



**MOHINDRA FASTENERS LTD.**

*16th Annual Report*

**For the Year Ended  
31st March, 2010**

**BOARD OF DIRECTORS**

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  
– Whole Time Director  
Mrs. Bhavana Rao  
– Nominee Director – IFCI Venture Capital Funds Ltd.

**SENIOR EXECUTIVES**

Mr. Dheeraj Juneja  
Mr. Prateek Arneja

**COMPANY SECRETARY**

Miss Swati Shinghal

**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, 1<sup>st</sup> 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)-124001

60th K. M. Stone, Delhi – Rohtak Road  
N. H. No. 10, V & P.O. Gandhra,  
District Rohtak (Haryana)-124001

## NOTICE

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the members of the Company will be held at Aggarwal Farm House, Hiranki Road, Bakhtawarpur, Delhi-110036 on Thursday, 30<sup>th</sup> day of September 2010 at 11:30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider & adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010 and Profit & Loss Account for the year ending on 31<sup>st</sup> March 2010 together with Directors' & Auditors' Report thereon.
2. To declare the dividend on Equity shares for the financial year ended on 31<sup>st</sup> March, 2010.
3. To appoint a director in place of 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.

**Regd. Office :**

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

Place : New Delhi

Date : 23.07.2010

By order of the Board

sd/-

**(Deepak Arneja)**

Managing Director

**Brief Resume of the Directors being re-appointed**

Name	Mr. Ghanshyam Dass Soni	Mr. Jatinder Pal Singh Narang
Date of Birth	12/03/1947	31/05/1953
Date of appointment	02/03/1998	04/08/1995
Expertise in field	He has immense years of experience in Publication Industry.	He has immense experience in Transport Industry.
Directorships in other companies	1.Soni Publication Private Limited	1. Kanpur Delhi Goods Carrier Ltd
	2. Sumu Financial Services Private Limited	2. Kanpur Delhi Transport (P) Ltd.
		3. Harjas Impex (P) Ltd.
		4. J.P. Fashion Wear ( P) Ltd.
Committee membership in Mohindra Fasteners Limited	1. Chairman-Audit Committee	NIL
	2. Chairman-Share Transfer & Investor Grievances & Redressal Committee	NIL
Shareholding in the company.	0.33%	3.47%

**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 23.09.2010 to 30.09.2010 (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, 2007-08 and 2008-2009 transferred to the company's unpaid dividend 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).

**Regd. Office :**  
304, Gupta Arcade, Inder Enclave,  
Delhi-Rohtak Road  
New Delhi-110087

Place: New Delhi  
Date: 23.07.2010

By order of the Board

sd/-  
**(Deepak Arneja)**  
Managing Director

### **Shareholder's Notice**

**Dear Shareholder,**

**Sub: PAN requirement for registration of transfer of shares in physical form**

This is with reference to the above mentioned SEBI circular. In this regard this to inform that SEBI has made submission of PAN card Mandatory for transfer of shares in physical form for listed companies vide circular no. MRD/DoP/Cir-05/2007 dated April 27, 2007.

In view of above, it shall be obligatory for the transferee(s) to furnish copy of PAN card to the Company or to Company's RTA ( Our RTA is Skyline Financial Services Private Limited R/o 246, 1<sup>st</sup> Floor, Sant Nagar, East of Kailash, Near Main Iskcon Temple Road, New Delhi-110065) for registration of transfer of shares.

This is to inform, Our Company is implementing the same for the transfer requests received on or after 21<sup>st</sup> May, 2009. Thus you are requested to record the same and send your all transfer request along with the copy of their PAN Card in future for registering the transfer of shares.

*Note: The Shares of the Company is available for Dematerialization under the Depository System with NSDL and CDSL. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE705H01011. Thus, Company makes a request to those shareholders whose shares are held in physical form to Dematerialized their securities with NSDL or CDSL in due course.*

## DIRECTORS REPORT

Dear Members,

Your Directors have great pleasure in presenting the 16<sup>th</sup> Annual Report and Audited Statement of Accounts for the year ended March 31, 2010.

### FINANCIAL RESULTS

	For the year ended	
	2009 – 2010	2008 – 2009
	(Rs. in Lacs)	(Rs.in Lacs)
Sales/ Other Income	6120.29	6569.36
Profit before interest & depreciation	1019.89	1064.74
Profit before depreciation	629.33	704.02
Depreciation for the Year	321.62	356.62
Profit before taxation	307.70	347.40
Provision for taxation:		
Current Tax	86.70	108.00
Deferred Tax	20.36	14.84
Wealth Tax	0.20	0.41
Fringe Benefit Tax	0	6.60
Profit After Tax	200.44	217.55
Add/(less) Adjustment for previous year	1.95	(1.24)
Balance brought forward from previous year	888.88	720.17
<b>Balance available for appropriation</b>		
Proposed Dividend	26.78	32.14
Dividend Tax on proposed dividend	4.44	5.46
Transfer to General Reserve	10.00	10.00
Balance carried forward	1050.05	888.88

## COMPANY'S VISION

Our Company philosophy has always focused on customer satisfaction with uncompromising integrity and quality. We thrive to be a solution provider and hence look forward for providing more value addition in our product lines. We always look forward to improve our business relationships.

