



TECHNOFAB ENGINEERING
L I M I T E D

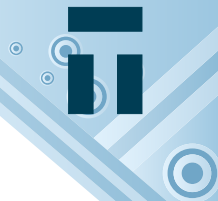
An Engineering Procurement & Construction Company

India ■ Kenya ■ Ethiopia ■ Ghana ■ Fiji ■ Malawi
Liberia ■ Tanzania ■ Zimbabwe ■ Mozambique



ANNUAL REPORT & ACCOUNTS 2012-2013





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GENERAL INFORMATION

BOARD OF DIRECTORS

Mr. Avinash C Gupta
Chairman & Managing Director

Mr. Arjun Gupta
Whole Time Director

Mr. Nakul Gupta
Whole Time Director

Mr. Pawan Chopra
Non Executive and Independent Director

Mr. V S Mathur
Non Executive and Independent Director

Mr. Arun Mitter
Non Executive and Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mrs. Jyoti Singh

STATUTORY AUDITORS

RAJESH SURESH JAIN & ASSOCIATES
Chartered Accountants,
E-3/38, IInd Floor, Sector-7,
Rohini, Delhi-110085

WEBSITE

www.technofabengineering.com

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase-I,
Near PVR, Naraina
New Delhi-110028
Ph: +91-11-41410592
Fax: +91-11-41410591

INVESTOR SERVICES E-MAIL ID

investors@technofabengineering.com





CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me great pleasure to welcome you to our Company's 42nd Annual General Meeting Today.

The economy is going through a very difficult period and investment in sectors from which we derive our business has slowed down to a bare trickle. Nor are there any signs of an early upturn and the current year is therefore going to see a continuation of the ongoing difficult times.

It is in scenario that there is some satisfaction we have derived in being able to swim against the current and achieve some growth, even if modest in comparison to the preceeding five years.

Past Lessons

A decade and a half ago we had faced a similar situation and it had then taken us several years to recover. That experience had not only toughened us, but also led to the evolution of our underlying business philosophies and strategies, on which I had dwelt last year.

Having realized the importance of market diversification while sticking to our core competence of executing turnkey electro mechanical projects, leveraging our project management skills, we have, over the years successfully achieved this diversity, both sectorally and geographically. As a result we are no longer vulnerable to slowdown in any one or even a few of the sectors that we operate in. This is now benefiting us in the sense that despite the difficult situation we still managed to grow last year, even if modestly, and largely protected our profits. This happened because the electrical distribution/rural electrification and the overseas markets yielded good business, and this compensated for the domestic slowdown in traditional sectors.

Outlook

In the current year too I am anticipating a modest growth in business. However I would like to emphasize that if these difficult times continue we would prefer to hunker down and conserve resources rather than pursue any unrelated diversification or financial leveraging for the sake of merely achieving top line growth.

Nevertheless I have the confidence in our ability to cope with the current headwinds. It is on account of this confidence that the Company has stood by its policy of increasing dividend in small incremental steps . At 25% it is the highest ever dividend.

Thank You

Avinash C Gupta

Chairman & Managing Director

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the members of Technofab Engineering Limited will be held at the **India Islamic Cultural Centre, 87-88 Lodhi Road, New Delhi - 110003** at 10.30 A.M. on **Wednesday, the 25th day of September, 2013** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2013, the Balance Sheet as on March 31, 2013 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare the dividend for the year ended March 31, 2013.
3. To appoint a Director in place of Mr. Nakul Gupta, Director who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Pawan Chopra, Director who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.


