act, 1956, and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time where such market prices are available.
- 6)
- In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the period covered by the audit report, within the meaning of Sections 58 A and 58 AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.
- 7)
- A firm of Chartered Accountants has conducted the internal audit for the period up to 31st March 2011. The report points out areas of weakness in internal control, inventory management system, MIS-(ERP) and delays in payments of statutory dues requiring management attention. In our opinion, and to the extent of audit done, the Company has an Internal Audit system commensurate with the size and the nature of its business.
- 8)
- We have broadly reviewed the records maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

<p>9)</p> <p>a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is <i>not regular</i> in depositing undisputed statutory dues including investor education and protection fund, employees' provident fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, excise duty with the appropriate authorities except dues in respect of customs duty and cess. According to information and explanations given to us there are no arrears of undisputed statutory except sale tax dues as at 31st March 2011, which were outstanding for a period of more than six months from the date they became payable. However, liability is not ascertainable in the event of penalty/interest on delayed payment.</p> <p>b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of excise duty and cess as at 31-03-2011 which have not been deposited on account of a dispute are central Excise Duty amount Rs.421.36Lakh appeals were pending in Central excise & Service Tax Appellate Tribunal and income tax amount Rs.23.45Lakhs appeals were pending in Commissioner Of Income Tax Apeels-VI.</p> <p>c) According to the information and explanations given to us and the records of the company examined by us, there are no other dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.</p> <p>10) There are no accumulated losses at the end of the financial year and the company has not incurred any cash losses in the current financial year and preceding financial year.</p> <p>11) According to the records of the company examined by us and the information and explanation given to us, the company has defaulted in repayment of certain payments to financial institution or bank or debenture holders as at the balance sheet date.</p> <p>12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p>	<p>13) The Company is not a Chit Fund, Nidhi or mutual benefit Society. Hence the requirements of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.</p> <p>14) The company is not a dealer or trader in shares, securities, debentures and other investments.</p> <p>15) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.</p> <p>16) According to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.</p> <p>17) According to the information and explanations given to us, the cash flow statements examined by us and on the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment and vice versa.</p> <p>18) According to the information and explanations given to us no preferential allotment of shares has been made by the company to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.</p> <p>19) The Company has not issued any debentures. Hence the requirements of clause (xix) of paragraph 4 of the Order are not applicable to the Company.</p> <p>20) The company has not raised any money by public issues during the year.</p> <p>21) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.</p> <p style="text-align: right;">For and on behalf of B. Aggarwal & Co. Chartered Accountants FRN-004706N</p> <p style="text-align: right;">ALOK JAIN Partner M. No. 510960</p> <p>Place: New Delhi Date : 24.11.2011</p>
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BALANCE SHEET AS AT 31ST MARCH,2011

(Amount in Rupees)

PARTICULARS	SCHEDULE			AS AT 31.3.11	AS AT 31.3.10
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	I	179,331,300		166,834,300	
Reserves & Surplus	II	<u>1,484,417,117</u>	1,663,748,417	<u>1,347,701,733</u>	1,514,536,033
Share Application Money			10,715,000		35,600,000
Loan Funds					
Secured	III	1,777,571,516		1,630,690,849	
Unsecured	IV	<u>165,567,143</u>	1,943,138,659	<u>143,907,150</u>	1,774,597,999
Deferred Tax Liability (Net)			17,000,000		27,000,000
		TOTAL	<u>3,634,602,076</u>		<u>3,351,734,032</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	V	2,324,404,927		2,216,273,212	
Less : Depreciation		<u>782,272,174</u>		<u>626,005,939</u>	
Net Block		1,542,132,753		1,590,267,273	
Capital work-in-progress		<u>496,093,440</u>	2,038,226,193	<u>324,686,638</u>	1,914,953,911
Current Assets, Loans & Advances					
Inventories	VI	637,448,845		556,150,333	
Sundry Debtors	VII	1,238,609,302		1,079,682,172	
Cash & Bank Balances	VII	52,736,204		108,081,012	
Loans & Advances	IX	<u>306,003,363</u>		<u>331,260,791</u>	
Less :		<u>2,234,797,714</u>		<u>2,075,174,308</u>	
Current Liabilities & Provisions X		<u>638,421,831</u>		<u>638,394,187</u>	
Net Current Assets			1,596,375,883		1,436,780,121
Miscellaneous Expenditure	XI		-		-
(to the extent not written off/adjusted)					
		TOTAL	<u>3,634,602,076</u>		<u>3,351,734,032</u>
Significant Accounting Policies	XIX-A		-		-
Notes forming part of Accounts	XIX-B				
As per our Separate Audit report of even date attached for B. AGGARWAL & CO.			For and on behalf of the Board		
Chartered Accountants					
FRN - 004706N		(V.K. MEHTA)	(ANUJ MEHTA)	(MANISH RAI)	
(ALOK JAIN)		Chairman &	Executive Director	Company Secretary	
Partner		Managing Director			
M.No. 510960			(T.N.SINGH)		
PLACE : NEW DELHI			Sr. Manager(Accounts)		
DATE : 24.11.2011					



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

(Amount in Rupees)

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
INCOME			
Income from operations	XII	2,705,808,114	2,478,165,099
Less:Excise Duty		200,593,935	178,358,871
		<u>2,505,214,179</u>	<u>2,299,806,228</u>
Other Income	XIII	9,123,644	2,636,442
Increase/(Decrease) in value in finished Goods/goods in Process	XIV	23,049,046	54,917,407
	TOTAL	<u><u>2,537,386,869</u></u>	<u><u>2,357,360,077</u></u>
EXPENDITURE			
Raw Materials & components consumed	XV	1,459,261,030	1,354,664,765
Personnel Expenses	XVI	233,989,386	221,099,923
Other expenses	XVII	421,146,764	414,744,870
Financial Expenses	XVIII	164,524,607	135,191,717
Depreciation		163,737,698	140,721,008
		<u>971,639</u>	<u>971,639</u>
Less:Transfer from Revaluation Reserve		-	139,749,369
Preliminary & Deferred Revenue expenses written-off		-	672,500
	TOTAL	<u><u>2,441,687,846</u></u>	<u><u>2,266,123,144</u></u>
Profit (Loss) before tax		95,699,023	91,236,933
Less : Provision for Taxation		18,000,000	16,164,932
Provision for DTL		<u>(10,000,000)</u>	<u>(8,900,000)</u>
Profit after tax		87,699,023	83,972,001
Balance brought forward from last year		677,902,417	593,930,416
Balance Carried to Balance Sheet		<u><u>765,601,440</u></u>	<u><u>677,902,417</u></u>
Earning per share : Basic		4.89	5.03
		-	-
		-	-
Significant Accounting Policies	XIX-A		
Notes forming part of Accounts	XIX-B		

As per our Separate Audit report of even date attached
for B. AGGARWAL & CO.
Chartered Accountants
FRN - 004706N

For and on behalf of the Board

(ALOK JAIN)
Partner
M.No. 510960
PLACE : NEW DELHI
DATE : 24.11.2011

(V.K. MEHTA)
Chairman cum
Managing Director

(ANUJ MEHTA) (MANISH RAI)
Executive Director Company Secretary

(T.N.SINGH)
Sr. Manager(Accounts)



