



BOARD OF DIRECTORS:

Sh. Vijay Krishan Mehta
Sh. Kewal Krishan Teneja
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 have pleasure in presenting the 41st Annual Report of the Company, together with the Audited Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	2011-12	2010-2011
1. Net Income from Operations	24467.73	25052.14
2. Other Income (including increase/ Decrease in value in goods in process)	418.75	321.73
3. Total Revenue (1+2)	24886.48	25373.87
4. Raw Materials and Components	14489.42	14592.61
5. Employees Costs	1966.56	2339.89
6. Other Expenses	3915.90	4211.47
7. Total Expenses (excl. Dep. & Interest)	20371.88	21143.97
8. PBDIT (3-7)	4514.60	4229.90
9. Depreciation and Amortization	1574.92	1627.66
10. PBIT (8-9)	2939.68	2602.24
11. Interest	2101.62	1645.25
12. PBT (10-11)	838.06	956.99
13. Current Tax	160.00	180.00
14. Deferred Tax	(103.37)	(100)
15. PAT (12-13-14)	781.43	876.99
16. Balance Brought Forward from last year	7656.01	6779.02
17. Surplus carried forward to the Balance Sheet	8437.44	7656.01
18. Earning per Share (EPS in Rupees) - Basic	4.24	4.89

Business Performance and Operations

During the year under report that your Company has reported a net income of Rs.24467.73 Lacs whereas the Gross Profit before Interest & Depreciation has increased by 6.73% due to reduction in Employees cost and PAT decreased by almost 10.89% due to increase in Finance Cost for the Company.

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 as well as suitable note on Research & development activities.

Expansion

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. So far Company has incurred Rs. 54.25 Crore. The project has suffered cost over run due to steep rise in construction material and labour cost. The first phase of construction activity is nearing completion as per revised project cost as stipulated by Rajasthan Industrial Investment Corporation (RIICO).

Company was initially developing 27166 sq. mtr, out of total area of 50000 SQ mtr (approx). As per the revised plan of RIICO the Company is developing 13684 Sq. mtr of area initially out of which construction has taken place on 8640 Sq. mtr and further 5044 Sq mtr of area is still to be developed. The Company has already installed Machine shops consisting of conventional Lathe, Drilling, Milling and CNC operated VTL & VMC. We have already shifted 12 Assembly lines which includes 4 conventional cover assembly lines, four Diaphragm cover assembly and four line of Clutch Disc.

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 31.03.2012. This will create long term wealth for the Share holders of the Company.

Share Capital

During the year, the Company has allotted 827300 Equity Shares on conversion of Warrants of Rs.10/- each issued at premium of Rs.40/- each to a promoter under preferential allotment to finance its Bhiwadi Project stated as above. Paid up Capital of the Company has increased to 18758880 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.

Directors.

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

- a) In terms of Section 256 of the Companies Act, 1956, Mr. A P Gandhi 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-appointments for a further term from the conclusion of the ensuing Annual General Meeting in the larger business interests of your Company.
- b) In terms of Section 256 of the Companies Act, 1956, Mrs. Pooja Kapoor is liable to retire at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. Her brief profile is given in the Section of the Corporate Governance Report. Your Directors recommend her re-appointments for a further term from the conclusion of the ensuing Annual General Meeting in the larger business interests 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 interests 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 existing Statutory Auditors of the Company has expressed their unwillingness to continue as the Statutory Auditors of the Company. Your Board has recommended the appointment of M/s S C Garg & Associates, Chartered Accountants, New Delhi as the Statutory Auditors of the Company in the ensuing Annual General Meeting of the Company.

Your Directors recommend their appointment, subject to approval of the shareholders of the company at such remuneration as may mutually be agreed between the Board and the Statutory Auditors.

De-merger

The Company has dropped the demerger proposal of the company as the Secured Creditors and unsecured creditors didn't give their consent to the scheme in the Meeting held on 14.04.2012 as per the direction of the Hon'ble High Court of Delhi. The company is exploring other options for unlocking the value of real estate property situated at Faridabad to reduce the liability of the Bankers/ Financial Institutions.

Irregularity in payment of Dues to a Financial Institution and Statutory Authorities

Request of Company for the re-schedulement of Term Loan is pending consideration with DEG, Germany 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. Due to frequent labour problems and general recessionary conditions prevailing in the Automotive Industry during year under report has affected the Financial inflows of the Company leading to mismatch in working Capital Management of the Company. This has resulted in some delayed payment of statutory payments which company is looking to pay at its earliest.

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, 2012, the applicable accounting standards have been followed along 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, 2012 on a "going concern" basis.

Employees

During the year under report barring few incidents, 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 is not applicable for the Financial Year 2011-12.

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, 2012 is furnished in **Annexure - D** 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
22nd August, 2012

Vijay Krishan Mehta
Chairman & Managing Director



Annexure A to Directors' Report Management Discussion & Analysis

I. Market Trends

Indian Economy

During 2011-12, the Indian economy slowed down substantially compared to the previous year. Overall GDP growth rate dropped from a high of 8.1% in 2010-11 to 6.9% in the first 3 quarters of the year. Advance GDP estimates peg the number to be in the range of 6.8% to 7% for FY 2011-12. High inflation, rising interest rates, spiraling oil prices and dampened business sentiments contributed to the slowdown. Wholesale price index eventually declined to 6.9% levels in March and April 2012, which, among other factors, triggered one of the first rate cuts by RBI in many months. While a few more rate cuts are expected at suitable junctures in the current fiscal, RBI still pegs overall GDP growth at 7.3% for FY 2012-13 and range-bound inflation levels at around 6.5% till March 2013.

Commercial Vehicle industry

The Auto industries total domestic sales grew by 7.2% to 3,430,767 vehicles in FY 2011-12. Commercial Vehicle sales increased by 19.2% to 892,349 units, while Passenger Vehicles sales grew by 3.6% to 2,538,418 units. During the current year, the Medium and Heavy Commercial Vehicles (M&HCV) sector also grew by 6.5%, while growth of Light Commercial Vehicle (LCV) segment was at 29.1%. The industry performance in the domestic market during FY 2011-12 is given below:

Category	FY 2011-2012	FY 2010-2011	Growth
Commercial Vehicles	892,349	748,659	19.2%
Passenger Vehicles	2,538,418	2,450,356	3.6%
Total	3,430,767	3,199,015	7.2%
M&HCV	348,773	327,583	6.5%
LCVs	543,576	421,076	29.1%
Total	892,349	748,659	19.2%

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 large and multi-axle vehicles. In the case of Light commercial vehicles, there has been a shift to smaller vehicles with low haulage capacities. Sales of cars, utility vehicles, MPV, LCVs and two-wheelers grew 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 growth of passenger vehicles.

II. FINANCIAL PERFORMANCE OF THE COMPANY

The overall growth in Vehicles segment witnessed a growth of approx. 7.2% during this financial year. However, Company has registered a down fall 2.39 % in Sales Turnover in 2011-12 due to strike during the period under report.

Turnover, net of excise duties, at Rs. 244.67 Cr. vs. Rs. 250.52 Cr. in 2011-12 - a decrease by 2.39%.

The demand of the product was, however, increased but Sale has come down due to low production because of strike in company during the year.

Raw Material consumption has decreased from Rs.145.92 Cr (58.18%) to Rs.144.89 Cr(59.21%) in 2011-12.

Employee Cost decreased from Rs. 23.40 Cr. (9.33%) to Rs. 19.66 Cr. (8.03%) in FY 2011-12 as the company had taken various steps for manpower rationalization.

Profit Before Depreciation, Interest, Exceptional items and Tax increased to Rs.45.14 Cr.(6.71%) in 2011-12 from previous year of Rs.42.30 Cr. (16.86%).

Depreciation for the year 2010-11 decreased to Rs.15.74 Cr. (6.43%) from Rs. 16.27 Cr. (6.49%) of last year.

Interest Cost increased to Rs.19.72 Cr. (8.06%) in 2011-12 from Rs. 16.45 Cr. (6.56%) of previous year.

