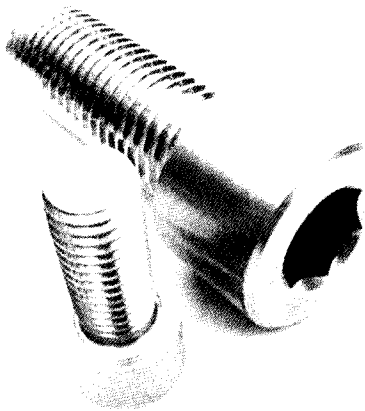


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MOHINDRA FASTENERS LTD.

15th Annual Report

**For the Year Ended
31st March, 2009**

BOARD OF DIRECTORS

(as on 25.07.2009)

Mr. Ghanshyam Dass Soni
— Non-Executive Independent Director & Chairman
Mr. Deepak Arneja
— Managing Director & CEO
Mr. Ravinder Mohan Juneja
— Managing Director
Mr. Jatinder Pal Singh Narang
— Non - Executive Director
Mr. Sudhir Arneja
— Non-Executive Director
Mrs. Bhavana Rao
— Nominee Director – IFCI Venture Capital Funds Ltd.

SENIOR EXECUTIVES

Mr. Dheeraj Juneja
Mr. Prateek Arneja

COMPANY SECRETARY

Mrs. Aarti Arora

BANKERS

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

AUDITORS

M/s. GSK & Associates
Chartered Accountants
New Delhi

**REGISTRAR & SHARE
TRANSFER AGENT**

Skyline Financial Services (P) Ltd.
246, 1st Floor, Sant Nagar, Main Iskcon Temple Road,
East of Kailash, New Delhi – 110 065

REGISTERED OFFICE

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

WORKS (IN INDIA)

60th K. M. Stone, Delhi – Rohtak Road
N. H. No. 10, V & P.O. Kharawar,
District Rohtak (Haryana)

60th K. M. Stone, Delhi – Rohtak Road
N. H. No. 10, V & P.O. Gandhra,
District Rohtak (Haryana)

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the members of the Company will be held at Aggarwal Farm House, Hiranki Road, Bakhtawarpur, Delhi- 110036 on Tuesday, 29th day of September, 2009 at 11:30 A.M. to transact the following business:

(A) ORDINARY BUSINESS

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March 2009 and Profit & Loss Account for the year ending on 31st March 2009 together with Directors' & Auditors' Report thereon.
2. To declare the dividend on equity shares for the financial year ended on 31st March, 2009.
3. To appoint a director in place Mr. Jatinder Pal Singh Narang, who retire by rotation and being eligible, offers himself for re – appointment.
4. To appoint a director in place of Mr. Ghanshyam Dass Soni, who retire by rotation and being eligible, offers himself for re – appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and fix their remuneration.

(B) SPECIAL BUSINESS

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

“RESOLVED that Mr. Sudhir Arneja, who was appointed as an additional director at the meeting of the Board of Directors held on 25th July, 2009 and whose term expires at Annual General Meeting of the Company scheduled to be held on 29th September, 2009 and for the appointment of whom the company has received a notice under section 257 of the Act from a member proposing his candidature for the office of a director, be and is hereby appointed as director of the company whose period of office will be liable to determine by retirement of rotation.”

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

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the Shareholders be and is hereby accorded for re – appointment of Mr. Deepak Arneja as a Managing Director of the Company, for a period of next five years commencing from 14th July, 2010 on the terms and conditions as stated below:

Validity of Appointment

The appointment will be valid for a period of 5 years from 14/07/2010 to 13/07/2015.

REMUNERATION

1) Basic Salary

Rs. 75,000/- per month. In the grade of Rs. 75,000 - 10,000 - 115,000.

2) Bonus/Ex-gratia – as per company rules

3) Commission

In addition to the basic salary, perquisites, allowances, benefits and amenities, commission may be paid not exceeding 1% of the net profit of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956. However, the actual amount of commission to be paid will be determined by the Board in respect of every year or part thereof and may be considered at 'nil' level of the time being unless further reviewed by the Board at a subsequent date.

4) Allowances & Perquisites

In addition to above salary & commission, he shall be entitled to the following perquisites & allowances:

- (a) HRA: 40% of the Basic Salary.
- (b) Conveyance Allowance: As per the Rules of the Company.
- (c) Children Education Allowance: As per the Rules of the Company
- (d) Tiffin Allowance: As per the Rules of the Company.
- (e) Medical Reimbursement: As per the Rules of the Company.
- (f) Leave Travel Concession: As per the Rules of the Company.
- (g) Retirement Benefits: Gratuity & Earned Leave as per the rules of the Company.
- (h) Car with driver and telephone- free use of company's car(s) with driver and free telephone/ internet facility at residence for official as well as personal use. The expenses on car used for official purpose shall be reimbursed on actual basis as per company rules and shall not be included in the computation of remuneration. However, the cost of driver and cost of maintenance of car excluding that incurred for official purpose will be considered as a perquisite.