SCHEDULES FORMING PART OF THE STATEMENT OF ACCOUNTS

(Amount in Rupees)

PARTICULARS	AS AT 31.3.11	AS AT 31.3.10
SCHEDULE - I		
<u>SHARE CAPITAL</u>		
AUTHORISED CAPITAL		
200,00,000 Equity Shares of Rs.10 each	<u>200,000,000</u>	<u>200,000,000</u>
ISSUED CAPITAL		
17937780 Equity shares of Rs.10 each, (Previous year 16688080)	<u>179,377,800</u>	<u>166,880,800</u>
SUBSCRIBED & PAID UP CAPITAL		
17931580 Equity shares of Rs.10 each, fully paid up (Previous year 16681880)	<u>179,315,800</u>	<u>166,818,800</u>
Add:- Shares forfeited (6200 shares)	<u>15,500</u>	<u>15,500</u>
	<u><u>179,331,300</u></u>	<u><u>166,834,300</u></u>
SCHEDULE - II		
<u>RESERVES AND SURPLUS</u>		
Capital Reserve	2,250	2,250
Investment Allowance Reserve	10,731,000	10,731,000
Share Premium Account	442,430,900	427,710,900
Add: During the year	<u>49,988,000</u>	<u>14,720,000</u>
Profit & Loss Account-Surplus	765,601,440	677,902,417
Revaluation Reserve(Land & Building)	216,635,166	217,606,805
Less: Dep for the year adjusted	<u>971,639</u>	<u>971,639</u>
	<u><u>1,484,417,117</u></u>	<u><u>1,347,701,733</u></u>
SCHEDULE - III		
<u>SECURED LOANS (Refer Sch.XIX-B-1)</u>		
TERM LOANS		
Term loan from banks	30,565,721	39,988,364
Term loan from others	745,086,702	586,851,584
WORKING CAPITAL FROM BANKS	<u>1,001,919,093</u>	<u>1,003,850,901</u>
	<u><u>1,777,571,516</u></u>	<u><u>1,630,690,849</u></u>
SCHEDULE - IV		
<u>UNSECURED LOANS(Refer Sch.XIX-B-2)</u>		
Council of Science & Industrial Research(CSIR)	149,335,000	137,000,000
ICD/Others	5,000,000	-
Deffered accrued interest on above	<u>11,232,143</u>	<u>6,907,150</u>
	<u><u>165,567,143</u></u>	<u><u>143,907,150</u></u>

**SCHEDULE - V
FIXED ASSETS 2010-11**

S.NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		COST AS AT 01/04/10	ADDITIONS	DEDUCTION	COST AS AT 31/03/11	UPTO 31/3/10	FOR THE YEAR	WRITTEN BACK	UPTO 31/3/11	AS ON 31/3/11	AS ON 31/3/10
1	LORD STATUE	65,578	-	-	65,578	-	-	-	-	65,578	65,578
2	LAND FREE HOLD	194,967,280	-	-	194,967,280	-	-	-	-	194,967,280	194,967,280
3	BUILDING	105,561,438	9,921,244	-	115,482,682	30,636,157	3,674,305	-	34,310,462	81,172,220	74,925,281
4	PLANT & MACHINERY	860,506,882	56,743,598	-	917,250,480	272,558,898	58,425,804	-	330,984,702	586,265,778	587,947,984
5	FIXTURES & FITTINGS	37,258,303	2,403,003	-	39,661,306	22,460,853	2,514,894	-	24,975,747	14,685,559	14,797,450
6	TOOLS & IMPLEMENTS	23,155,822	487,067	-	23,642,889	14,448,213	1,326,170	-	15,774,383	7,868,506	8,707,609
7	DIES FOR CLUTCH COVER & DISC	215,400,265	43,951,775	7,471,463	251,880,577	101,478,135	23,158,629	7,471,463	117,165,301	134,715,276	113,922,130
8	VEHICLES	5,170,172	-	617,483	4,552,689	1,076,716	455,736	-	1,532,452	3,020,237	4,093,456
9	GENERATOR SETS	15,634,116	-	-	15,634,116	11,052,679	654,322	-	11,707,001	3,927,115	4,581,437
10	OFFICE EQUIPMENT	5,561,241	297,338	-	5,858,579	3,332,724	254,139	-	3,586,863	2,271,716	2,228,517
11	TESTING EQUIPMENT	4,967,301	17,723	-	4,985,024	3,391,671	192,413	-	3,584,084	1,400,940	1,575,630
12	AIR CONDITIONERS & COOLERS	3,570,105	201,785	-	3,771,890	1,565,072	163,568	-	1,728,640	2,043,250	2,005,033
13	ELECTRICAL INSTALLATIONS	15,626,068	1,014,263	-	16,640,331	6,121,756	624,592	-	6,746,348	9,893,983	9,504,312
14	WATER SUPPLY SYSTEM	1,801,273	-	-	1,801,273	1,478,855	24,526	-	1,503,381	297,892	322,418
15	FIRE FIGHTING EQUIPMENT	173,551	-	-	173,551	152,093	2,269	-	154,362	19,189	21,458
16	COMPUTER EQUIPMENTS	40,244,638	1,182,865	-	41,427,503	26,878,116	3,719,236	-	30,597,352	10,830,151	13,366,522
17	EFFLUENT TREATMENT PLANT	2,411,507	-	-	2,411,507	1,490,833	127,328	-	1,618,161	793,346	920,674
18	INTANGIBLE ASSETS	684,197,672	-	-	684,197,672	127,883,168	68,419,767	-	196,302,935	487,894,737	556,314,504
	TOTAL	2,216,273,212	116,220,661	8,088,946	2,324,404,927	626,005,939	163,737,698	7,471,463	782,272,174	1,542,132,753	1,590,267,273
	PREVIOUS YEAR	1,830,619,766	397,679,058	12,025,612	2,216,273,212	497,310,543	140,721,008	12,025,612	626,005,939	1,590,267,273	1,333,309,223



PARTICULARS	AS AT 31.3.11	(Amount in Rupees) AS AT 31.3.10
SCHEDULE - VI		
INVENTORIES		
(See Accounting Policy No. Sch. XIX (A) (3))		
As taken valued & certified by the management		
Raw Materials & Components	198,803,482	156,128,463
Finished Goods	29,204,286	31,781,120
Stores & spares	49,251,651	33,677,204
Work in Progress	359,163,331	333,675,246
Scrap	1,026,095	888,300
	<u>637,448,845</u>	<u>556,150,333</u>
SCHEDULE - VII		
SUNDRY DEBTORS		
(Unsecured, Considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered Good	194,448,641	172,302,110
Considered doubtful	<u>288,622</u>	<u>288,622</u>
Others Debts	1,043,872,039	907,091,440
Considered Good	<u>1,238,609,302</u>	<u>1,079,682,172</u>
SCHEDULE - VIII		
CASH AND BANK BALANCES		
Cash in hand (including cheques/Drafts etc in hand)	24,600,132	28,701,521
Balance with scheduled banks		
- in Current Accounts	15,583,872	67,725,620
- in Deposits Accounts (under bank lien)	11,653,312	10,916,954
- interest accrued on Deposits	898,888	736,917
	<u>52,736,204</u>	<u>108,081,012</u>
SCHEDULE - IX		
LOANS & ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advance recoverable in cash or in kind or for value to be received		
- Considered Good	236,637,695	262,433,760
- Considered Doubtful	144,212	129,695
Security Deposits	69,221,456	68,697,336
	<u>306,003,363</u>	<u>331,260,791</u>