Profit Before Tax (PBT) stood at Rs.8.38 Cr. in 2011-12 as compared to 9.57 Cr of previous year. The tax provision for current year is at Rs. 1.60 Cr. as compared to Rs.1.80 Cr. in previous year.

Profit After Tax (PAT) stood at Rs. 7.81 Cr. in 2011-12 as compared to Rs. 8.77 Cr. in previous year. Due to increase in share capital in previous year, Earning Per Share (EPS) stood at Rs.4.24 compared to Rs.4.89 of last year.

Balance Sheet

Equity Share Capital – During the last fiscal, the Company had allotted 8,27,300 shares of Rs.10/- each to a promoter at a premium of Rs.40/- each under preferential allotment on conversion of warrants allotted to her during the year 2009-10. As such, the ordinary share capital of the Company has increased from Rs. 17.93 Cr. to Rs.18.76 Cr. as on March 31, 2012.

Gross Secured Debt stood at Rs.196.60 Cr. as on March 31, 2012 as compared to Rs. 177.76 Cr. of the previous year.

Current Assets of the Company has increased to Rs.209.85 Cr. in 2011-12 as compared to Rs. 202.31 Cr. in previous year, due to increase in Inventories at Rs.66.34 Cr. in 2011-12 from Rs. 63.74 Cr., decrease in trade receivables at Rs.120.67 Cr. from Rs. 123.86 Cr. and decline in Cash & cash equivalents at Rs.3.96 Cr. in 2011-12 from Rs. 5.27 Cr. in previous year. There was increase in loans & advances from Rs.18.87 Cr. to Rs.9.43 Cr. in the year 2011-12.

Current Liabilities of the Company has increased to Rs.157.58 Cr. In 2011-12 as compared to Rs. 149.86 Cr. of the previous year.

III. SWOT ANALYSIS

Strengths –

- Globally cost competitive & adheres to strict quality controls.
- The only Standalone clutch manufacturer in the World, poised to grow based on strong fundamentals in Technology with no restrictions.
- Government initiatives of assigning high priority to infrastructure development, especially roads and greater realization on the part of policy planners of industry specific reforms will provide necessary impetus for future growth.
- The company has a strategy in place for the next stage of its expansion. Not only it is focusing upon new products to garner more market share.

- Adoption or Access to latest technology.
- Sustained Brand leadership in a highly technology intensive industry.
- Fiercely innovative & focus on needs of end customers.
- Versatile Clutch Dyno - testing facility
- MEOST (Multiple Environment over Stressed Testing) facility.
- Quick Response to OEMs & Customers' Needs.
- Steps taken during the last one year for increasing the Foundry and Heat Treatment capacity
- 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 -

- Rising cost of production
- 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 –

- Government initiatives of assigning high priority to infrastructure development, especially roads and greater realization on the part of policy planners of industry specific reforms will provide necessary impetus for future growth.
- Rising middle class population with increasing purchasing power will boost the demand for two wheelers & passenger cars. Low average age of Indian population will be an additional advantage.
- Availability of CNG in more and more cities/towns will lead to affordability of vehicles.
- Technology dissemination.
- Availability of technically qualified and skilled workforce at comparatively lower cost continues to be an attraction to global vehicle manufacturers to India for their global requirements

Threat -

- With the entry of giant global manufacturers in the Indian market, the benchmarks in terms of quality and services have gone up
- Stringent emission norms and safety regulations could bring new complexities and cost increases for automotive industry.
- 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.
- Raw material price volatility has been a concern for all manufacturing companies in India
- Steep increase in fuel prices may have dampening effect on the rising demand for vehicles.
- Increasing interest rates are making vehicle finance expensive & may have adverse impact on vehicle demand.
- Introduction of rapid mass transport systems in metro cities may adversely affect the domestic passenger vehicles demand.

IV. IPR PORTFOLIO

Clutch Auto Limited is major 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 31.07.2012 is as under:

Patents	Approved	Pending	Under filing
Overseas			
USA	3	1	8
Mexico	1	-	-
Australia	1	-	-
Total overseas	5	1	8
Domestic	6	11	15
Designs			
India	28	-	2
Trade Marks			
USA	11	1	13
India	25	27	9

V OUTLOOK

While demand from CV, LCV and utility vehicle segment continues to be strong, the domestic farm equipment sector is expected to grow at moderate rate. Our new facility and up gradation of the present manufacturing capacity, will enable us to improve our export potential. We estimate that a good monsoon and well-intended Government policy to encourage infrastructure and rural development will enable us to grow well.

VI. RISKS & CONCERNS

Though the Indian CV market continues to grow, reduction in load availability due to industrial slowdown, increase in interest rates and fuel price increases could dampen demand. The Company is also continually optimizing fixed costs as well as working capital, to stay protected in case of a downturn. Further, your Company is reviewing the production plan at regular intervals and has the ability to add modules of capacity at short cycle times to meet demand increases. To mitigate any risks due to material cost increase, your Company continues to work on material cost optimization through deep dives, value engineering and alternate sourcing to sustain profitability to the extent feasible.

In brief, the Company is exposed to the following risks. However, adequate steps have been taken to minimize the effect of these risks.

- a. Foreign currency risks
- b. Raw material prices
- c. Availability and cost of capital for capital expenditure

VII. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Given the nature of business and size of operations, the Company's internal control system has been designed to provide for:

- Accurate recording of transactions with internal checks and prompt reporting
- Adherence to applicable Accounting Standards and Policies



- Compliance with applicable statutes, policies and management policies and procedures
- Effective use of resources and safeguarding of assets

The internal control system provides for well-documented policies / guidelines, authorizations and approval procedures. Your Company, through its own Corporate Internal Audit Department, carries out periodic audits at all locations and functions based on the plan approved by the Audit Committee and brings out any deviation to internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and status of the implementation is submitted to the Audit Committee of the Board of Directors. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

VIII. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

The company during the previous year continued its record of good industrial relations with its employees. During the year various initiatives had been taken to improve the performance and productivity levels in various departments of the company. It also indulges into and implements various HR initiatives and activities including employee welfare, special rewards, performance review system and various employee motivation activities.

IX. CAUTIONARY STATEMENT

Management Discussion and Analysis Report may be “forward securities laws and regulations”. Actual result may differ materially from those expressed or implied depending upon global and Indian regulations, tax regimes, and economic developments within India and overseas.

For and on behalf of the Board of Directors

New Delhi
22nd August, 2012

Vijay Krishan Mehta
Chairman & Managing Director

Annexure B

CORPORATE GOVERNANCE REPORT COMPANY'S PHILOSOPHY

Corporate Governance at Clutch Auto is not just adherence to mandatory rules and guidelines but also lies in observing the spirit behind the letter.

Clutch auto Limited businesses seek enhancement to shareholder value within this framework. 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 the listing agreement.

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
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 has resigned w.e.f. 14.05.2011.

b) Board Meetings

During the financial year under review, 6 Board meetings were held on 14.5.2011, 28.5.2011, 11.8.2011, 14.11.2011, 24.11.2011 & 14.02.2012.

c) Details of Directorship or Member(s) of the Board and their Attendance at the Board/Committee Meetings and Annual General Meeting held during financial year 2011-12.

Names of Member(s) of the Board	Category of Directors	Board Meetings attended	Attendance at the last AGM	No.* of Directorships held (excluding Pvt. Ltd. companies) as on 31.03.2012	No. of Memberships of Committees (other than Pvt. Ltd. Companies) as on 31.03.2012	No. of Chairmanship of Committees (other than Private Ltd. Companies) as on 31.03.2012
Sh. Vijay Krishan Mehta	Chairman & Managing Director	6	Present	1	2	-
Sh. Kewal Krishan Taneja	NEDI**	6	Present	1	2	1
Sh. Anuj Mehta	Executive Director	6	Present	-	1	-
Sh. Chandra Shekhar Aggarwal	NEDI	-	Absent	-	-	1
Ms. Pooja Kapur	NED	5	Present	None	2	1
Sh. Avinash P Gandhi	NEDI	6	Present	9	9	5

*includes directorship(s)/ alternate directorship(s), membership(s) and Chairmanship(s) of Committee(s) of the Company.