## COMPANY'S MISSION

The Company will strive to achieve the following:

- to maintain the quality systems as per the International Standards
- to reduce the production cycle time and attain better operational efficiency
- to provide prompt services to the customers anywhere in the world
- to reduce cost in all areas
- to add value in the supply chain to the customers
- to maximize the Shareholder's wealth.

## OPERATIONAL REVIEW

When the year began, the Indian economy started showing signs of growth amidst the global slowdown that was still prevailing. Your Company recorded a positive growth in domestic sales turnover, however it could not carry the same momentum in Exports.

Your company's sales turnover has fallen by 7.79 % to a figure of Rs. 6057 Lacs due to lot of reasons. Some of them being are lower raw material prices in FY-2009-10 as compared to FY 2008-09, lower Exchange Rates for foreign currencies deflating the Export revenues, effects of Global recession in the first half of the financial year, loss / lack of orders of special / value added products during the recession period from the overseas markets, competition in the export market leading to fall in profit spreads.

However it is to be added that there was no decline in the total tonnage produced and sold by the Company, which shows the consistency of our business model. The Net Profit before tax (PBT) of the Company is Rs.307 Lacs as compared to previous year figures of Rs. 347 Lacs. The net profit has fallen by 11 % due to low demand of premium products by international buyers and other factors as explained above.

However, your company has achieved growth in adding business in domestic markets which remained healthy, buoyant with increasing demands. The Company is also trying to add more automotive based customers, to tap the immense potential in the automotive sector. Currently the portfolio of domestic sales to the total sales is over 50%.



## CURRENT PERFORMANCE

During the current year the prices of steel have gone up leading to marginal increase in cost of production thereby lowering down the profits in short term. The prices have now stabilized and we have received price increases from our customers, which will have a positive impact in the long term scenario. We have new orders from the Export markets which are at current valuations and this will further consolidate our financials over the year. There seems to be a marked improvement in the ordering pattern made by our overseas customers. As explained above the Indian Industry scenario remains promising and buoyant. In view of the above, your Company is looking forward for further expansion plans to deliver better performance in terms of higher sales with cost controls.

## QUALITY MANAGEMENT SYSTEM

The Company envisages a vision of Zero Defect Policy. The Company has strengthened its efforts towards implementing 5S & six sigma to enhance the quality of work and products. Your Company is also working towards OHSAS: 18001 to implement safety drive.

## INTEGRAL REPORTS

A "Corporate Governance Report" and a "Management Discussion and Analysis Report" form an integral part of this Directors' Report as per the requirement of clause 49 of listing Agreement and have been placed as its **Annexure "A" and "B"** respectively.

The Corporate Governance Report highlights the philosophy of Corporate Governance, discloses composition of Board of Directors, discloses the code of conduct and Audit Committee, their details, functions, attendance and remuneration of directors etc. and general information for shareholders. It is supplemented by two compliance certificates:-

- (i) Certificate signed by the Managing Director affirming receipt of compliance with the code of conduct from all Board members during the year 2009-2010. (**placed at Annexure " A-2)** as per clause 49 (I) (D) (ii) of the Listing Agreement ; and
- (ii) Certificate of compliance of Corporate Governance provisions of clause 49 signed by the Auditor of the company as per clause 49 (VII) of the Listing Agreement. (**placed at Annexure " A-4)**

The Management Discussion and Analysis Report provides an overview of the affairs of the Company, its business environment, mission & objectives, outlook, operational performance, its resources & systems, strengths, opportunities, constraints, risks & concerns, strategies, prospects, etc.

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the articles of association of the Company, Mr. Ghanshyam Dass Soni and Mr. Jatinder Pal Singh Narang, the directors, are due to retire at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

Details of the directors seeking re-appointment are provided in the Corporate Governance Report forming part of this report, as required under clause 49 of the listing agreement with the stock exchanges.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the provisions under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:-

- i) that in preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2010 they have followed the applicable accounting standards along with proper explanation relating to material departure;
- ii) that they have selected accounting policies and applied them consistently and made judgments and estimates that were 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 for the year under consideration;
- iii) that they 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 they have prepared the annual accounts of the Company for the financial year ended 31<sup>st</sup> March, 2010 on a going concern basis.

## **AUDITORS**

M/s. GSK & Associates, Chartered Accountants, Auditors of the Company, retire in accordance with the provisions of Section 224 of the Companies Act, 1956 and being eligible offer themselves for re-appointment in the ensuing Annual General Meeting.

## **PARTICULARS OF EMPLOYEES**

None of the Employees of the Company is covered under sub section 2(A) of Section 217 of the Companies Act, 1956.