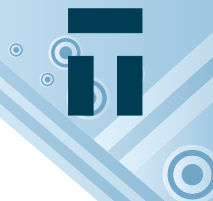
SPECIAL BUSINESS

6. **Increase in remuneration of Shri Avinash C Gupta Chairman & Managing Director of the Company.**

To Consider, and if thought fit, to pass with or without modification(s) the following resolution as a special resolution

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time, approval of the Members be and is hereby accorded for alteration in terms and conditions including increase in remuneration of Shri Avinash C Gupta, Chairman and Managing Director of the Company with effect from September 1, 2013 as set out below for the remaining term of his tenure:

1. **Basic Salary:** ` 5.85 lacs per month with authority to the Board of Directors (which expression shall include a Committee thereof) to revise the basic salary from time to time, ensuring that any such decision shall be in compliance with Companies Act, 1956, taking into account the performance of the Company.
2. **Housing:** Fully furnished residential accommodation, the cost of which shall not exceed 50% of the basic salary per annum or House Rent Allowance in lieu thereof.
3. **Medical Expenses:** Reimbursement of medical expenses incurred in India and abroad (including insurance premium for medical and hospitalization policy, if any) on actual basis for self and family, subject to ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
4. **Leave Travel Allowance:** For self and family, in accordance with Rules of the Company.
5. **Club Fees:** Membership of two Clubs in India (including admission and membership fee).

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6. **Entertainment:** Travelling and all other expenses incurred for the business of the Company shall be reimbursed as per Rules of the Company.
 7. **Car & Telephone:** The Company shall provide car with driver and telephone at the residence of the Managing Director for business purposes of the Company.
 8. **PF Contribution:** Contribution to Provident Fund shall be as per the rules of the Company and applicable laws.
 9. **Gratuity:** Gratuity payable shall be as per rules of the Company & applicable laws.
 10. **Performance Incentive:** upto 2% of the net profit of the Company P.A.

All subject to the condition that total managerial remuneration during a financial year does not cross the threshold limit of 5% or 10% of the net profits of the Company, as the case may be, as per Section 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of no profit or the profits being inadequate In any financial year of the Company during the currency of tenure of his office, he shall be paid such Salary, commission and perquisites not exceeding limits as set out in Schedule XIII to the Companies Act, 1956 unless approved by the Central Government.

The following perquisites however shall not be included in the Computation of the ceiling on remuneration:

1. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.


RESOLVED FURTHER THAT he shall be entitled to re-imbursement of all out of pocket expenses which may be incurred by him for and in the course of business of the Company.

RESOLVED FURTHER THAT so long as Shri Avinash C Gupta functions as the Managing Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any committee thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised do such acts and deeds as may be necessary to give effect to the aforesaid resolution."

NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the company. The proxy forms to be valid should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.

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2. After declaration of the dividend at the Annual General Meeting, the dividend warrants/ pay orders/ demand drafts for the dividend amount are scheduled to be posted from September 26, 2013 onwards to the members, whose names appear on the Register of Members on close of business hours on September 19, 2013.
 3. The Register of Members and the Share transfer books of the Company shall remain closed from 20th September, 2013 to 25th September, 2013 (both days inclusive).
 4. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts in respect of item no. 6 is attached.
 5. Members are requested:
 - a. To notify the change of address, if any, to the Company immediately.
 - b. To carry along their copy of the Annual Report at the Annual General Meeting for ready reference.
 - c. To produce at the entrance the enclosed attendance slip duly completed and signed for admission to the meeting place.


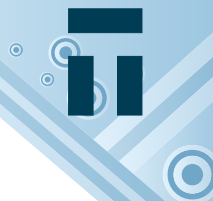
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Shri Avinash C Gupta Managing Director of the Company was appointed by the Board of Directors of the Company for a period of 5 years w.e.f. 01.04.2009. Under his able leadership and guidance, the Company has been able to successfully come out with its IPO and has today become a multi location profit generating unit. It is proposed to revise the terms and conditions including remuneration of Shri Avinash C Gupta for the remaining period of his existing term.