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

(d) 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.

(e) 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.

(f) Shares held by non-executive directors

The details of shareholding of the Non-executive Directors as on 31.03.2012 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.

(g) Remuneration of Directors paid or payable to Directors for the year ended 31.03.2012

Name of Director	Relationship with other Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Sh. Vijay Krishan Mehta	Father of Sh. Anuj Mehta	48,00,000	-	48,00,000
Sh. Anuj Mehta	Son of Sh. Vijay Krishan Mehta	30,00,000	-	30,00,000

Sitting Fees

During the year 2011-12, 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.

(h) Code of Conduct –

The board of directors has laid down a code of conduct for all board members and Senior Management of the company in furtherance of its emphasis towards good Corporate Governance practices. The same Personnel for avoidance of conflict of interest.

The declarations with regard to compliance of code of Conduct have been received for the year 2011-12 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.

3. 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. Vijay Krishan Mehta	Chairman & Managing Director	Permanent Invitee	Member	Member
2	Sh. Kewal Krishan Taneja	Director NEI*	Chairman	-	Member
3	Sh. Avinash P Gandhi	Director NEI*	Member	-	Chairman
4	Sh. Chandra Shekhar 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 2011-12 are given below.

Name of Director	Category	Status	No. of Audit Committee Meetings attended	
			Held	Attended
Shri Kewal Krishan Taneja	NEI*	Chairman	5	5
Shri Avinash P Gandhi	NEI*	Member	5	5
Smt. Pooja Kapur	NE**	Member	5	4
Shri V.K. Mehta	CMD	Permanent Invitee	5	5
Shri. Anuj Mehta	Executive Director	Permanent Invitee	5	5

* 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 5 times during the year 2011-12 on 14.05.2011, 11.08.2011, 14.11.2011, 24.11.2011 and 14.02.2012. 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 consisting 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. Manish Kumar Rai, Company Secretary, is the "Compliance Officer" of this Committee. The status of the Committee meetings held during 2011-12 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.

4. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Location
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
2010-11	27.12.2011	10.00 a.m.	Seble Cinema, Mathura Road, Badarpur, New Delhi

Four Special Resolutions were passed by the Shareholders in last AGM,

5. DISCLOSURES

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

• Shri Avinash P Gandhi

Name	Sh. Avinash P Gandhi
Father's name	Sh. Sita Ram Gandhi
Age	74 years
Nationality	Indian
Education	B.Sc.(Mech. Engg.) from Birla Institute of Technology, Meshra, Ranchi
Position held in Committees of Co.	Chairman-Remuneration Committee Member-Audit Committee

Position held in other Companies

S. No.	Name of Company	Position held
1	FAG Bearings India Ltd.	Chairman
2	Lumax Industries Ltd.	Director
3	Fairfield Atlas Ltd.	Director
4	Uniproducts (India) Ltd.	Director
5	Panalfa Automotive P. Ltd.	Director
6	Havell's India Ltd.	Director
7	Continental Engines Ltd.	Director
8	Mahavir Aluminium Ltd.	Director
9	Minda Corpn. Ltd.	Director
10	Avinar Consulting Pvt. Ltd.	Director
11	Panalfa Autoelektrik Pvt. Ltd.	Director
12	Minda Valeo Security Systems Pvt. Ltd.	Director

Board Committees:

S.No.	Name of Company	Name of Committee	Position held
1	FAG Bearings India Ltd.	Audit Committee	Chairman
2	Lumax Industries Ltd.	Audit Committee Remuneration Committee	Member Chairman
3	Fairfield Atlas Ltd.	Audit Committee Remuneration Committee	Member Chairman

• Ms. Pooja Kapur

Name	Mrs. Pooja Kapur
Husband's name	Sh. Sanjeev Kapur
Age	44 years
Nationality	Indian
Education	M.A.(English)
Experience	6 years
Position held in Committees	Chairperson – Share Servicing & Shareholders' Grievance Committee Member – Audit Committee
Others	Proprietor-Kanav Engineering

(ii) 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.

(iii) 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.

(iv) 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.



(v) 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, 2012.

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), Jansatta (JS) & Veer Arjun (VA). 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
31.03.2011	14.05.2011	15.05.2011 16.05.2011	FE JS
30.06.2011	11.08.2011	12.08.2011	FE, JS
30.09.2011	14.11.2011	16.11.2011	FE, JS
31.12.2011	14.02.2012	15.02.2012 16.02.2012	FE JS
31.03.2012	30.06.2012	01.07.2012	FE, VA

(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) 41st Annual General Meeting

Day & Date	: 29th September, 2012
Time	: 10.00 A.M.
Venue	: SEBLE CINEMA, Mathura Road, Badarpur, New Delhi – 110 044.

(ii) Financial Year : 01.04.2011 to 31.03.2012.

(iii) Book Closure Dates : 28.09.2012 to 29.09.2012 (both days inclusive).

(iv) Dividend Payment Data:

Dividend for the financial year 2011-12 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 2011-12. Accordingly, the Board has not recommended any dividend payment for the year ended 31st March, 2012

(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 released 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 31.03.2012 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' 11	58.40	49.65	416425	58.40	49.25	991065
May'11	52.75	41.60	134358	52.60	42.10	398057
June'11	69.20	45.80	3693564	68.05	45.60	7378970
July'11	51.00	44.60	157721	51.65	43.85	206615
August' 11	45.95	34.60	132931	46.35	34.50	232853
September' 11	39.95	33.30	110224	40.00	33.25	155347
October' 11	37.35	33.00	101813	35.95	33.05	149370
November' 11	35.95	26.50	90487	36.40	26.50	180607
December' 11	31.50	24.50	43713	34.50	23.45	180113
January' 12	37.45	25.15	244547	36.55	25.35	519502
February' 12	36.20	29.75	361185	40.35	29.75	689953
March' 12	33.40	26.00	129905	32.90	26.05	248475

(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 31.03.2012.

The following table gives the pattern of shareholding:

Sl. No.	Particulars	No. of Shares	Shareholding %
1	Promoters, their relatives, Friends & associates	6814318	36.32
2	Corporate Bodies	37,59,080	20.04
3	Banks & Financial Institutions	3525	0.02
4	Mutual Funds	5350	0.030
5	NRIs/OCBs & FIIs	311492	1.66
6	Public	7865115	41.93
	Total	18758880	100.00



(ix) Distribution of Shareholding as on 31.03.2012

The following table gives the distribution of shareholding:

Holdings	Shareholders		Shares	
	Number	% to total	Number	% to total
1 - 5,000	24267	90.532	3189361	17.002
5,001-10,000	1447	5.398	1164375	6.207
10,001-20,000	600	2.238	915246	4.879
20,001-30,000	199	0.742	505161	2.693
30,001-40,000	70	0.261	252265	1.345
40,001-50,000	54	0.201	258809	1.380
50,001-1,00,000	99	0.369	713852	3.805
1,00,001 & above	69	0.257	11759811	62.689
Total:	26805	100	18758880	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 31.03.2012, 97.08% of Company's paid-up Share Capital stood dematerialized and remaining 2.92% 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:	Plant Location:
Secretarial Department	Clutch Auto Limited
Clutch Auto Limited	Plot No.1A, Sector 27D
2E/14 (First Floor),	12/4, Mathura Road,
Jhandewalan Extn.,	Faridabad – 121 003
New Delhi – 110 055.	Tel: (0129) 256 5000
Telefax: (011) 2368 3548	Fax: (0129) 227 6039
e-mail – cs@clutchauto.com	

For and on behalf of the Board of Directors

New Delhi
22nd August, 2012

Vijay Krishan Mehta
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 2012. 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)

22nd August, 2012
Place: New Delhi

DK Dubey
Proprietor
C.P. No. -8882

ANNEXURE – C

**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, 2012.

For CLUTCH AUTO LIMITED

New Delhi
22nd August, 2012

Vijay Krishan Mehta
Chairman & Managing Director



ANNEXURE –D TO DIRECTORS’ REPORT

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

A. Conservation of Energy:

Power & Fuel Consumption	2011-12	2010-11
a) Electricity purchased Units (KWH)	4016650	5060700
Total Amount (Rs.)	21205959	26483255
Rate/Unit (Rs. KWH)	5.28	5.23
b) Own Generation through Diesel		
Generators Units (KWH)	802289	1065002
Total Amount (Rs.)	8800000	10606838
- Diesel oil per litre (Rs.)	38.41	35.30
- Cost per unit (Rs.) (Diesel Cost only)	10.97	9.96
c) Total Electricity consumed (units)	4818939	6125702
Total Production(units)	2329012	2625329
Electricity consumption (per unit)	2.07	2.34

B. Technology Development & Absorption

1) NEW PRODUCTS DEVELOPED:

- 14” / 15” Cushion Cerametallic Clutch
- 11 x 11 – Double Clutch
- Hyundai Santro Ø180 Clutch
- Gypsy king Ø190 Clutch
- Ø380 AMW Diaphragm Clutch
- Alto 180 DST Clutch
- 14” / 15” RDC Cast Cover Assembly

2) NMITLI TECHNOLOGY.