(Amount in Rupees)
AS AT 31.3.10

PARTICULARS	AS AT 31.3.11		AS AT 31.3.10	
SCHEDULE - X				
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors:-				
- Micro and Small Enterprises	63,621,325		51,935,928	
- Others	<u>369,178,557</u>	432,799,882	<u>435,292,698</u>	487,228,626
Advance from Customers		5,652,258		6,844,605
Deposit from Dealers and Suppliers		13,780,001		12,120,001
Other Liabilities		76,806,672		44,100,582
Interest accrued but not due		5,597,880		6,986,915
Unclaimed dividend (Less than 7years)		310,572		311,172
		<u>534,947,265</u>		<u>557,591,901</u>
PROVISIONS				
For Retirement benefits		70,353,382		65,390,732
Excise duty on Unsold Goods		1,926,000		2,045,500
Provision for Income Tax	31,366,054		13,568,698	
Less :Advance tax & tax deducted at source	<u>170,870</u>	31,195,184	<u>202,644</u>	13,366,054
		<u>103,474,566</u>		<u>80,802,286</u>
		<u>638,421,831</u>		<u>638,394,187</u>
SCHEDULE - XI				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
(See Note 4)				
Other Misc Expenses		-	672,500	
Less: Written off		<u>-</u>	<u>672,500</u>	-
		<u>-</u>		<u>-</u>
		<u>-</u>		<u>-</u>



PARTICULARS	(Amount in Rupees)	
	AS AT 31.3.11	AS AT 31.3.10
SCHEDULE - XII		
<u>INCOME FROM OPERATIONS</u>		
Gross sales	2,675,862,352	2,445,668,747
Sale of Scrap	29,945,762	32,496,352
	<u>2,705,808,114</u>	<u>2,478,165,099</u>
SCHEDULE - XIII		
<u>OTHER INCOME</u>		
Interest from Banks & others (TDS- Rs170870., Prev. year Rs.202644)	726,264	1,929,585
Sundry balances written back	28,983	5,869
DEPB claim	6,941,377	-
Miscellaneous receipts	1,427,020	700,988
	<u>9,123,644</u>	<u>2,636,442</u>
SCHEDULE - XIV		
<u>INCREASES / (DECREASE) IN STOCKS</u>		
Closing Stock		
Finished Goods	30,230,381	32,669,420
Goods in process	<u>359,163,331</u>	<u>333,675,246</u>
	389,393,712	366,344,666
Opening Stock:		
Finished goods	32,669,420	43,498,796
Goods in process	<u>333,675,246</u>	<u>267,928,463</u>
	366,344,666	311,427,259
Increase / (Decrease)	<u>23,049,046</u>	<u>54,917,407</u>
SCHEDULE - XV		
<u>RAW MATERIALS & COMPONENTS CONSUMED</u>		
Opening Stock	156,128,463	117,628,772
Add: Purchases	<u>1,501,936,049</u>	<u>1,393,164,456</u>
	1,658,064,512	1,510,793,228
Less: Closing Stock	<u>198,803,482</u>	<u>156,128,463</u>
	<u>1,459,261,030</u>	<u>1,354,664,765</u>
SCHEDULE - XVI		
<u>PERSONNEL</u>		
Salaries,Wages,Bonus & Allowances	178,240,973	172,301,252
Contribution to Provident Fund & Other Funds	18,962,158	15,017,403
Gratuity	13,681,677	8,734,140
Staff benefits	22,898,443	24,877,762
Personnel Development,Recruitment & Training	206,135	169,366
	<u>233,989,386</u>	<u>221,099,923</u>

(Amount in Rupees)

PARTICULARS	AS AT 31.3.11	AS AT 31.3.10
SCHEDULE - XVII		
<u>OTHER EXPENSES</u>		
Stores, Spares and Tools consumed	44,701,694	52,484,893
Carriage Inward	6,796,075	6,300,850
Electricity, Water Power & Fuel	38,457,353	37,708,827
Job work charges	71,040,391	61,145,037
Repairs to Machinery	10,346,888	8,866,698
Repairs to Building	621,874	1,151,989
Research & Development	7,256,102	12,562,201
Other Factory Expenses	1,712,551	2,488,626
Repairs and Maintenance (others)	6,143,542	6,131,587
Rent	386,800	248,000
Rates & Taxes	231,275	256,015
Insurance	1,200,966	1,080,739
Directors Fees	612,500	525,000
Travelling & Conveyance - Directors	2,865,161	3,170,337
- Others	17,212,412	15,950,210
Bank & Finance charges	10,987,876	13,938,079
Legal & Professional Charge	4,776,591	4,811,661
Printing & Stationery	3,141,341	2,223,707
Postage & Telecommunications	4,469,639	5,521,313
Charity & Donation	463,162	77,410
Advertisement & publicity	423,298	248,997
Commission, Rebate & Discounts	49,419,116	60,213,279
Excise duty on stocks/others	379,997	353,205
Sales Promotion	3,467,237	4,487,161
Export Expenses	17,674,966	21,650,067
Outward Freight & Forwarding Charges	45,909,057	27,646,819
Packing Material consumed	66,141,584	59,605,268
Miscellaneous Expenses	4,307,316	3,896,895
	<u>421,146,764</u>	<u>414,744,870</u>
SCHEDULE - XVIII		
<u>FINANCIAL EXPENSES</u>		
Interest paid		
- Term Loan	33,791,647	10,961,122
- Others	130,732,960	124,230,595
	<u>164,524,607</u>	<u>135,191,717</u>

XIX. (A) SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONCEPTS:

The accounts are prepared on historical cost convention, on a going concern basis in accordance with the generally accepted accounting principles and accounting standards applicable in India, and conform to the statutory requirements and other relevant provision of the Indian Companies Act, 1956 read with The Companies (Accounting Standard) Rules, 2006, except where otherwise stated.

2. FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets are stated at their original cost (net of MODVAT where applicable) including freight, duties, customs and other incidental expenses relating to acquisition and installation. Interest and other finance charges paid on loans for the acquisition of fixed assets are apportioned to the cost of fixed assets till they are ready for use.
- b) Expenditure incurred during the period of construction is carried forward as capital work-in-progress and on completion the costs are allocated to the respective fixed assets.
- c) Foreign exchange fluctuation on payment/restatement of long term liabilities related to fixed assets are charged to the profit and loss Account.
- d) Depreciation has been provided on straight-line method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956 except for the following:
 - i) On assets added up to 30th June, 1987 on the basis of rates derived from income tax rules at the time of acquisition
 - ii) On assets added after 30th June, 1987 at the rates given (for double shifts) in Schedule XIV of the Companies Act, 1956. It is calculated on pro-rata basis on additions during the year.
 - iii). Assets costing up to Rs.5000 are fully depreciated in the year of purchase.
 - iv). Intangible assets are written off over a period of 10 years.

3. VALUATION OF INVENTORIES

Inventories are valued at cost except for finished goods and scrap Finished goods are valued at lower of cost or net realizable value and scraps are valued at estimated realizable value. Raw materials and consumables are valued by excluding recoverable taxes and duties. Cost is determined using weighted average method. Cost of in house manufactured Raw material is taken at standard rate.