The overall amount of perquisites, in addition to salary and commission shall be restricted to Rs. 9,00,000/- per annum.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified in Para (1), (2) , (3) & (4) above:

- a. Contribution to Provident Fund, Super Annuation Fund or Annuity Fund, if applicable, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable as per the Payment of Gratuity Act, 1972.
- c. Encashment of leave as per company's rules.

The entire remuneration by way of salary and remuneration mentioned above shall be paid as minimum remuneration, subject to the provisions under Schedule XIII of the Companies Act, 1956.

Other Terms and Conditions

- i) Remuneration for a part of the month / year shall be computed on pro-rata basis.
- ii) The appointment as aforesaid may be terminated by either party giving to the other three months notice in writing.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to fix and / or re-fix remuneration, provided that such remuneration and perquisites does not exceed limits prescribed under Schedule XIII or any other provisions of the Companies Act, 1956 and/or any statutory modification(s) thereof."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the Shareholders be and is hereby accorded for appointment of Mr. Sudhir Arneja as a Whole-Time Director of the Company, for a period of five years commencing from 1st October, 2009 on the terms and conditions as stated below:

Validity of Appointment

The appointment will be valid for a period of 5 years from 01/10/2009 to 30/09/2014.

REMUNERATION

1) Basic Salary

Rs. 45000/- per month. In the grade of Rs. 45,000 - 6,000 - 69,000.

2) Bonus/Ex-gratia – as per company rules

3) Commission

In addition to the basic salary, perquisites, allowances, benefits and amenities, commission may be paid not exceeding 1% of the net profit of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956. However, the actual amount of commission to be paid will be determined by the Board in respect of every year or part thereof and may be considered at 'nil' level of the time being unless further reviewed by the Board at a subsequent date.

4) Allowances & Perquisites

In addition to above salary & commission, he shall be entitled to the following perquisites & allowances:

- (a) HRA: 40% of the Basic Salary.
- (b) Conveyance Allowance: As per the Rules of the Company.
- (c) Children Education Allowance: As per the Rules of the Company
- (d) Tiffin Allowance: As per the Rules of the Company.
- (e) Medical Reimbursement: As per the Rules of the Company.
- (f) Leave Travel Concession: As per the Rules of the Company.
- (g) Retirement Benefits: Gratuity & Earned Leave as per the rules of the Company.
- (h) Car with driver and telephone- free use of company's car(s) with driver and free telephone/ internet facility at residence for official as well as personal use. The expenses on car used for official purpose shall be reimbursed on actual basis as per company rules and shall not be included in the computation of remuneration. However, the cost of driver and cost of maintenance of car excluding that incurred for official purpose will be considered as a perquisite.

The overall amount of perquisites, in addition to salary and commission shall be restricted to Rs. 7,20,000/- per annum.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified in Para (1), (2), (3) & (4) above:

- a. Contribution to Provident Fund, Super Annuation Fund or Annuity Fund, if applicable, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable as per the Payment of Gratuity Act, 1972.
- c. Encashment of leave as per company's rules.

The entire remuneration by way of salary and remuneration mentioned above shall be paid as minimum remuneration, subject to the provisions under Schedule XIII of the Companies Act, 1956.

Other Terms and Conditions

- i) Remuneration for a part of the month / year shall be computed on pro-rata basis.
- ii) The appointment as aforesaid may be terminated by either party giving to the other three months notice in writing.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to fix and / or re-fix remuneration, provided that such remuneration and perquisites does not exceed limits prescribed under Schedule XIII or any other provisions of the Companies Act, 1956 and/or any statutory modification(s) thereof."

Brief Resume of the Directors being re-appointed:

Name	Mr. Ghanshyam Dass Soni
Date of Birth	12/03/1947
Date of appointment	02/03/1998
Expertise in field	Mr. Ghanshyam Dass Soni is a Director & Promoter of Soni Publication Private Limited having more than 25 years of experience in Publication Industry
His Directorship in Other Companies	Soni Publication Private Limited Sumu Financial Services Private Limited
His committee Membership in Mohindra Fasteners Limited	Chairman- Audit Committee Chairman- Share Transfer & Investor Grievances & Redressal Committee
His Shareholding In the company	0.33%

Regd. Office:
 304, Gupta Arcade, Inder Enclave,
 Delhi – Rohtak Road
 New Delhi – 110 087
 Place: New Delhi
 Date: 25.07.2009

By order of the Board
 sd/-
(Deepak Arneja)
 Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF **AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.** THE PROXY FORM MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR ANNUAL GENERAL MEETING.
2. The Register of Members and Share Transfer Book will remain closed from 22.09.2009 to 29.09.2009 *(both days inclusive)*.
3. Shareholders are requested to intimate the change of address, if any to the Company immediately.
4. Members are requested to get their shares dematerialized. The ISIN code of our securities with CDSL & NSDL is INE705H01011.
5. The amount of Dividend remaining unpaid for the years 2004-05, 2005-06, 2006-07 and 2007-08, and transferred to the company's unpaid account account, can be claimed from the company by the members entitled to it for a period of seven years from the respective dates of such transfer after which it shall be transferred to the Investor Education and Protection fund constituted under section 205 (c) of the Companies Act, 1956. The amount pertaining to 2004-05 will be transferred to IEPF in October 2012.
6. In order to avoid fraudulent encashment of the Dividend warrant(s), members are advised to inform details of their Bank account number and name and address of the Bank, for incorporating the same on the Dividend warrant(s).

