



MOHINDRA FASTENERS LTD.

18th Annual Report

**For the Year Ended
31st March, 2012**

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

SENIOR EXECUTIVES

Mr. Dheeraj Juneja - General Manager (SCM)
Mr. Prateek Arneja - General Manager (S & M)

COMPANY SECRETARY

Ms. Madhu Kaushik

BANKERS

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

AUDITORS

M/s. GSK & Associates
Chartered Accountants
New Delhi - 110055

**REGISTRAR & SHARE
TRANSFER AGENT**

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

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 18th Annual General Meeting of the members of the Company will be held at Red Rose Farm House, Budhpur, New Delhi – 110036 on Saturday, 22nd day of September, 2012 at 11:30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March 2012 and Statement of Profit & Loss for the year ending on 31st March 2012 together with Directors' & Auditors' Report thereon.
2. To declare the dividend on equity shares for the financial year ended on 31st March, 2012.
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 : 28.07.2012

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. 5. Nikunj Netweb Solution (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.	1.93%	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 15.09.2012 to 22.09.2012 (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, 2008-2009, 2009-2010 and 2010-2011 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).

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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-I, 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 21st 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 18th Annual Report and Audited Statement of Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

	For the year ended	
	2011 – 2012 (₹ in Lacs)	2010 – 2011 (₹ in Lacs)
Sales/ Other Income	9307.75	7557.67
Profit before interest & depreciation	1304.11	1064.86
Profit before depreciation	895.03	681.98
Depreciation for the Year	327.12	294.59
Profit before taxation	567.91	387.39
Provision for taxation:		
Current Tax	183.00	121.57
Deferred Tax	(9.88)	50.40
Profit After Tax	394.79	215.43
Add/(less) Adjustment for previous year	(18.38)	(0.88)
Balance brought forward from previous year	1207.91	1050.05
Balance available for appropriation		
Proposed Dividend	80.35	40.18
Dividend Tax on proposed dividend	13.04	6.52
Transfer to General Reserve	20.00	10.00
Balance carried forward	1470.93	1207.90

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. We envisage ourselves to be a solution provider to our customers.

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 all customers
- to reduce cost in all areas
- to add value in the supply chain to the customers
- to maximize the Shareholder's wealth

OPERATIONAL REVIEW

The Company recorded total net sales & other income of ₹ 9307.75 Lacs for the Financial Year ended 31st March, 2012 as against ₹ 7557.67 Lacs achieved during the Previous Financial Year, which is close to a growth of 23% in total revenues. The export sale was at ₹ 4940.18 Lacs as against ₹ 3251.86 Lacs in the previous year.

The Net Profit before tax (PBT) of the Company is ₹ 567.91 Lacs as compared to previous year figures of ₹ 387.40 Lacs. The net profit grew by about 46.60 %. The Company has achieved growth both in Exports & Domestic markets.

The company continues to be a net foreign exchange earner for the Fifteenth year in succession.

DIVIDEND

The Board is pleased to recommend the dividend @ 15% i.e. ₹ 1.50 per share of ₹ 10/- each fully paid up, for the financial year ended on 31st March, 2012. The dividend, if approved by the shareholders at the Annual General Meeting shall be payable to shareholders, whose names appear in the Register of Members, as on 15.09.2012. The total outgo on account of dividend, inclusive of Dividend Tax @ 16.2225% (inclusive of Surcharge & Educational Cess) stands at ₹ 93.39 Lacs. The tax will not be deducted at source.

TRANSFER TO GENERAL RESERVE

Out of the profits of the company, a sum of ₹ 20 Lacs transferred to general reserve and total reserve and surplus of the company is ₹ 1704.76 Lacs as on 31st March, 2012.

CURRENT PERFORMANCE

The current year has started on a mixed note. While we see certain sectors of the economy in negative group, some are even flat. The manufacturing sector is witnessing a flat trend with automotive sector showing different growth patterns. However your company has performed well and there has been a marginal growth of 6% for the first quarter of the current financial year.

In the Automotive segment, the two wheeler segment sales are up, passenger car segment sales are flat and heavily biased towards diesel driven engines. Heavy truck segment sales are down. However, we do expect sales in the automotive segment to grow in second quarter (Q2) of this year.

The exports scenario is also giving mixed results. Our basket of customers are well diversified in terms of geographical spreads and hence we do not foresee difficulties in short to medium term.

We are hopeful of delivering a fairly good and satisfying performance to our shareholders.

AWARD AND RECOGNITION

During the Financial Year, your company has received **Green Vendor Award** from M/s Hero MotoCorp Limited.

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 enabled 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 2011-2012. (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.

Mrs. Bahvna Rao, nominee director of IFCI Ventures Capital Funds Ltd. has resigned from the post of directorship of Mohindra Fasteners Limited w.e.f 11th May, 2011.

COST AUDITOR

In respect of Circular no. 52/26/CAB-2010, dated 30.06.2011, Company appointed M/s Sanjay Kumar Garg & Associates as the cost auditor to conduct the cost audit of the company for the financial year 2011-12.

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, 2012 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, 2012 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 (2A) 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

MFL holds pride in its systems for providing a good quality of work-life to its employees. It encourages a culture of mutual respect and trust amongst peers, superiors and subordinates. We also maintain good harmonious industrial relations amongst the employees in our organization.

MFL shares the growing concern on issues related to Environment and Occupational Health & Safety (EHS) and is committed to protect in and around its own establishment and to provide Safe & Healthy Environment to all its employees for fulfilling these obligations.

A Health, Safety & Environment Policy has been formulated and implemented through Management System. In recognition of this MFL has been awarded ISO 14001:2004 & OHSAS 18001:2007

Our HR Deptt. shall ensure competent and committed team engaged in building a culture of learning to achieve excellence in performance and employee satisfaction by enhancing their skills through Training & Development Programs for innovation & continual improvement of the employees.

FIXED DEPOSIT

Your Company has not accepted / invited any deposit within the meaning of Section 58 – A of the Companies Act, 1956.

CASH FLOW ANALYSIS

In compliance with the provision of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31st March, 2012 is annexed hereto.

CORPORATE GOVERNANCE

The Company is committed to build a long term shareholder value with full emphasis on corporate governance. In achieving this objective, the Company has always endeavored to operate as a responsible and law abiding, corporate entity. The corporate governance practices followed by your Company along with a certificate from the Auditors of the Company confirming the Compliance of Corporate Governance have been given separately & form part of this Annual Report.

ACKNOWLEDGEMENT

The Board of directors' place on record their sincere appreciation for the dedicated efforts put in by all employees, their commitment and contribution ensuring sustained growth that your Company has achieved in competitive and challenging times during the year. Your directors would like to record their sincere appreciation for the support and co-operation that your Company received from all government authorities, financial institutions, distributors, suppliers and business associates whom your Company regards as partners in progress. The Board of Directors also express their appreciation for the assistance and co-operation extended by the bankers and unstinted support received from all group Companies.

Your directors thank the shareholders for their confidence in the Company.

Regd. Office:

304, Gupta Arcade, Inder Enclave,
Delhi – Rohtak Road
New Delhi - 110 087
Place : New Delhi
Dated : 28.07.2012

By order of the Board

Sd/-
Ravinder Mohan Juneja
(Managing Director)

Sd/-
Deepak Arneja
(Managing Director)