4. EXCISE DUTY

Excise Duty in respect of goods manufactured by the Company is accounted on accrual basis

5. EMPLOYEE BENEFITS

In the financial year ended March 31st 2008, the Company has adopted Accounting Standard 15 (Revised 2005) issued by Institute of Chartered Accountants of India (ICAI) on 'Accounting for Retirement Benefits in Financial Statements of Employers'. Accordingly the Company has provided for liability on account of all following employees benefits available to the employees in accordance with the applicable rules, regulations, laws and employee benefit policy of the Company.

- a). The company is a member of a Provident Fund Scheme under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. This is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the government funds are due.
- b). Gratuity liability is defined benefit obligations and provided for on the basis of an actuarial valuation as per projected unit credit method, made at the end of each financial year. The difference between the actuarial valuation of the gratuity liability of the employees at the year end and the balance of provisioning made is provided for as liability in the books.
- c). Employees are entitled for leave encashment which are provided for on the basis of actuarial valuations.

6. MISCELLANEOUS EXPENDITURE

Product development and training expenditure/Brand development /other miscellaneous expenditure are amortized over a period of six years/five years respectively.

7. REVENUE RECOGNITION

- a). Sales are accounted for inclusive of excise duty and exclusive of sales tax.
- b). In respect of exports made under Duty Entitlement Pass Book Scheme (DEPB), the benefit is accounted for on receipt basis. This is subject to realization of export dues, filing and acceptance of claims and/or transfer of license for consideration.
- c) Doubtful debts & doubtful advance are recoverable on the settlement of pending warranties and settlement of other issues in the coming years.

8. BORROWING COST

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use as part of the cost of that asset. Interest on working capital is charged to revenue account.

9. LEASES

Leases of fixed assets where the Company assumes substantially all the benefits and risks of ownership

are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charge is charged to the Profit and Loss Account over the lease period. Lease rentals in respect of assets taken on "Operating Lease" are charged to the Profit and Loss Account on straight line basis over the lease term.

10. WARRANTY

Provision for warranty is made on trend determined by the Company, as per technical evaluation.

11. RESEARCH AND DEVELOPMENT

Revenue expenditure R&D is charged after as expenses in the year in which it is incurred under the respective nature heads on account. Expenditure results in creation on capital assets are taken to fixed assets and depreciation has been provided on such assets over the estimated useful as determined by the management. Capital expenditure on scientific research product under development is taken as intangible assets (including Patents, Trade Marks, Brands Developments, Specialized software, Technical know-how, etc) subject to amortization in future.

12. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference arising on foreign exchange transactions settled during the year are recognized in the Profit and Loss Account of the year except that exchange difference related to acquisition of fixed assets from a country outside India are adjusted in the carrying amount of the related fixed assets.

Monetary assets and liabilities in foreign currency are translated at the year end at the closing exchange rate and the resultant exchange differences are recognized in the Profit and Loss Account. Non monetary foreign currency items are carried at cost on the transaction date.

The premium or discount on forward exchange contracts is amortized as income or expense over the life of the contract.

13. ACCOUNTING FOR TAXES

- a). Provision for current tax is recognized based on the tax payable for the year under the Income Tax Act, 1961.
- b). Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets, other than on unabsorbed tax depreciation and unabsorbed tax losses, are recognized only to the extent that there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization supported by convincing evidence.
- c). Minimum Alternate Tax is paid in accordance with the tax

laws, which give rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

14. PROVISIONS

The company makes a provision where there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made.

15. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

16. SEGMENT REPORTING

The accounting policy adopted for Segment Reporting is in line with the accounting policy of the Company with the following additional policy for Segment Reporting:-

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to the segments on a reasonable basis, have been included under "Unallocated Expenses. Inter Segment transfers are at cost.

XIX-B NOTES FORMING PART OF ACCOUNTS

1) SECURED LOANS

a) Nature Of Security

i) Term Loan from RIICO

The company has executed project terms loan of Rs. 3800.00 lacs i.e. 828.95 lacs agst. Land and 281.25 lacs take over term loan from Axis Bank & balance Rs. 2689.80 lacs for building and Plant & Machinery. Secured by way of equitable mortgage / hypothecation of fixed assets present & future of the company by pari-passu first charge (in terms of Intercreditor and Security Sharing Agreement executed with DEG, Germany on 19.12.2008) & guaranteed by Managing Director and secured by pari-passu second charge on current assets present & future.

ii) External Commercial Borrowing (ECB) from DEG, Germany

The Company has executed ECB Loan Agreements viz Loan Agreement - I dt. 18.12.2007 for US \$ 8 Mn. [FC Expenditure] and other Loan Agreement - II dt. 07.07.2008 for US \$ 4 Mn. (stands disbursed on 11.02.2009) [Rupee Expenditure] with M/s. Deutsche Investitions-und Entwicklungsgesellschaft mbh, Federal Republic of Germany, for capacity expansion &

modernisation. The above Loan is secured by first ranking mortgage on the present and future immovable assets and first ranking hypothecation on all present and future movable assets (other than current assets and stocks).

iii) Term Loans from Technology Development Board / ICICI Bank Ltd.

Secured by hypothecation of specific assets purchased there against and guaranteed by Managing Director. Secured by an exclusive charge by way of hypothecation on all movable properties under the Sponsored Research & Development program of World Bank (SPREAD) under the agreement dated 6th August, 2003.

iv) Term Loans from Religare Finvest Ltd.

During the year company has been sanctioned term loan of Rs 350.00 lacs from Religare Finvest Limited for purchase of Plant & Machinery out of which only Rs.276.57 lacs was disbursed. This term loan is secured by bypothecation of specific assets purchased out of term loan and further guaranteed by the Managing Director & Executive Director of the Company.

v) Working Capital Loans from banks

Secured by hypothecation of stock of finished goods, semi finished goods raw material, consumable stores and book debts of the company. These securities rank pari-passu in favour of various banks viz. State Bank of Travancore, Canara Bank, Central Bank of India, State Bank of India, & DBS Bank. Secured by second charge by way of equitable mortgage of fixed assets and guaranteed by Managing Director.

b) Non fund based limits

Assets charged with Bank also cover security for these limits.

2) UNSECURED LOANS

a) Ministry of Science and Technology under the aegis of CSIR, has approved a Project under 'NMITLI' scheme on 30.03.2008 and had sanctioned unsecured soft loan of Rs. 1503.55 lacs @ 3% rate of interest out of which Rs. 1493.35 lacs stands disbursed .

b) Lending from LIC Mutual Fund amounting to Rs. 22.50 Crores, secured by way of issuance of 225 Nos i.e.(during the year company redeemed 25 Nos of NCD at par) Unsecured Redeemable Non-Convertible debentures of Rs. 10 Lacs each. This was pronounced surplus on objective, being attained from internal accruals and other sources. In order to save the interest cost to profitability, lending was assigned, who took over the said debt and indemnified repayment along with interest accruing.

3) CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.746.57lacs

(Rs. 2480.95 lacs) relating to purchase of machinery.

