



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.