STATUS / FURTHER PATENTS PROGRESS IN NMITLI TECHNOLOGY (CSIR)

Company has been pursuing a project ‘NMITLI’ sponsored by CSIR in association with other participating CSIR research Institutions for the last 4 years for development of new generation clutches with more than double life and many other innovations.

Phase I of the NMITLI Project involving Company / National Laboratories, which comprised concept proving of technologies as the basis had been satisfactorily completed on 30th September 2011 which was reviewed by CSIR Steering & Monitoring Committee in a meeting held on 13th October 2011.

It was reported by the Monitoring Committee after detailed deliberations & assessing of the progress during Phase I as stated above that the Technologies are worth pursuing for commercialization and application in Industry. Based on this, Clutch Auto Ltd was considered as a Industry Partner for the commercialization and validation Phase and requested to give a proposal for commercialization.

Technology Transfer Documents given to Clutch Auto Ltd were accepted by them on the condition that continuous guidance / hand holding will be provided by CSIR with necessary financial assistance for the Commercialization and Validation phase.

Subsequently in meetings with CSIR two product ranges were selected for 1st year to pursue during commercialization & validation phase of the project.

Presently, we are awaiting the CSIR approval alongwith necessary funding for the implementation of Phase II which will lead to marketable product alongwith necessary Patents and Intellectual property rights under the guidance & direction of CSIR.

After approval, the Commercialization & Validation Phase is expected to be for a duration of 2 years after take off or more as may be decided by CSIR Monitoring Committee/Steering Committee in subsequent review meetings.

C. Foreign Exchange Earnings and Outgo

(Amount in Rs.)

Particulars	2011-12	2010-11
1. Foreign Exchange Earnings	24,65,47,359	20,73,78,000
2. Foreign Exchange Outgo:		
i) Raw Materials (CIF)	13,17,23,481	25,03,89,992
ii) Travel	6,23,109	21,58,263
iii) Capital	-	-
iv) Technical Fees	54,199	446,300
Total	13,24,00,789	25,29,94,555

For and on behalf of the Board of Directors

Sd/-
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, 2012 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 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 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 read in conjunction with Note 1 to 24 and

read with other notes appearing in Note "25 to 26" 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, 2012 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: 22nd August, 2012

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 31-03-2012)*

- 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 31.03.2012 was Rs. 16.50 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 M/s Puneet Mishra & Co., Chartered Accountants has conducted the internal audit for the period up to 31st March 2012. 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 Cost Audit Department of 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.
- 9) 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 *not regular* in depositing undisputed statutory dues including investor education and protection fund, employees' provident fund, employees' state insurance, income-tax, sale tax, wealth tax, service tax, customs duty, excise duty and other statutory dues with the appropriate authorities. According to information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues *except* sale tax, Income tax & employees' state insurance aggregating to Rs. 437.19 lacs approx. as at 31st March 2012, 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.
- 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 31-03-2012 which have not been deposited on account of a dispute are central Excise Duty amount Rs.421.36 Lakhs appeals were pending in Central excise & Service Tax Appellate Tribunal, income tax amount Rs.23.45Lakhs appeals were pending in Income Tax Appellate Tribunal, Delhi and Income Tax penalty amount Rs. 18.50 Lakhs appeals was pending in Commissioner of Income Tax Appeals-VI, Delhi.
- 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.
- 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.
- 11) According to the records of the company examined by us and the information and explanation given to us, the company is *irregular* in repayment of certain payments to financial institution or bank or debenture holders as at the balance sheet date.



- 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.
- 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.
- 14) The company is not a dealer or trader in shares, securities, debentures and other investments.
- 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.
- 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.
- 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.
- 18) According to the information and explanations given to us preferential allotment of 8,27,300 equity shares of Rs. 50/- each aggregating to Rs. 413.65 lacs including premium

of Rs. 40/- per share has been made by the company as approved by the shareholders in EGM dated 01.02.2010 to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

- 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.
- 20) The company has not raised any money by public issues during the year.
- 21) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, 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.

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

ALOK JAIN
Partner
M. No. 510960

Place: New Delhi
Date: 22nd August, 2012



BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note	As at 31st March 2012	As at 31st March 2011
I. Equity And Liabilities			
(1) Shareholders' Funds			
(a) Share Capital	1	187,604,300	179,331,300
(b) Reserves and Surplus	2	1,594,680,252	1,484,417,117
(c) Money received against share warrants			
(2) Share application money pending allotment		-	10,715,000
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	1,122,373,707	929,984,448
(b) Deferred tax liabilities (Net)	4	6,662,470	17,000,000
(c) Long-term provisions	5	71,123,820	70,353,382
(4) Current Liabilities			
(a) Short-term borrowings	6	1,054,885,287	1,020,699,094
(b) Trade payables	7	324,234,786	350,179,882
(c) Other current liabilities	8	158,938,046	94,602,500
(d) Short-term provisions	9	33,460,958	33,121,184
Total		<u>4,553,963,626</u>	<u>4,190,403,907</u>
II.Assets			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		986,832,539	1,054,238,016
(ii) Intangible assets		421,080,963	487,894,737
(iii) Capital work-in-progress		631,315,943	180,282,440
(iv) Intangible assets under development		315,811,000	315,811,000
(b) Deferred tax assets (net)	4	-	-
(c) Long term loans and advances	11	102,712,283	126,944,254
(d) Other non-current assets	12	2,043,414	2,043,414
(2) Current assets			
(a) Inventories	13	663,406,551	637,448,845
(b) Trade receivables	14	1,206,742,072	1,238,609,302
(c) Cash and cash equivalents	15	39,670,950	52,736,204
(d) Short-term loans and advances	16	184,347,911	94,395,695
Total		<u>4,553,963,626</u>	<u>4,190,403,907</u>

Significant Accounting Policies
Notes on Financial Statements

1 to 26

As per over report of even date attached

For and behalf of the board

For B. Aggarwal & Company
Chartered Accountants
FRN-004706N

(V.K.MEHTA)
Chairman cum
Managing Director

(ANUJ MEHTA)
Executive Director

Alok Jain
Partner
M.No. 510960
Place: New Delhi
Date: 22nd August, 2012

(MANISH RAI)
Company Secretary

(T.N.SINGH)
Sr. Manager Accounts

STATEMENT OF PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in INR

Particulars	Note	As at 31st March 2012	As at 31st March 2011
Income			
I. Revenue from operations	17	2,446,773,624	2,505,214,179
II. Other Income	18	5,492,525	9,123,644
III	Total Revenue	<u>2,452,266,149</u>	<u>2,514,337,823</u>
IV. Expenditure :			
Cost of materials consumed	19	1,448,942,389	1,459,261,030
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	(36,383,955)	(23,049,046)
Employee benefit expense	21	196,656,706	233,989,386
Financial costs	22	210,162,643	175,512,483
Depreciation and amortization expense	23	157,492,296	162,766,059
Other expenses	24	391,590,826	410,158,888
V.	Total Expenses	<u>2,368,460,905</u>	<u>2,418,638,800</u>
VI. Profit before tax (III - V)		83,805,244	95,699,023
VII Tax expense:		5,662,470	8,000,000
(1) Current tax		16,000,000	18,000,000
(2) Deferred tax		(10,337,530)	(10,000,000)
VIII Profit for the period (VI-VII)		<u>78,142,774</u>	<u>87,699,023</u>
IX Earning per equity share:			
(1) Basic & Diluted		4.24	4.89