4) RE-LOCATION PROGRAMME

The company has acquired Lease Hold Industrial Plot measuring 50,340 sq.mt from Rajasthan State Industrial Development & Investment Corporate Ltd. (RIICO), Jaipur vide Plot No. SP2 – 173 & 174, at Industrial Area Kahrani (Bhiwadi Extn.) Distt, Alwar (Rajasthan) for expansion of its existing manufacturing unit. The company has paid Rs. 7.41 crores as Advance out of total Rs.15.10 crores payable to RIICO over a period of 5 years as land development charges.

5.) The expenditure on product development & training and sales promotion & brand development carried in the Balance Sheet as deferred revenue expenditure are being amortized equally over a period of 5 years. Consequently an amount of Rs.6.72 Lacs have been written off during the previous year under report.

6) EMPLOYEE BENEFITS

**DEFINED BENEFIT PLAN- GRATUITY
(Projected Unit Credit Actuarial Method)**

Expense recognised in the Statement of Profit & Loss for the financial year ended 31 st March'11	2011	2010
Current Service Cost	2686483	2562349
Past Service Cost		
Interest Cost	4632359	3923207
Expected Return on plan Assets		
Net Actuarial Gain/Loss recognised during the year	3766668	224858
Expenses recognised in the statement of profit & loss	13485095	8734140
Net Assets/ Liabilities recognised in the Balance Sheet as at 31st March '11		
Present Value of obligation as at the end of the period	62063210	57904492
Fair Value of Plan Assets as at the end of the period		
Funded Status	(62063210)	(57904492)
Excess of Actual over estimated Unrecognised Actuarial (Gains)/Losses	(62063210)	(57904492)
Net Assets/ (Liability) Recognised in the Balance Sheet		

Changes in the present value of obligation

Present value of obligation as at the beginning of the period	57904492	52309422
Acquisition Adjustments		
Interest Costs	4632359	3923207
Past Service Costs	2686483	2562349
Curtailment Cost/ (Credit)		
Settlement Costs/ (Credit)		
Benefit Paid	(9326377)	(3139070)
Actuarial (Gain)/ Loss on Obligation	3766668	2248584
Present Value of Obligation as at the end of the period	62063210	57904492
<u>Fair Value of Plan Assets (Funded Status)</u>	(62063210)	(57904492)

EARNED LEAVE AND COMPENSATED ABSENCES
Expense recognised in the Statement of Profit & Loss for the financial year ended 31st March '11

	2011	2010
Current Service Cost	465030	422145
Past Service Cost	598899	458144
Interest Cost		
Expected Return on plan Assets		
Net Actuarial Gain/Loss recognised during the year	1186783	2410903
Expenses recognised in the statement of profit & loss	2250712	3291192

Net Assets/ Liabilities recognised in the Balance Sheet as at 31st March 2011

Present Value of obligation as at the end of the period	8290172	7486240
Fair Value of Plan Assets as at the end of the period		
Funded Status	(8290172)	(7486240)
Excess of Actual over estimated Unrecognised Actuarial (Gains)/Losses		
Net Assets/ (Liability) Recognised in the Balance Sheet	(8290172)	(7486240)

Changes in the present value of obligation

Present value of obligation as at the beginning of the period	7486240	6108593
Acquisition Adjustments		
Interest Costs	598899	458144
Past Service Costs		
Current Service Costs	465030	422145
Curtailment Cost/ (Credit)		
Settlement Costs/ (Credit) (Benefit paid)	(1446780)	(1913545)
Actuarial (Gain)/ Loss on Obligation	1186783	2410903
Present Value of Obligation as at the end of the period	8290172	7486240
Fair Value of Plan Assets (Funded Status)	(8290172)	(7486240)

ASSUMPTIONS

Economic Discount Rate	8%	7.5%
Increments	5.50%	5.00%
Expected Rate of Return on Plan Assets	0.00	0.00

Demographic

Mortality Table		
Retirement Age	58 years	58 years
Withdrawal Rates		
Upto 30 Years	3.00%	3.00%
Up to 44 Years	2.00%	2.00%
Above 44 Years	1.00%	1.00%

7) CONTINGENT LIABILITIES

	2011 Rs. In lacs	2010 Rs. In lacs
i) Claims against the company not acknowledged as debts.	22.49	22.49

ii) Disputed Excise duty (including penalty of Rs. 215.68 lacs), under appeal before Central Excise & Service Tax Appellate Tribunal (Rs.50 lacs paid as deposit and shown under loans and advances Schedule - IX)

iii) Disputed from Director General of Foreign Trade (DGFT) for issue show cause notice relating to not fill full export obligation

iv) Income Tax Demand notice issued by ACIT. Company not acknowledge as debts, appeal pending before the CIT (appeal) – VI

v) Cheques discounted with Banks

vi) Guarantees given by Banks (excluding liabilities provided)

vii) The company is contingently liable for payment of interest on delayed payments made beyond the appointed day during the financial year as well as on outstanding amount at the year end to Micro, Small, and Medium Enterprises under the provisions of Section 16 of The Micro, Small, and Medium Enterprises Development Act, 2006.

8) CURRENT ASSETS, LOANS AND ADVANCES

Basis of quantitative particulars given below under item 17 is as under;

i) Production figures have been ascertained on the basis of production report summaries. The opening and closing balances of finished goods are based on stock records and physically verified inventories. Sales quantities have been furnished on the basis of sales invoices.

ii) The quantities of different classes of raw materials and components consumed have been derived by posting in a separate ledger, the opening quantities & purchases and deducting there from the closing stock. The quantities for different items have not been ascertained from stock cards. The Company is still to introduce a procedure for correlation of materials consumed with production.

iii) Stock of semi - finished, raw material and finished goods includes slow moving and non-moving stock of Rs. 16.05 lacs (23.08 lacs). In the opinion of the Management, no reduction is considered necessary in the value of the stocks.

iv) Semi - finished goods have been ascertained on the basis of physical verification.



v) Finished Goods comprise of varied specifications and include a number of components. In the absence of a scientific system of costing in vogue, value of closing stock is worked out, as in the past, by reducing from the selling price, an appropriate margin towards profit & selling expenses.

vi) In the opinion of the Board and to the best of their knowledge and belief, Value of realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the balance sheet. Balance of personal accounts are subject to confirmation for the respective parties.

9) MICRO, SMALL & MEDIUM ENTERPRISES

Micro, Small and Medium enterprises have been identified by the Company on the basis of information available. Total outstanding dues of Micro, Small & Medium enterprises, which are outstanding for more that the stipulated period are given below:

(figures in Rs. Lacs)

	2011	2010
a) Dues remaining unpaid as at 31 st March		
i) Principal	420.10	399.26
ii) Interest	-	-
b) Interest paid in term of Section 16 of the Act	-	-
c) Amount of principal payments made beyond the appointed day during the year	1598.81	1490.29
d) Amount of Interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
e) Amount of interest accrued and remaining unpaid as at 31 st March 2011	-	-

Interest on delayed payments beyond the appointed day has been considered as a contingent liability.