The revised terms and conditions w.e.f. 01.09.2013 are as under:-

1. **Basic Salary:** ` 5.85 Lacs per month with authority to the Board of Directors (which expression shall include a Committee thereof) to revise the basic salary from time to time, ensuring that any such decision shall be in compliance with Companies Act, 1956, taking into account the performance of the Company.
2. **Housing:** Fully furnished residential accommodation, the cost of which shall not exceed 50% of the basic salary per annum or House Rent Allowance in lieu thereof.
3. **Medical Expenses:** Reimbursement of medical expenses incurred in India and abroad (including insurance premium for medical and hospitalization policy, if any) on actual basis for self and family, subject to ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
4. **Leave Travel Allowance:** For self and family, in accordance with Rules of the Company.
5. **Club Fees:** Membership of two Clubs in India (including admission and membership fee).
6. **Entertainment:** Travelling and all other expenses incurred for the business of the Company shall be reimbursed as per Rules of the Company.

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7. **Car & Telephone:** The Company shall provide car with driver and telephone at the residence of the Managing Director for business purposes of the Company.
 8. **PF Contribution:** Contribution to Provident Fund shall be as per the rules of the Company and applicable laws.
 9. **Gratuity:** Gratuity payable shall be as per rules of the Company and applicable laws.
 10. **Performance Incentive:** upto 2% of the net profit of the Company P.A.

All subject to the condition that total managerial remuneration during a financial year does not cross the threshold limit of 5% or 10% of the net profits of the Company, as the case may be, as per Section 309 of the Companies Act, 1956.

In terms of the provisions of the Companies Act read with Schedule XIII, consent of members of the Company by way of Special Resolution is required to give effect to the proposed increase in remuneration of Managing Director.

None of the Directors, except Mr. Avinash C Gupta, Mr Arjun Gupta and Mr. Nakul Gupta are in anyway, concerned or interested in the resolution set out at item no. 6 of the notice.

Nature of Interest:

Shri Avinash C Gupta is Chairman & Managing Director of the Company. As this resolution is for increase in his own remuneration.

Shri Arjun Gupta & Shri Nakul Gupta Directors of the Company being son of Shri Avinash C Gupta are interested in the resolution.

The Board recommends the resolution set out at item no.6 of the Notice, for your approval.

For Technofab Engineering Limited

**Avinash C Gupta
Chairman & Managing Director**

**Place: New Delhi
Date:13.08.2013**

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their Annual Report on the business and operations of your Company along with the audited statement of accounts for the year ended 31st March, 2013.

THE FINANCIAL HIGHLIGHTS ARE SET OUT BELOW

	Year ended March 31, 2013 (` In Million)	Year ended March 31, 2012 (` In Million)
Turnover (from operations incl. export incentives)	4263.01	3773.32
Other Income	19.33	43.33
Total Income	4282.34	3816.65
Total Expenditure	3701.78	3264.77
Profit before Interest, depreciation and Tax (EBIDTA)	580.56	551.88
Less: Interest & finance charge	73.28	37.13
Less: Depreciation	35.47	21.15
Profit before Tax	471.81	493.60
Less: Provision for Tax- current tax	137.50	149.00
Less: Wealth Tax	0.35	0.27
Profit before Deferred Tax	333.96	344.33
Add/(Less): Deferred Tax Credit/(Debit)	(7.04)	(2.27)
Profit after Tax	326.92	342.06
Add/(Less): Income Tax for earlier years	(1.58)	(0.40)
Profit Available for Appropriation	325.34	341.67
Proposed Dividend including Dividend Tax	30.68	24.38
Transfer to General Reserve	150.00	150.00
Profit After Appropriation	144.66	167.28
Balance Brought Forward From Last Year	392.80	225.52
Profit & Loss Account balance	537.46	392.80

REVIEW OF OPERATIONS

Financial Highlights

The financial year 2012-13 has seen your Company successfully protect the momentum that it had created since 2005-2006. Your company achieved a gross operating turnover of ` 4263.01 Million for the year ended 31st March, 2013 as against ` 3773.32 Million for the previous financial year. This amounts to a 12.98% growth over the previous year. The EBIDTA at ` 580.56 Million increased by 5.19 % in comparison to the previous year. The EBIDTA margin stood at 13.62%, as against 14.63% during the previous year and compares well with those