Significant Accounting Policies
Notes on Financial Statements

1 to 26

As per over report of even date attached

For and behalf of the board

For B.aggarwal & Company
Chartered Accountants
FRN-004706N

(V.K.MEHTA)
Chairman cum
Managing Director

(ANUJ MEHTA)
Executive Director

Alok Jain
Partner
M.No. 510960
Place: New Delhi
Date : 22nd August, 2012

(MANISH RAI)
Company Secretary

(T.N.SINGH)
Sr. Manager Accounts



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST, MARCH 2012

Amount in INR

Particulars	As at 31st March 2012	As at 31st March 2011
Income		
A. From operating activities		
Net Profit before tax	83,805,244	95,699,023
Adjustments for :-		
Depreciation on Fixed Assets	157,492,296	162,766,059
Interest income	(747,055)	(726,264)
Interest expenses	197,261,683	164,524,607
	<u>354,006,924</u>	<u>326,564,402</u>
Operating Profit before working capital changes	437,812,168	422,263,425
Adjustments for :-		
(Increase)/Decrease in Trade and other receivables	44,374,797	(133,669,702)
(Increase)/Decrease in inventories	(25,957,706)	(81,298,512)
Increase/(Decrease) in Current liabilities & Provision	(62,610,344)	(17,801,486)
	<u>(44,193,253)</u>	<u>(232,769,700)</u>
Cash generated from operations	393,618,915	189,493,725
Interest expenses	(197,261,683)	(164,524,607)
Direct taxes paid(Net of refund)	<u>(15,356,167)</u>	<u>(170,870)</u>
Net cash from operating activities	181,001,065	24,798,248
B Cash flow from investing activities		
Purchase of fixed assets and change in capital work in progress (including intangible assets)	(475,278,187)	(287,009,980)
Interest income	747,055	726,264
Net cash used in investing activities	(474,531,132)	(286,283,716)
C Cash flow from financing Activities		
Proceeds from Secured loans (Net)	218,520,749	146,880,667
Proceeds from Equity share fund	41,365,000	62,485,000
Proceeds from Application money agst warrant	(10,715,000)	(24,885,000)
Proceeds from Unsecured loans(Net)	31,294,064	21,659,993
Net cash from financing activities	280,464,813	206,140,660
Net change in cash and cash equivalents	(13,065,254)	(55,344,808)
Net increase in cash and cash equivalents:		
Cash & Cash equivalents as at 1st April	52,736,204	108,081,012
Cash & Cash equivalents as at 31st March	39,670,950	52,736,204
	<u>(13,065,254)</u>	<u>(55,344,808)</u>

As per over report of even date attached

For B. Aggarwal & Company
Chartered Accountants
FRN-004706N

Alok Jain
Partner
M.No. 510960
Place: New Delhi
Date : 22nd August, 2012

For and behalf of the board

(V.K. MEHTA)
Chairman cum
Managing Director

(MANISH RAI)
Company Secretary

(ANUJ MEHTA)
Executive Director

(T.N. SINGH)
Sr. Manager Accounts

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

	31.03.2012	Amount in INR 31.03.2011
1. Share capital		
Authorized		
200,00,000 equity shares of Rs. 10/- each	200,000,000	200,000,000
Issued		
18765080 Equity shares of Rs.10 each, (Previous year 17937780)	187,650,800	179,377,800
Subscribed & Paid Up Capital	187,588,800	179,315,800
18758880 Equity shares of Rs.10 each, fully paid up (Previous year 17931580)	15,500	15,500
Add:- Shares forfeited (6200 shares)		
Total	187,604,300	179,331,300

1.1 Reconciliation statement for number of equity shares outstanding

	31-03-2012		31-03-2011	
Equity	No. of shares	Amount in	No. of shares	Amount in
At the beginning of reporting period	17,931,580	179,315,800	16,681,880	166,818,800
Addition/ deduction	827,300	8,273,000	1,249,700	12,497,000
Outstanding at the end of reporting period	18,758,880	187,588,800	17,931,580	179,315,800

1.2 Terms/rights attached to equity shares

The Company has issued only one class of shares/ securities i.e. fully paid-up equity shares. Each equity share holder is entitled to vote one per share.

1.3 Details of shareholder holding more than five percent equity shares in the Company

		31-03-2012		31-03-2011	
Name	Category	No. of shares	% shareholding	No. of shares	% shareholding
Vijay Krishan Mehta	Equity	4,362,469	23.26	4,362,469	24.33
Veena Mehta	Equity	2,445,780	13.04	1,618,480	9.03
Falcon Jersey Pvt. Ltd	Equity	1,204,907	6.42	1,204,907	6.72
Incredible Capital Ltd.	Equity	1,311,192	6.99	1,311,192	7.31
Total		9,324,348	49.71	8,497,048	47.39

2. Reserves & surplus

	31-03-2012		31-03-2011	
Capital Reserve		2,250		2,250
Investment Allowance Reserve		10,731,000		10,731,000
Share Premium Account	492,418,900		442,430,900	
Add: During the year	33,092,000	525,510,900	49,988,000	492,418,900
General Reserve				
Opening Balance as per last Balance Sheet	765,601,440		677,902,417	
Profit & Loss Account-Surplus	78,142,774	843,744,214	87,699,023	765,601,440
Revaluation Reserve(Land & Building)	215,663,527		216,635,166	
Less:Dep for the year adjusted	971,639	214,691,888	971,639	215,663,527
Total		1,594,680,252		1,484,417,117



	31-03-2012	31-03-2011
3. Long-term Borrowings {Refer Note No 26 (I) & (II)}		
Secured		
Term Loans (Bank)	4,389,605	5,451,153
Term Loans (Others)	952,936,909	763,966,152
Unsecured		
Term Loans (Others)	165,047,193	160,567,143
Total	<u>1,122,373,707</u>	<u>929,984,448</u>

4. Deferred Taxes Assets (Net)

Deferred tax Liabilities/Assets arising out of timing differences comprise of the following major components;

	31-03-2012	31-03-2011
Deferred Tax Liabilities recognized		
Written down value of Fixed Assets:		
As Per Companies Act (Excluding Revaluation Reserve)	1,193,221,614	1,392,397,000
As per Income Tax Act	<u>1,102,496,528</u>	<u>1,271,945,000</u>
	30,837,457	40,941,635
Deferred Tax Assets recognised		
Provision for Gratuity & leave Encashment		
Claim as per Books of Account	(24,174,986)	(23,913,115)
Deferred Tax Assets\ Liabilities (Net)	<u>6,662,470</u>	<u>17,000,000</u>

	31-03-2012	31-03-2011
5. Long-term provisions		
Provision for employee benefits		
Provision for Gratuity	65,603,703	62,063,210
Provision for Encashment of Leave	5,520,117	8,290,172
Total	<u>71,123,820</u>	<u>70,353,382</u>

	31-03-2012	31-03-2011
6. Short-term Borrowings		
Secured		
Loan for Working Capital (From Bank)		
Cash Credit	789,829,247	803,950,676
Packing Credit Loan(PCL)	66,095,158	64,410,120
Bill Discounted	96,641,495	57,738,260
Foreign Bills (FOBP)	<u>56,179,372</u>	<u>75,820,037</u>
	1,008,745,272	1,001,919,093
Unsecured		
Deposit from Dealers and Suppliers	14,326,001	13,780,001
Other loan and advances	<u>31,814,014</u>	<u>5,000,000</u>
Total	<u>1,054,885,287</u>	<u>1,020,699,094</u>

Note: 1. Cash Credits are secured by hypothecation of inventories and book debts among bankers in consortium eg. Canara Bank, Central Bank of India, State Bank of Travancore , Exim Bank, DBS Bank Ltd, State Bank of India.