10) PROFIT & LOSS ACCOUNT

a) Payment to Auditors :

	Current year (Rs)	Previous year (Rs)
i) Audit Fee	400,000	275,000
ii) Reimbursement of expenses	56,557	73,534
iii) Certification of statements	47,500	100,000
iv) Service Tax	41,200	28,325

b) Sales include exchange rate fluctuation of Dr. Rs. 6.61 lacs (Previous year Dr. Rs. 156.40 lacs).

c) Remuneration to Managing and Whole time Directors

	Current year	Previous year
Salary & Allowance	16,558,065	10,800,000
Contribution to Provident Fund	13,24,645	864,000
Perquisites	20,75,412	1,620,584
	19,958,122	13,284,584

d) Computation of commission payable to the Managing Director:-

year	Current year	Previous
Net Profit before taxes as per Profit & Loss A/c	95,699,023	91,236,933
Add Director fee	621,500	525,000
Add Remuneration paid to MD & Directors	19,958,122	13,284,584
Net profit for calculating MD Commission	116,269,645	105,046,517
Commission 1% on above	1,162,696	1,050,465
Commission Provided	Nil	Nil

*The Company is in the process of getting approval from the concerned authorities regarding the excess remuneration paid to the whole time directors.

e) Export Promotion & Export Expenses include

(i) ECGC premium	1,294,102	1,515,928
(ii) Salary & Wages	721,079	1,031,053

11) SEGMENT REPORTING Segment Information for the Year Ended 31st March, 2011

Information about secondary Business Segments

	2011 (Rs. In lacs)	2010 (Rs. in lacs)
Revenue by Geographical Market		
I. India	22590.84	20195.10
ii. Outside India	2461.30	2802.96
Total :	25052.14	2998.06
Segment Results Profit/(Loss) before interest and taxes.		
i. India	8006.62	7177.31
ii. Outside India	874.08	996.19
Total :	8880.70	8173.50
Less: Interest	1645.25	1351.92
Less: Other Unallocable Expenditure	6369.70	5935.57
Add: Other Unallocable Income	91.24	26.36
Profit before Tax	956.99	912.37

12. RELATED PARTY DISCLOSURES - AS-18

A. Related parties and their relationship

- i. Key management personnel
 - Mr. V.K. Mehta, Chairman & Managing Director (Promoter)
 - Mr. Anuj Mehta, Executive Director (Relative)
 - Mrs. Pooja Kapur Director (Relative)
- ii. Enterprises over which key management personnel are able to exercise significant influence

	(Rs. in lacs)	
Purchase of goods/Services		Amt O/s
a) Macas Automotive	520.18	51.40
b) Kanav Engineering	89.17	91.63
c) C.A.Ancillary	150.30	-
d) Sai Print & Pack.	583.66	237.41
	1343.31	380.44

b) Transactions with the above parties in the ordinary course of business

B) Transactions with key management personnel mentioned in (i) above.

	Current Year (Rs.in lacs)	Previous year (Rs.in lacs)
a) Remuneration	199.58	132.85
b) Amounts outstanding at the year end:- Payable	2.36	2.70
ii) Transaction with above parties		
a) Purchase of Goods /Services	1343.31	849.75
b) Amount outstanding at the year end:- Payable	380.44	237.96

13. EARNING PER SHARE

Net Profit after tax attributable to shareholders.(Rs.in lacs)	876.99	839.72
No. of shares	17,931,580	16,681,880
Diluted	-	-
EPS		
Basic	4.89	5.03
Diluted	-	-

14. As per AS -22 Taxes on Income, Cumulative Deferred Tax Liability upto 31.3.2011 is Rs.170 lacs and for current year is Rs.(100) lacs. Major components of Deferred Tax arising on account of Timing Difference are as follows:

	(Rs. in lacs)		
	As on 1.4.2010	For the year	As on 31.3.2011
Deferred Tax Liabilities			
Difference between book & tax depreciation	492	83	409
Deferred Tax Assets			
Provision for Gratuity & Leave			
Encashment	222	17	239
Net DTL	270	100	170

15. Previous year figures have been regrouped, wherever necessary to correspond to current year figures.

16. Additional information pursuant to para 4C & 4D of para II of Schedule VI of the Companies Act, 1956.

a) Particulars of capacity, production, Stocks & Sales - Annexure attached

b) Particulars of Raw Materials & Components consumed

Classes of Goods	Unit	Quantity	Amount(Rs.)
Forgings	Nos.	3,551,381	107,307,643
		(3,552,688)	(94,239,769)
Facings	Set	2,925,053	198,623,363
		(3,771,469)	(292,758,384)
Steel Sheets	Kgs.	5,003,661	202,489,582
		(5,739,638)	(207,122,159)
Castings	Nos.	1,214,181	376,007,735
		(1,295,390)	(373,742,072)

Spring Steels	Kgs	1,066,306	86,994,311
		(1,255,192)	(90,385,017)
Springs	Nos.	14,948,741	141,253,081
		(16,242,621)	(99,521,090)
Rivets & Other Components		-	346,585,315
		(-)	(196,896,274)
Total :			1,459,261,030
			(1,354,664,765)

c) Value of Imported & Indigenous raw material, spares & components consumed.

	Amount (Rs.)	Percent (Rs.)
i) Raw Material Imported	239,305,705	16.55
	(270,536,572)	(19.97)
Indigenous	1,219,955,325	83.45
	1,084,128,193	(80.03)
Total:	1,459,261,030	100
	(1,354,664,765)	(100)

2) Stores & Spares: Imported	Nil	Nil
	(Nil)	(Nil)
Indigenous	44,701,694	100
	(52,484,893)	(100)

d) Earnings in foreign exchange - FOB 207,378,000
Value of exports (on accrual basis) (257,800,550)

e) Expenditure in Foreign Currency on account of		
- Travel		2,158,263
		(3,080,744)
- Technical Fee		446,300
		(5,403,529)
- Other		-
		(12,009)
Total :		2,604,563
		(8,496,282)

f) CIF value of imports includes advances
(on accrual basis) - Raw materials 50389992
(305,879,044)
- Capital (Nil)
(136,565,951)

Note :- Figures in brackets are in respect of previous year
Signature to Schedules 1 to XIX - B
Annexure to our report of even date

As per our Separate Audit report of even date attached for B. AGGARWAL & CO.

Chartered Accountants

FRN - 004706N

For and on behalf of the Board

(ALOK JAIN)	(V.K. MEHTA)	(ANUJ MEHTA)	(MANISH RAI)
Partner	Chairman cum	Executive Director	Company Secretary
M.No. 510960	Managing Director		
PLACE : NEW DELHI		(T.N.SINGH)	
DATE : 24.11.2011		Sr. Manager(Accounts)	



CLUTCH AUTO LIMITED
PARTICULARS OF INSTALLED CAPACITY ACTUAL PRODUCTION, SALES AND STOCKS 2010-2011

SL. No.	CLASS OF GOODS	INSTALLED CAPACITY*	ACTUAL PRODUCTION	OPENING BALANCE		CLOSING BALANCE		SALES	
				QTY	VALUE (Rs.)	QTY	VALUE (Rs.)	NOS.	Rs.
1	CLUTCH PLATES/DISCS	200000 (2000000)	1352917 (1432931)	12624 (40510)	8850066 (18325125)	20822 (12624)	12503580 (8850066)	1344719 (1460817)	1118416936 (1047317040)
2	CLUTCH COVER ASSEMBLIES	1500000 (1500000)	890105 (1067369)	11774 (20450)	12253248 (15960000)	11353 (11774)	12251657 (12253248)	890526 (1076045)	1237493225 (1193848979)
3	CLUTCH REPAIR KITS	200000 (200000)	370342 (38532)	674 (3735)	169558 (647500)	288 (674)	140154 (169558)	370728 (41593)	111733577 (20973822)
4	METALLIC CLUTCH PLATES/DISCS	30000 (30000)	11965 (8521)	2053 (3146)	4897656 (4167625)	924 (2053)	1150685 (4897656)	13094 (9614)	24476414 (12527694)
5	CERAMIC METALLIC PAD	200000 (200000)							
6	OTHERS				3565092 (1275168)		1232209 (3565092)		183742200 (171001212)
7	EXCISE DUTY ON CLOSING				2045500 (2292000)		1926000 (2045500)		0
	TOTAL		2625329 (2547353)	27125 (67841)	31781120 (42667418)	33387 (27125)	29204285 (31781120)	2619067 (2588069)	2675862352 (2445668747)