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.**ITEM NO. 6**

To broaden the Board of the Company Mr. Sudhir Arneja is appointed as an Additional Director in the meeting held on dated 25th July, 2009 till the date of ensuing Annual General Meeting. As per the provisions of Section 260 of the Companies Act, 1956 that the appointment of an Additional Director holds office only up to the date of the next Annual General meeting of the Company from the date of the appointment in Board meeting. Notice u/s 257 of the Act has been obtained from the members for their appointment as a Director of the Company; if they are appointed in the ensuing Annual General Meeting on the Board they will be treated as director retires by rotation for the purpose of section 256 of the Act.

The directors recommend the said resolutions for the approval of the Shareholders as set out in item No. 6 of the Notice as an Ordinary Resolutions.

Except the Directors to be appointed, none of the other Directors is an interested director with in meaning of section 297 in the above resolutions.

ITEM NO. 7

Mr. Deepak Arneja was appointed as the Managing Director of the Company as on 14th July, 1995 for a period of five years and was also re-appointed on respective dates for a period of five years i.e. upto 13th July 2010. In order to avoid the Extra Ordinary General Meeting at that time in future, the Board has re-appointed Mr. Deepak Arneja for a further period of five years w.e.f 14th July, 2010. This requires the approval of Shareholders. The re-appointment would be in accordance with Schedule XIII and other applicable provisions of the Companies Act, 1956. However, the terms & conditions of his re-appointment are as mentioned in the resolution.

The Directors recommend his re - appointment and payment of remuneration to him.

The terms of re - appointment and remuneration including minimum remuneration proposed for Mr. Deepak Arneja constitutes the abstract of the terms of re-appointment as Managing Director as required under Section 302 of the Companies Act, 1956.

None of the Directors of your Company is in any way concerned or interested in the proposed resolution except Mr. Deepak Arneja, Managing Director of the Company.

Information about the Appointee

Mr. Deepak Arneja is a Managing Director and CEO of Our Company. Born on 14th July 1970 and is a B.Com and a M.B.A (Finance). After completing his M.B.A in 1993 from Calcutta University, he joined the family Business of Trading of Bolts and Screws and in 1995 he incorporated this Company. He is looking after the overall Accounts, Exports and other financial matters of Mohindra Fasteners Limited. He has been associated with the company since inception and has been the Managing Director for the last more than 14 years.

Mr. Deepak Arneja has managed the Company competently over the past years and helped it in becoming a successful business entity in the industry. His vast industrial experience and technical and commercial knowledge of the products helped the company in enduring the difficult phases posed by industrial recession and financial problem. Over the years the total turnover and profit have increased manifold.

Mr. Deepak Arneja is a Managing Director of the Company. He takes all the key policies decisions in consultation with the senior management team and under the supervision of the board of Directors of the Company. He manages the affairs of the entire company and also oversees the major day to day events in the company.

The remuneration proposed to be paid to him is mentioned elsewhere in this Annual report.

The proposed remuneration would be commensurate with the size of the company and nature of the industry. The salary structure of the managerial personnel has undergone a major change in industry in the recent past. Keeping in view the type of the industry, size of the company, the responsibilities and capabilities of Mr. Deepak Arneja, the proposed remuneration is competitive with the remuneration paid by other companies to such similar positions.

Pecuniary relationship & relationship with managerial persons:-

Mr. Deepak Arneja is one of the promoters of the Company and has been instrumental in execution of the project.

ITEM NO. 8

Mr. Sudhir Arneja was appointed as an Additional Director by the Board at its meeting held on 25th July, 2009, to assume responsibilities as Whole Time Director of the company with effect from 1st October, 2009.

In the same Board meeting held on 25th July, 2009 the Board of Directors has appointed Mr. Sudhir Arneja as a Whole Time Director of the Company for a period of 5 years effective from 1st October, 2009 on the terms and conditions as set out in the resolution, subject to the approval shareholders of the Company.

As per the provisions of sections 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment of and remuneration to Whole Time Director requires the approval of the shareholders in General Meeting by way of an Ordinary resolution. This requires the approval of Shareholders. The re-appointment would be in accordance with Schedule XIII and other applicable provisions of the Companies Act, 1956. However, the terms & conditions of his re-appointment are as mentioned in the resolution.

The Directors recommend his re - appointment and payment of remuneration to him.

The terms of re - appointment and remuneration including minimum remuneration proposed for Mr. Sudhir Arneja constitutes the abstract of the terms of re-appointment as Whole-Time Director as required under Section 302 of the Companies Act, 1956.

None of the Directors of your Company is in any way concerned or interested in the proposed resolution except Mr. Sudhir Arneja, Director of the Company.

Information about the Appointee

Mr. Sudhir Arneja, aged 54 years, is a qualified executive with the degrees of B.com and a M.A. After completing his M.A from the Meerut University in 1978, he was working as works manager of a screw