	31-03-2012	31-03-2011
7. Trade Payables		
Sundry Creditors		
Creditors Raw Material	199,458,518	241,183,332
Creditors Others	<u>124,776,268</u>	<u>108,996,550</u>
	324,234,786	350,179,882

	31-03-2012	31-03-2011
8. Other Current Liabilities		
Advances from Customers	49,467,387	5,652,258
Interest accrued but not due on borrowings	5,905,415	5,597,880
Interest accrued and due	30,020,479	6,235,118
Unpaid dividends	310,472	310,572
Statutory Liabilities	73,234,293	76,806,672
Total	<u>158,938,046</u>	<u>94,602,500</u>



		31-03-2012	31-03-2011
9 Short-term Provisions			
Excise Duty on Unsold Goods	1,621,941		1,926,000
Provision for Income Tax	32,221,825		31,366,054
Less:Advance Tax/TDS	(382,808)	33,460,958	(170,870)
Total		<u>33,460,958</u>	<u>33,121,184</u>
11 Long Term Loans and Advances		31-03-2012	31-03-2011
Secured considered good			
Security Deposits			
Deposits With Govt. & Others		67,485,042	67,178,042
Other loans and advances		35,227,241	59,766,212
Total		<u>102,712,283</u>	<u>126,944,254</u>
12 Other Non Current Assets		31-03-2012	31-03-2011
Security Deposit		2,043,414	2,043,414
(Electricity ,Telephone Etc)			
Total		<u>2,043,414</u>	<u>2,043,414</u>
13 Inventories		31-03-2012	31-03-2011
Raw Materials & Components		189,194,241	198,803,482
Finished Goods		26,801,816	29,204,286
Stores & spares		48,434,643	49,251,651
Work in Progress		397,971,351	359,163,331
Scrap		1,004,500	1,026,095
Total		<u>663,406,551</u>	<u>637,448,845</u>
14 Trade receivables		31-03-2012	31-03-2011
Unsecured			
Debts outstanding for a period of above 6 month			
Considered Good		296,360,001	194,448,641
Considered Doubtful		288,622	288,622
		296,648,623	194,737,263
Less: Provision for doubtful debts			
Other debts Considered Good		910,093,449	1,043,872,039
Total		<u>1,206,742,072</u>	<u>1,238,609,302</u>
15 Cash & cash equivalents		31-03-2012	31-03-2011
Cash in hand		31,057	1,121,716
Cheque In Hand		16,826,614	23,478,416
Balances with Banks			
Current Accounts		6,172,049	15,583,872
FDR with Banks		15,684,408	11,653,312
Interest Accrued on Deposits		956,822	898,888
Total		<u>39,670,950</u>	<u>52,736,204</u>
16 Short-term loans & advances		31-03-2012	31-03-2011
(Unsecured but considered good)			
Advances to suppliers			
Advances For Capital Goods	53,511,701		9,174,651
Advances For Material	109,562,951	163,074,652	67,279,120
Balance of Unutilized Taxes		13,456,641	14,446,732
Others		7,816,618	3,495,192
Total		<u>184,347,911</u>	<u>94,395,695</u>



	31-03-2012	31-03-2011
17 Revenue from operations		
Sale of products (Net of Excise)		
Net Sales(Domestic)	2,158,399,716	2,229,138,586
(Exports)	268,804,833	246,129,831
Other operating revenues		
Sales of Scrap	19,569,075	29,945,762
Total	<u>2,446,773,624</u>	<u>2,505,214,179</u>
18 Other Income	31-03-2012	31-03-2011
Interest from Banks & others	747,055	726,264
Sundry balances written back	5,427	28,983
DEPB claim	4,712,718	6,941,377
Miscellaneous receipts	27,325	1,427,020
Total	<u>5,492,525</u>	<u>9,123,644</u>
19 Cost of raw material consumed	31-03-2012	31-03-2011
Opening Stock	198,803,482	156,128,463
Add: Purchases	<u>1,439,333,148</u>	<u>1,501,936,049</u>
	1,638,136,630	1,658,064,512
Less: Closing Stock	<u>189,194,241</u>	<u>198,803,482</u>
Total	<u>1,448,942,389</u>	<u>1,459,261,030</u>
20 Changes in inventories of finished goods, work-in-progress (semi-finished)	31-03-2012	31-03-2011
Closing Stock		
Finished Goods	27,806,316	30,230,381
Goods in process	<u>397,971,351</u>	<u>359,163,331</u>
	425,777,667	389,393,712
Opening 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
(Increase)/ Decrease	<u>Total</u> (36,383,955)	<u>(23,049,046)</u>
21 Employee Benefits Expenses	31-03-2012	31-03-2011
Salaries,Wages,Bonus & Allowances	150,046,576	178240973
Contribution to Provident Fund & Other Funds	18,026,152	18962158
Gratuity	8,893,660	13,681,677
Staff benefits	19,464,299	22898443
Personnel Development, Recruitment & Training	226,019	206,135
Total	<u>196,656,706</u>	<u>233,989,386</u>
22 Financial Costs		
Bank Charges	12,900,960	10,987,876
Interest On Term Loan	35,706,654	33,791,647
Interest Paid (Others)	<u>161,555,029</u>	<u>130,732,960</u>
Total	<u>210,162,643</u>	<u>175,512,483</u>
23 Depreciation and amortization expenses		
Depreciation on intangible assets	90,678,522	94,346,292
Depreciation on tangible assets	<u>66,813,774</u>	<u>68,419,767</u>
Total	<u>157,492,296</u>	<u>162,766,059</u>

24	Other expenses	31-03-2012	31-03-2011
24.1	Manufacturing Expenses		
	Job work charges	69,272,098	71,040,391
	Stores, Spares and Tools consumed	39,362,034	44,701,694
	Electricity, Water Power & Fuel	31,265,890	38,457,353
	Carriage Inward	5,921,691	6,796,075
	Repairs to Machinery	6,489,682	10,346,888
	General Factory Expenses	984,148	1,712,551
	Repairs to Factory Building	498,817	621,874
24.2	Selling and Distribution Expenses		
	Sales Promotion	2,541,382	3,467,237
	Advertisement & publicity	88,321	423,298
	Packing Material consumed	73,516,808	66,141,584
	Commission, Rebate & Discounts	50,230,819	49,419,116
	Excise duty on stocks/others	2,994,213	379,997
	Export Expenses	16,145,300	17,674,966
	Outward Freight & Forwarding Charges	48,696,437	45,909,057
24.3	Establishment Expenses		
	Research & Development	6,685,551	7,256,102
	Repairs and Maintenance others)	3,768,236	6,143,542
	Rent	403,000	386,800
	Rates & Taxes	270,982	231,275
	Insurance	926,870	1,200,966
	Board Meeting See	412,500	612,500
	Travelling & Conveyance - Directors	1,379,017	2,865,161
	- Others	13,157,443	17,212,412
	Legal & Professional Charge	6,469,125	4,776,591
	Printing & Stationery	2,265,103	3,141,341
	Postage & Telecommunications	3,956,970	4,469,639
	Charity & Donation	428,500	463,162
	Auditors Fee	400,000	400,000
	Miscellaneous Expenses	3,059,889	3,907,316
	TOTAL	<u>391,590,826</u>	<u>410,158,888</u>



