



MOHINDRA FASTENERS LTD.

17th Annual Report

For the Year Ended
31st March, 2011

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 - General Manager (SCM)
Mr. Prateek Arneja - Sales & Marketing

COMPANY SECRETARY

Mrs. Neha Gera

BANKERS

The Karnataka Bank Limited
11/14, West Patel Nagar
New Delhi – 110008

AUDITORS

M/s. GSK & Associates
Chartered Accountants
New Delhi

**REGISTRAR & SHARE
TRANSFER AGENT**

Skyline Financial Services (P) Ltd.
D-153 / A, 1st Floor,
Okhla Industrial Area, Phase-1,
New Delhi-110020

REGISTERED OFFICE

304, Gupta Arcade
Inder Enclave, Delhi - Rohtak Road
New Delhi – 110087

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 17th Annual General Meeting of the members of the Company will be held at Aggarwal Farm House, Hiranki Road, Bakhtawarpur, Delhi-110036 on Friday, 16th day of September, 2011 at 11:30 A.M. to transact the following business:

(A) ORDINARY BUSINESS

1. To receive, consider & adopt the Audited Balance Sheet as at 31 st March 2011 and Profit & Loss Account for the year ending on 31st March 2011 together with Directors' & Auditors' Report thereon.
2. To declare the dividend on equity shares for the financial year ended on 31 st March, 2011.
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.

(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 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. Ravinder Mohan Juneja as a Managing Director of the Company, for a period of next five years commencing from 1 st January, 2012 on the terms and conditions as stated below:

Validity of Appointment

The appointment will be valid for a period of 5 years from 01/01/2012 to 31/12/2016.

REMUNERATION

1) Basic Salary

₹ 85,000/- per month. In the grade of ₹ 85,000 - 10,000 - 125,000.

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) Perquisites & Allowances

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 ₹ 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."

Regd. Office:

304, Gupta Arcade, Inder Enclave,
Delhi - Rohtak Road
New Delhi – 110087

Place : New Delhi
Date : 23.07.2011

By order of the Board

Sd/-
(Deepak Arneja)
Managing Director

Brief Resume of the Directors being re-appointed

	Particulars of Director	Particulars of Director
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 years of experience in Transport Industry
Directorships in other companies	1. Soni Publication Private Limited 2. Sumu Financial Services Private Limited	1. Kanpur Delhi Goods Carrier Ltd. 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 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 09.09.2011 to 16.09.2011 (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, 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 205C 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

Mr. Ravinder Mohan Juneja was appointed as the Managing Director of the Company as on 1 st January, 1 997 for a period of five years and was also re- appointed on respective dates for a period of five years i.e. upto 31st December, 201 1 . In order to avoid the Extra Ordinary General Meeting at that time in future, the Board has re - appointed Mr. Ravinder Mohan Juneja for a further period of five years w.e.f. 1 st January, 201 2. This requires the approval of Shareholders. The re-appointment would be in accordance with Schedule XIII and other applicable provisions of the Companies Act, 1 956. 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. Ravinder Mohan Juneja 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. Ravinder Mohan Juneja, Managing Director of the Company.

Regd. Office:

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

Place : New Delhi
Date : 23.07.2011

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, D-153A, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020) 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 st 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 17th Annual Report and Audited Statement of Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

	For the year ended	
	2010 – 2011 (₹ in Lacs)	2009 – 2010 (₹ in Lacs)
Sales/ Other Income	7557.67	6099.02
Profit before interest & depreciation	1064.86	999.42
Profit before depreciation	681.98	629.33
Depreciation for the Year	294.59	321.62
Profit before taxation	387.39	307.70
Provision for taxation		
Current Tax	121.57	86.70
Deferred Tax	50.40	20.36
Wealth Tax	0	0.20
Profit After Tax	215.43	200.44
Add/(less) Adjustment for previous year	(0.88)	1.95
Balance brought forward from previous year	1050.05	888.88
Balance available for appropriation		
Proposed Dividend	40.18	26.78
Dividend Tax on proposed dividend	6.52	4.44
Transfer to General Reserve	10.00	10.00
Balance carried forward	1207.90	1050.05

COMPANY'S VISION

Our Company philosophy has always focused on customer satisfaction with uncompromising integrity and quality. We strive to carry products and new developments with the finest value and quality in the market.

In order to meet our customer expectations, we ensure that our sales team generates enthusiasm and respond with extra efforts in addressing our customer's needs.

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

Your Company's sales turnover has increased by 21 % to a figure of ₹ 7331 Lacs. Out of this exports contributed ₹ 3252 Lacs which is close to 44% of the revenues. The Net Profit before tax (PBT) of the Company is ₹ 387 Lacs as compared to previous year figures of ₹ 307 Lacs. The net profit grew by about 26%. Your Company has achieved growth both in Exports & Domestic markets. The Company is trying to add more customers in the domestic market.

The effects of global recession which were felt last year, did not have any negative effects in the current year although the European economies of Greece, Portugal, Spain & Italy remain a concern area. The year under review saw positive contributions from foreign exchange fluctuations. Your Company intends to be a niche player in various market segments and is working hard to achieve the goal.

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. In the medium to long term scenario, when we receive price increases from customers, this is likely to have a positive impact. The commissioning of our new Heat Treatment Line is complete and we are ready to accept newer challenges in the market. 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 done by our overseas customers.

We are happy to inform you that your Company delivered a fairly good performance on quarter to quarter comparison. The first quarter of this year saw a growth of over 38% over the first quarter of the previous year. The Export outstandings in terms of orders available with your Company are substantial and the Indian market is also fairly strong. We strongly believe that we will be able to deliver a robust performance this year.

QUALITY MANAGEMENT SYSTEM

The Company has been accredited with numerous certifications for adopting and implementing international quality systems in all its operations. Its streamline manufacturing process and ethical business practices have enable it to earn international certifications like: ISO 9001 :2000 and ISO/TS 16949:2002.

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 2010-2011 . (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.

In the Board Meeting held on 23rd July, 2011, Mr. Ravinder Mohan Juneja was reappointed as Managing Director for a further period of five years effective from 01st January, 2012 to 31st December, 2016, subject to the approval of the shareholders, as his term will expire on 31st December, 2011. In order to avoid the Extra Ordinary General Meeting at that time in future, the Board has re-appointed Mr. Ravinder Mohan Juneja for a further period of five years w.e.f. 1st January, 2012. 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 this Annual Report.

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 31st March, 2011 they have followed the applicable accounting standards along with proper explanation relating to material departures;
- ii) that they 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 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 31st March, 2011 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.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Your Company's energy requirements continued to develop significantly as it commissioned new manufacturing facilities and as it increased production at existing facilities. However, the Company is making all efforts to put stress on energy conservation by taking measure to ensure that plant be kept continuous running and idle time is reduced to bare minimum.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo Information pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption & foreign exchange earnings and outgo are given by way of Annexure to this Report.

HUMAN RESOURCES

The Company enjoyed harmonious relation with all employees in the factory and office throughout the year. Your Directors wish to place on record their appreciation of the dedicated and commendable services rendered by the