*As Certified by Management and not verified by Auditors
 Figures in brackets are in respect of previous year
 Licence capacity - Not applicable

Cash flow Statement for the year ended 31st March,2011

(Amount in Rupees)

	2010-11	2009-10
A. From operating activities		
Net Profit before tax	95,699,023	91,236,933
Adjustments for :-		
Depreciation on Fixed Assets	162,766,059	139,749,369
Miscellaneous expenditure written off	0	672,500
Interest income	(726,264)	(1,929,585)
Interest expenses	164,524,607	35,191,717
Loss/(Profit) on sale of fixed assets	0	0
	<u>326,564,402</u>	<u>273,684,001</u>
Operating Profit before working capital changes	<u>422,263,425</u>	<u>364,920,934</u>
Adjustments for :-		
(Increase)/Decrease in Trade and other receivables	(133,669,702)	(197,499,240)
(Increase)/Decrease in inventories	(81,298,512)	(93,045,164)
Increase/(Decrease) in Current liabilities & Provision	(17,801,486)	29,437,567
	<u>(232,769,700)</u>	<u>(261,106,837)</u>
Cash generated from operations	<u>189,493,725</u>	<u>103,814,097</u>
Interest expenses	(164,524,607)	(135,191,717)
Direct taxes paid(Net of refund)	(170,870)	(22,477,148)
Product Dev & Training expenses	0	0
Net cash from operating activities	<u>24,798,248</u>	<u>(53,854,768)</u>
B. Cash flow from investing activities		
Purchase of fixed assets and change in capital work in progress (including intangible assets)	(287,009,980)	(542,763,022)
Interest income	726,264	1,929,585
Proceeds from sale of Fixed Assets	0	0
Net cash used in investing activities	<u>(286,283,716)</u>	<u>(540,833,437)</u>
C. Cash flow from financing Activities		
Proceeds from Secured loans (Net)	146,880,667	488,315,024
Proceeds from Equity share fund	62,485,000	18,400,000
Proceeds from Application money agst warrant	(24,885,000)	35,600,000
Pocceeds from Unsecured loans(Net)	21,659,993	34,768,575
Net cash from financing activities	<u>206,140,660</u>	<u>577,083,599</u>
Net change in cash and cash equivalents	<u>(55,344,808)</u>	<u>(17,604,606)</u>
Net increase in cash and cash equivalents:		
Cash & Cash equivalents as at 1st April	108,081,012	125,685,618
Cash & Cash equivalents as at 31st March	<u>52,736,204</u>	<u>108,081,012</u>
	<u>(55,344,808)</u>	<u>(17,604,606)</u>

Annexure to our report of even date
for B. AGGARWAL & CO.
Chartered Accountants
FRN - 004706N

For and on behalf of the Board

(ALOK JAIN)
Partner
M.No. 510960

(V.K.MEHTA)
Chairman &
Managing Director

(ANUJ MEHTA)
Executive Director

MANISH RAI
Company Secretary

PLACE : NEW DELHI
DATE : 24.11.2011

(T.N.SINGH)
Sr. Manager(Accounts)



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details 0 0 0 0 5 6 3 4 State Code 5 5

Balance Sheet Date 3 1 0 3 2 0 1 1
Date Month Year

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

Public Issue	Right Issue
0 0 0 0 0 0 0	N I L
Bonus Issue	Private Placement
N I L	1 2 4 9 7

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

Total Liabilities	Total Assets
4 2 7 3 0 2 4	4 2 7 3 0 2 4
Sources of Funds	Reserve & Surplus
Paid-up Capital	1 4 8 4 4 1 7
1 7 9 3 3 1	
Deferred Tax Liability	
1 7 0 0 0	
Application of Funds	
Secured Loans	Unsecured Loans
1 7 7 7 5 7 2	1 6 5 5 6 7
Net Fixed Assets	Investments
2 0 3 8 2 2 6	N I L
Net Current Assets	Misc. Expenditure
1 5 9 6 3 7 6	0 0 0
Accumulated Losses	
N I L	

IV Performance of Company (Amount in Rs. Thousands)
 Turnover including Other Incomes

Accumulated Losses	Total Expenditure
2 7 1 4 9 3 2	2 6 1 9 2 3 3
Profit Before Tax	Profit After Tax
9 5 6 9 9	8 7 6 9 9
Earning Per share in Rs.	Dividend Rate %
0 4 . 8 9	0 0

V. Generic Names of Three Principal Product/Services of Company (As per Monetary Terms)

Item Code No. 8 7 . 0 8
 (ITC Code)
 Product Description C L U T C H P L A T E
 C O V E R A S S E M B L Y

Item Code No. 8 7 . 1 0
 (ITC Code)
 Product Description M E T T A L I C D I S C

Place: New Delhi	(V.K. MEHTA) Chairman cum Managing Director	(ANUJ MEHTA) Executive Director	(MANISH RAI) Company Secretary	(T.N.SINGH) Sr. Manager (Accounts)
Date : 24.11.2011				

NOTICE

Notice is hereby given that the 40th ANNUAL GENERAL MEETING of the Members of Clutch Auto Limited will be held on Tuesday, the 27th December, 2011 at 10.00 A.M. at Seble Cinema, Badarpur, Main Mathura Road, New Delhi -110044 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. K. Taneja who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. C. S. Aggarwal who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. B. Aggarwal & Co., Chartered Accountants, New Delhi and consider, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT M/s. B. Aggarwal & Co., Chartered Accountants, New Delhi, the retiring Auditors, being eligible for re-appointment be and are hereby reappointed as the Statutory Auditors under section 224 and all other applicable provisions, if any, of the Companies Act, 1956 to hold such office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration including out of pocket expenses as shall be fixed by the Board of Directors.”

SPECIAL BUSINESS:

5. To increase the Borrowing Limit of the Company up to Rs.300 Crore

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

“RESOLVED THAT in modification of the resolution passed at the Extra-ordinary General Meeting of the Shareholders of the Company held on 22nd January, 2005 consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, for borrowing from time to time, any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may in its discretion think fit, not withstanding, that the money or monies to be borrowed by the Company (apart from the Temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with the money already borrowed, may exceed the aggregate of the Paid-up share Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose(s), provided however that the money or monies to be borrowed by the Company together with the money already borrowed shall not, at any time exceed Rs.300(Three Hundred) Crores.