**Note No 10
FIXED ASSETS 2011-12**

SNO	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		COST AS AT 01/04/11	Additions	Deductions	COST AS AT 31/03/12	UPTO 31/3/11	FOR THE YEAR	WRITTEN BACK	UPTO 31/3/12	AS ON 31/3/12	AS ON 31/3/11
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	115,482,682	1,400,844	200,295	116,683,231	34,310,462	3,670,763	-	37,981,225	78,702,006	81,172,220
4	PLANT & MACHINERY	917,250,480	8,666,217	7,711,500	941,793,613	330,984,702	57,484,871	-	388,469,573	553,324,040	586,265,778
5	FIXTURES & FITTINGS	39,661,306	954,120	456,500	40,158,926	24,975,747	1,728,930	-	26,704,677	13,454,249	14,685,559
6	TOOLS & IMPLEMENTS	23,642,889	154,415	2,132	23,795,172	15,774,383	1,171,221	-	16,945,604	6,849,568	7,868,506
7	DIES FOR CLUTCH COVER & DISC	251,880,577	16,353,301	57,641,447	210,592,431	117,165,301	21,075,024	30,545,176	107,695,149	102,897,282	134,715,276
8	VEHICLES	4,552,689	-	-	4,552,689	1,532,452	397,075	-	1,929,527	2,623,162	3,020,237
9	GENERATOR SETS	15,634,116	-	186,500	15,447,616	11,707,001	557,371	-	12,264,372	3,183,244	3,927,115
10	OFFICE EQUIPMENT	5,858,579	358,481	-	6,217,060	3,586,863	252,689	-	3,839,552	2,377,508	2,271,716
11	TESTING EQUIPMENT	4,985,024	16,789	-	5,001,813	3,584,084	185,216	-	3,769,300	1,232,513	1,400,940
12	AIR CONDITIONERS & COOLERS	3,771,890	104,615	27,111	3,849,394	1,728,640	240,809	-	1,969,449	1,879,945	2,043,250
13	ELECTRICAL INSTALLATIONS	16,640,331	8,182,687	-	24,823,018	6,746,348	970,887	-	7,717,235	17,105,783	9,893,983
14	WATER SUPPLY SYSTEM	1,801,273	-	-	1,801,273	1,503,381	24,526	-	1,527,907	273,366	297,892
15	FIRE FIGHTING EQUIPMENT	173,551	-	-	173,551	154,362	2,269	-	156,631	16,920	19,189
16	COMPUTER EQUIPMENTS	41,427,503	145,108	-	41,572,611	30,597,352	3,761,182	-	34,358,534	7,214,077	10,830,151
17	EFFLUENT TREATMENT PLANT	2,411,507	-	-	2,411,507	1,618,161	127,328	-	1,745,489	666,018	793,346
18	INTANGIBLE ASSETS	684,197,672	-	-	684,197,672	196,302,935	66,813,774	-	263,116,709	421,080,963	487,894,737
	TOTAL	2,324,404,927	36,336,577	66,225,485	2,318,104,435	782,272,174	158,463,935	30,545,176	910,190,933	1,407,913,502	1,542,132,753
	PREVIOUS YEAR	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	1,542,132,733	1,590,267,273

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2012

25. SIGNIFICANT ACCOUNTING POLICIES**(I). 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.

(II). 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) For New Projects, all direct expenses and direct overheads (excluding services provided by employee's regular payroll) are capitalized.
- 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 prorata 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.

(III). 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.

(IV). EXCISE DUTY

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

(V). 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.

(VI). MISCELLANEOUS EXPENDITURE

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

(VII). 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.



(VIII). 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.

(IX). 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.

(X). WARRANTY

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

(XI). 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.

(XII). 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.

(XIII). 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.

(XIV). 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.

(XV). 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.

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

(XVI). 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.

26. NOTES TO ACCOUNTS

I. SECURED LOANS

a) Nature Of Security

i) Term Loan from RIICO

The company has availed project terms loan of Rs. 3800.00 lacs from RIICO i.e. 828.95 lacs against Land and 281.25 lacs swapping of term loan from Axis Bank & balance Rs. 2689.80 lacs for building and Plant & Machinery stands. Disbursed Rs.3226.16 Lacs upto 31.03.2012. 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.

The 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 hypothecation of specific assets purchased out of term loan and further guaranteed by the Managing Director & Executive Directors 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 & Exim 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.

II. 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. 21.70 Crores, secured by way of issuance of 217 Nos i.e.(during the year company redeemed 8 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.



III. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.370.57 lacs (Rs. 746.57 lacs) relating to purchase of Plant & machinery.

IV. RE-LOCATION PROGRAMME

The company has acquired Lease Hold Industrial Plot measuring 50,340 sq.mt from Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO), Jaipur vide Plot No. SP2 – 173 & 174, at Industrial Area Kahrani (Bhiwadi Extn.) Distt, Alwar (Rajasthan) for relocation of its existing manufacturing unit.

V. EMPLOYEE BENEFITS

DEFINED BENEFIT PLAN- GRATUITY

(Projected Unit Credit Actuarial Method)

	2012	2011
Expense recognised in the Statement of Profit & Loss for the financial year ended 31st March '12		
Current Service Cost	2825423	2686483
Past Service Cost		
Interest Cost	5275373	4632359
Expected Return on plan Assets		
Net Actuarial Gain/Loss recognised during the year	792864	3766668
Expenses recognised in the statement of profit & loss	8893660	13485095

Net Assets/ Liabilities recognised in the Balance Sheet as at 31st March '12

Present Value of obligation as at the end of the period	65603703	62063210
Fair Value of Plan Assets as at the end of the period		
Funded Status	(65603703)	(62063210)
Excess of Actual over estimated		
Unrecognised Actuarial (Gains)/Losses	(65603703)	(62063210)
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	62063210	57904492
Acquisition Adjustments		
Interest Costs	5275373	4632359
Past Service Costs	2825423	2686483
Curtailment Cost/ (Credit)		
Settlement Costs/ (Credit)		
Benefit Paid	(5353167)	(9326377)
Actuarial (Gain)/ Loss on Obligation	792864	3766668
Present Value of Obligation as at the end of the period	65603703	62063210
Fair Value of Plan Assets (Funded Status)	(65603703)	(62063210)

EARNED LEAVE AND COMPENSATED ABSENCES

Expense recognised in the Statement of Profit & Loss for the financial year ended 31st March '12

Current Service Cost	354833	465030
Past Service Cost	704665	598899
Interest Cost		
Expected Return on plan Assets		
Net Actuarial Gain/Loss recognised during the year	(1503517)	1186783
Expenses recognised in the statement of profit & loss	(444019)	2250712

Net Assets/ Liabilities recognised in the Balance Sheet as at 31st March 2012

Present Value of obligation as at the end of the period	5520117	8290172
Fair Value of Plan Assets as at the end of the period		
Funded Status	(5520117)	(8290172)
Excess of Actual over estimated		
Unrecognised Actuarial (Gains)/Losses		
Net Assets/ (Liability) Recognised in the Balance Sheet	(5520117)	(8290172)

Changes in the present value of obligation

Present value of obligation as at the beginning of the period	8290172	7486240
Acquisition Adjustments		
Interest Costs	704665	598899
Past Service Costs		
Current Service Costs	354833	465030
Curtailment Cost/ (Credit)		
Settlement Costs/ (Credit)		
(Benefit paid)	(2326036)	(1446780)
Actuarial (Gain)/ Loss on Obligation	(1503517)	1186783
Present Value of Obligation as at the end of the period	5520117	8290172
Fair Value of Plan Assets (Funded Status)	(5520117)	(8290172)

ASSUMPTIONS

Economic

- Discount Rate	8.5%	8%
- Increments	6%	5.50%
- Expected Rate of Return on Plan Assets		0.00

Demographic

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

VI. CONTINGENT LIABILITIES

	2012 Rs. In lacs	2011 Rs. In lacs
i) Claims against the company not acknowledged as debts.	25.93	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)	421.36	421.36
iii) Disputed from Director General of Foreign Trade (DGFT) for issue show case notice relating to not fill full export obligation	150.72	150.72
iv) Income Tax Demand notice issued by ACIT. Company not acknowledge as debts, appeal pending before the CIT (appeal) – VI	41.95	23.45
v) Cheques discounted with Banks	48.76	123.73
vi) Guarantees given by Banks (excluding liabilities provided)	136.10	113.10
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.	54.56	59.13

VII. CURRENT ASSETS, LOANS AND ADVANCES

i) Basis of quantitative particulars given below under item XIV is as under;

- (1) 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.

- (2) 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.
- (3) Stock of semi - finished, raw material and finished goods includes slow moving and non-moving stock of Rs.16.27 lacs (16.05lacs). In the opinion of the Management, no reduction is considered necessary in the value of the stocks.
- (4) Semi - finished goods have been ascertained on the basis of physical verification.
- (5) 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.
- (6) 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.

VIII. 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:

	<i>(Figures in Rs. Lacs)</i>	
	2012	2011
a) Dues remaining unpaid as at 31st March		
i) Principal	465.12	420.10
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	1010.05	1598.81
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 31st March 2012		

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

IX. PROFIT & LOSS ACCOUNT

a) Payment to Auditors :	Current year	Previous year
	(Rs)	(Rs)
i) Audit Fee	400,000	400,000
ii) Reimbursement of expenses	15,812	56,557
iii) Certification of statements	104,787	47,500
iv) Service Tax	49,440	41,200
b) Sales include exchange rate fluctuation of Cr. Rs.74.24 lacs (Previous year Dr. Rs. 6.61 lacs).		
c) Remuneration to Managing and Whole time Directors:		
Salary & Allowances	58,50,000	16,558,065
Contribution to Provident Fund	1,440,000	1,324,645
Perquisites	5,10,000	20,75,412
	78,00,000	19,958,122
d) Export Promotion & Export Expenses include		
(1) ECGC premium	1,004,394	1,294,102
(2) Salary & Wages	603,832	721,079

X.SEGMENT REPORTING

Segment Information for the Year Ended 31st March, 2012

	2012 (Rs. in lacs)	2011 (Rs. in lacs)
Revenue by Geographical Market		
1. India	21,779.69	22590.84
2. Outside India	<u>2,688.05</u>	<u>2461.30</u>
Total :	24,467.74	25052.14
Segment Results Profit/(Loss) before interest and taxes		
1. India	7777.48	8006.62
2. Outside India	959.90	874.08
Total :	8737.38	8880.70
Less: Interest	1972.62	1645.25
Less: Other Unallocable Expenditure	5981.63	6369.70
Add: Other Unallocable Income	54.92	91.24
Profit before Tax	838.05	956.99

XI. RELATED PARTY DISCLOSURES

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)	Amt O/s
	Purchase of goods/Services	
a) Macas Automotive	1110.38	110.62
b) Kanav Engineering	41.66	73.40
c) C.A.Ancillary	126.93	-
d) Sai Print & Pack.	429.68	275.32
	1708.65	459.34

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

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

	Current Year (Rs.in lacs)	Previous year (Rs.in lacs)
a) Remuneration	78.00	199.58
b) Amounts outstanding at the year end:		
- Payable	0	2.36
ii) Transaction with above parties		
a) Purchase of Goods /Services	1708.65	1343.31
b) Amount outstanding at the year end:		
- Payable	459.34	380.44



XII. EARNING PER SHARE

Net Profit after tax attributable to shareholders (Rs in lacs)	781.43	876.99
No of Shares	18,758,880	17,931,580
EPS		
Basic	4.24	4.89
Diluted	4.24	4.89

XIII. Previous year figures have been regrouped & rearranged, wherever required to conform to the revised presentation of accounts.

XIV. 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.

<u>Classes of Goods</u>	<u>Unit</u>	<u>Quantity</u>	<u>Amount(Rs.)</u>
Forgings	Nos.	2,406,335 (3,551,381)	75,532,267 (107,307,643)
Facings	Set	2,114,607 (2,925,053)	105,116,041 (198,623,363)
Steel Sheets	Kgs.	3,337,003 (5,003,661)	162,577,147 (202,489,582)
Castings	Nos.	821,263 (1,214,181)	254,760,381 (376,007,735)
Spring Steels	Kgs.	718,796 (1,066,306)	55,825,576 (86,994,311)
Springs	Nos.	16,214,236 (14,948,741)	77,622,496 (141,253,081)
Rivets & Other Components		- (-)	717508481 (346,585,315)
	Total:		1,448,942,389 (1,459,261,030)

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

	Amount (Rs.)	Percent (Rs.)
1) Raw Material Imported	134,227,004	09.26
	(239,305,705)	(16.55)
Indigenous	1,314,715,385	90.74
	(1,219,955,325)	(83.45)
Total:	1,448,942,389	100
	(1,459,261,030)	<u>(100)</u>
2) Stores & Spares:		
Imported	Nil	Nil
	(Nil)	(Nil)
Indigenous	39,362,034	100
	(44,701,694)	(100)
d) Earnings in foreign exchange - FOB	246547359	
Value of exports (on accrual basis)	(207,378,000)	
e) Expenditure in Foreign Currency on account of		
- Travel	623,109	
	(2,158,263)	
- Technical Fee	54,199	
	(446,300)	
- Other	(-)	
Total:	6,77,308	
	(2,604,563)	
f) CIF value of imports includes advances		
(on accrual basis)		
- Raw materials	131723481	
	(50,389,992)	
- Capital	NIL	
	(NIL)	

Note: - Figures in brackets are in respect of previous year

XV. Notes to financial statements form an integral part of financial statements.

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

(ALOK JAIN)
Partner
M.No. 510960

Place: New Delhi
Date: **22nd August, 2012**

For and on behalf of the Board of Directors

(V.K.MEHTA)
Chairman & Managing Director

(ANUJ MEHTA)
Executive Director

(MANISH RAI)
Company Secretary

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

CLUTCH AUTO LIMITED
PARTICULARS OF INSTALLED CAPACIT ACTUAL PRODUCTION,
SALES AND STOCKS 2011-2012

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 (200000)	1086519 (1352917)	20822 (12624)	12503580 (8850066)	15617 (20822)	7839000 (12503580)	1091724 (1344719)	876070893 (1031176927)
2	CLUTCH COVER ASSEMBLIES	150000 (150000)	577340 (890105)	11353 (11774)	12251657 (12253248)	9119 (11353)	10743000 (12251657)	579574 (890526)	935221235 (1147084525)
3	CLUTCH REPAIR KITS	20000 (20000)	657774 (370342)	288 (674)	140154 (169558)	457 (288)	124000 (140154)	657605 (370728)	137845042 (102415212)
4	METALLIC CLUTCH PLATES/DISCS	30000 (30000)	7379 (11965)	924 (2053)	1150685 (4897656)	0 (924)	0 (1150685)	8303 (13094)	23408773 (24476414)
5	CERAMIC METALLIC PAD	20000 (20000)							
6	OTHERS				1232209 (3565092)		6474000 (1232209)		474227735 (200061111)
7	EXCISE DUTY ON CLOSING STOCK				1926000 (2045500)		1621941 (1926000)		
	TOTAL		2329012 (2625329)	33387 (27125)	29204285 (31781120)	25193 (33387)	26801941 (29204285)	2337206 (2619067)	2446773624 (2505214179)

*As Certified by Management and not verified by Auditors

Figures in brackets are in respect of previous year

Licence capacity - Not applicable



NOTICE

Notice is hereby given that the 41st ANNUAL GENERAL MEETING of the Members of Clutch Auto Limited will be held as under:

Day : Saturday
Date : 29th September, 2012
Time : 10.00 A.M.
Venue : 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, 2012 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. A P Gandhi who retires by rotation and, being eligible, offers himself for re-appointment
3. To appoint a Director in place of Mrs. Pooja Kapoor who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint M/s. S C Garg & Associates, Chartered Accountants as Statutory Auditor of the Company in place of 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. S.C. Garg & Associates, Chartered Accountants, New Delhi be and are hereby appointed as Statutory Auditors of the Company in place of M/s B. Aggarwal & Co., Chartered Accountants, New Delhi, the retiring 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.”

NOTES:

1. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the Annual General Meeting, are mentioned elsewhere in the Directors Report .
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 Friday, 28th September, 2012 to Saturday, 29th September, 2012 (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. upto the date of the Annual General Meeting.

Regd. Office
2E/14 (1st Floor)
Jhandewalan Extn.
New Delhi 110 055

By Order of the Board of Directors

Manish Rai
Company Secretary

Dated: 22.08.2012