6. To Charge the Assets of the Company up to the Borrowing Limit of Rs. 300 Crore

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

“RESOLVED THAT in terms of the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages and/or charges in addition to the existing mortgages and charges, with the right to extend the same at any point of time, on all or any of the movable or immovable properties of the company present and/or future— wherever situated and/or whole of the undertaking of the Company together with power to takeover the management of the Company in certain events in such forms and manner as may be deemed fit, for the purpose of securing Term Loan/Working Capital Loan to the extent of Rs.300 Crore together with all interest thereon, commitment charge, costs, charges, expenses, including any increase as a result of devaluation/ revaluation/ fluctuation in the rates of foreign currencies involved and all other moneys payable by the Company to the lenders in terms of the respective facility agreements entered into by the Company in respect of the aforesaid assistances.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with the lenders /trustees for the lenders of the Company documents for creating aforesaid mortgage and /or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolutions.



7. Re-appointment of Mr. Vijay Krishan Mehta as a Managing Director of the Company

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

“RESOLVED THAT pursuant to provisions of Sections 198,269,309,310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) subject to such other consents, approvals and permissions if any needed Mr. Vijay Krishan Mehta be and is hereby re-appointed as the Managing Director of the company for a period of two years with effect from 26.05.2011 on the existing terms and conditions hereinafter mentioned.”

“RESOLVED FURTHER that pursuant to the Articles of Association of the Company, Mr. Vijay Krishan Mehta shall not retire by rotation.”

“RESOLVED FURTHER THAT the Company Secretary be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

Salary (Rs./Month) :- 6,00,000/-

Performance linked incentive: Upto 1% of Net Profit of the Company in a particular financial year calculated in accordance with the provisions of the Companies Act, 1956 as determined by the Board from time to time.

Perquisites and Allowances:- In addition to the prescribed salary and performance linked incentive, Shri V K Mehta will also be entitled to perquisites and allowances like furnished or unfurnished accommodation or House Rent Allowance in lieu thereof, medical re-imbursment, coverage under key man insurance scheme, coverage under medical/accident insurance policy for self and family, club fees, leave travel concession for himself and his family, re-imbursment on account of electricity, water, gas and furnishings, provision of Car, telephone and mobiles, Contribution to PF and payment of gratuity and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board with Shri V K Mehta, provided such perquisites and allowances will be subject to 100% of the Salary. For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever, applicable. In the absence of such rules, perquisites and allowances shall be evaluated at actual cost.

RESOLVED FURTHER THAT above remuneration shall be paid as minimum remuneration to Shri V K Mehta, in the event of absence or inadequacy of profit in any year during the tenure of his appointment.

Such remuneration not exceeding 5 % of net profits of the Company in addition to the Salary, perquisites & allowance subject to the overall ceiling stipulated in Section 198 and Section 309 of the Companies Act, 1956. The Specific amount payable will be decided by the Board of Directors based on certain criteria and will be payable only after the Annual Accounts of the company have been adopted by the Members of the Company.

RESOLVED FURTHER THAT remuneration given here in above can be altered, varied and increased from time to time by the Board as it may at its discretion deem fit, in such manner as may be permitted in accordance with the provisions of the Companies Act, 1956 and schedule XIII (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto from time to time.”

For & on Behalf of Board

Place: New Delhi
Dated: 24th November, 2011

Manish Rai
Company Secretary

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.5 to 7 set out above and details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Director seeking re-appointment as Managing Director at the Annual General Meeting, are annexed hereto.
2. Only registered members of the Company may attend and vote at the Annual General Meeting. A Member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself/herself. A proxy need not be a member of the Company.
3. The proxy in order to be effective, should be duly signed, stamped and deposited at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Annual General Meeting.
4. The Register of Members and Transfer Books will remain closed from Monday, 26th December to Tuesday, 27th December, 2011 (both days inclusive).

5. The Company has admitted its Equity Shares in the Depository System of National Securities Depository limited (NSDL) as well as Central Depository Services (India) Ltd. and has offered investors the facility to hold shares in demat form and to carry out scripless trading of these shares as per the prescribed procedure.
6. The shareholders may send their requests for transfer, transmission, transposition, deletion of name, demat, remat, change of address etc. at the below mentioned address of the Registrar & Share Transfer Agent (R&T Agent):
M/s. MAS Services Ltd.
T-34, 2nd Floor,
Okhla Industrial Area Phase-2,
New Delhi-110020
The requests received at the registered office will also be forwarded to the R & T Agent.
7. Pursuant to the provisions of Section 109A of the Companies Act, 1956, shareholders may file Nominations in respect of their respective shareholdings. Any shareholder willing to avail of this facility may submit to the Company the prescribed form 2B, if not already filed.
8. Members are requested to bring their copies of Annual Report to the Meeting as such copies may not be available at the Annual General Meeting.
9. Members are requested to put their signatures at the space provided in the Attendance Sheet annexed to the proxy form and hand over the same at the designated counter near the entrance of the Meeting Hall.
10. Members may also kindly note that there will be no gifts/food coupons at the Annual General Meeting.
11. The documents referred to in the accompanying notice and explanatory statement are open for inspection at the Registered Office of the Company on all working days, except Holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.

By Order of the Board of Directors
Manish Rai
Company Secretary

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

Item No. 5

As the Company has embarked upon the expansion plan and to meet its future fund requirements your Board need the Members' consent to borrow more than the earlier stipulated limit of Rs.200 Crore to be enhanced to Rs.300 Crores. Whenever a Public Limited Company borrows more than the paid up Share Capital & Free Reserves (Reserves not set apart for any specific purpose) as per the Provisions of section 293(1)(d) of the Act, consent from the Members is required. Hence, this Resolution is being proposed as such.

Your Board recommend the passing of above Resolution.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 6

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of public limited company shall not, without the consent of Shareholders in the General Meeting of the Shareholders Sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. As the financial assistances from the institutions / banks provided / agreed to be provided to the Company have to be secured by the mortgage and charge of the assets of the Company, both present and future and the whole of the undertaking of the Company and the aforesaid institutions would like to retain a power to take over the management of the business and concern of the Company in certain events, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Your Board recommend the passing of above Resolution.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 7

Sh. Vijay Krishan Mehta, B.E.(Mech.) (Gold Medalist), started his own business in Automotive Components in 1966 and promoted Clutch Auto (P) Ltd. in 1971 for manufacture of Automotive Clutches which was subsequently converted into a Public Limited Company in 1982. He was recognized with "Udyog Rattan Award" in 1984 by Institute of Economic Studies, New Delhi for his Entrepreneurship. Under his leadership, Clutch Auto continues to be the Leader in Clutch Industry in the country since its inception.

Sh. Vijay Krishan Mehta was appointed as Vice Chairman & Managing Director of the Company by the Board of Directors w.e.f. 26.05.2006 for a period of 5 years.

His tenure of appointment was expired on 26.05.2011 and keeping in view, his contribution to the Company, your Board of Directors have approved the proposal for his re-appointment for another term of 2 years and as such further approval is being sought from the Members for the same.

Sh. V K Mehta himself, Sh. Anuj Mehta, Executive Director and Ms. Pooja Kapur, Director being his close relatives are concerned or interested in the said resolution.

The above notice may be treated as abstract as per the provisions of Section 303(2) of the Companies Act, 1956.

By Order of the Board of Directors

Date: 24.11.2011
Place- New Delhi

Manish Rai
Company Secretary

