



ANNUAL REPORT

2013-2014



TECHNOFAB ENGINEERING

L I M I T E D

An Engineering Procurement & Construction Company

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Statement u/s 212 of the Companies Act, 1956		



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, Independent Director

Mr. V S Mathur
Non Executive, Independent Director

Mr. Arun Mitter
Non Executive, Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Sandeep Kuamr Vij

STATUTORY AUDITORS

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

WEBSITE

www.technofabengineering.com

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase-I,
Near PVR, Naraina,
New Delhi-110028

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 43rd Annual General Meeting.

It is now three years in a row that the general economic slowdown is continuing. What is different today is that there is once again a mood of optimism. While there is still no improvement in the situation on the ground, there are clearly high expectations of such an improvement happening soon.

Last year I had expressed confidence in our ability to cope with the headwinds and the Company had announced its highest dividend of 25%, on the expectation of continuing but modest growth in business.

At the macro level, the Company's business strategy has continued to be successful. On the other hand, at the micro level, a setback in one particular overseas project has substantially impacted our profitability. More details on this issue are covered in the Directors Report. As a direct consequence we have been compelled to skip dividend this year.

What is heartening is that the success of our business strategy at the macro level has resulted in our securing record fresh business of over ₹ 8.7 billion. As a result we are hopeful to be back on the growth path in the current year. The new business has largely been in the rural sectors, both water and power, which means that the margins will be modest.

Outlook

An order book of ₹ 12 billion gives us a fairly clear visibility of revenue growth in FY 15 and FY 16. We should be back on the growth path, but the real impetus will come from fresh business consequent to our country's economy rebounding to a higher growth trajectory.

While any exuberance is uncalled for, I look forward to the future with quiet optimism.

Thank You

Avinash C Gupta

Chairman and Managing Director



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd 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 **Thursday, the 25th day of September, 2014** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2014, the Balance Sheet as on March 31, 2014 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Sh. Arjun Gupta, Director who retires by rotation and being eligible, seeks re-appointment.
3. To re-appoint M/s Rajesh Suresh Jain & Associates, Chartered Accountants (FRN: 017163N) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Consent of the Company be and is hereby accorded to appoint, Shri Pawan Chopra (DIN:00417967), Director of the Company in respect of whom the Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, as an Independent Director on the Board of Directors of the Company to hold office up to 5 (five) consecutive years commencing 25th September 2014, not liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Consent of the Company be and is hereby accorded to appoint, Shri Viresh Shankar Mathur (DIN:01382982), Director of the Company in respect of whom the Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, as an Independent Director on the Board of Directors of the Company to hold office up to 5 (five) consecutive years commencing 25th September 2014, not liable to retire by rotation.”



6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Consent of the Company be and is hereby accorded to appoint, Shri Arun Mitter (DIN:00022941), Director of the Company in respect of whom the Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, as an Independent Director on the Board of Directors of the Company to hold office up to 5 (five) consecutive years commencing 25th September 2014, not liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

To reconfirm authority to the Board of Directors for borrowing money up to ₹ 1500 crore.

“RESOLVED THAT in supersession of resolution passed in this regard at the Annual General Meeting of the Company held on 11th August, 2011 and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and the rules made there under (including any statutory modifications or re-enactment thereof for the time being in force) (‘the Act’) and other applicable provisions, if any, of the Act and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’ which term shall include a committee thereof authorized for the purpose) of the Company, to borrow, from time to time, any sum or sums of money (including non-fund based banking facilities) as may be required for the purpose of the business of the Company, from one or more Banks, Financial Institutions and other persons, firms, bodies corporate, whether in India or abroad, notwithstanding that the monies so borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may at any time exceed the aggregate of the paid up Capital of the Company and its Free Reserves (reserves not set apart for any specific purpose) provided that the total amount that may be borrowed by the Board and outstanding at any point of time, shall not exceed the sum of ₹ 1500 crores (Rupees One Thousand Five Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such act, deeds and things as may be necessary and expedient to give effect to this resolution.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

To authorize Board of Directors to enter into related party transactions

“RESOLVED THAT Pursuant to the provisions of section 188 and other applicable provisions, if any of the Companies Act, 2013 (the “Act”) and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to enter in to contracts and/or arrangements with the related parties as defined under the act with respect to sale, purchase or supply of any goods



or materials, selling or otherwise disposing of or buying, leasing or property of any kind, availing or rendering of any services or any other transaction of whatever nature with related parties.”

Name of the Related Parties

1. Techfab International Private Limited
2. Techfab Systems Private Limited

“RESOVED FURTHER THAT for the purpose of giving effect to this resolution, the board be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

9. 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 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), and all guidelines for managerial remuneration issued by the Central Government from time to time, consent of the Company be and is hereby accorded to the re-appointment of Shri Avinash C Gupta as Managing Director of the Company for a period of (3) three years with effect from April 1, 2014 on the terms and conditions including payment of remuneration as set out below:

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 revision shall be in compliance with Companies Act, 2013, 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.
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: up to 2% of the net profit of the Company P.A.

Subject to the condition that total managerial remuneration during a financial year does not exceed the threshold limit of 5% or 10% of the net profits of the Company, as the case may be, as provided under Section 197 of the Companies Act, 2013.

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 V to the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of no profit or the profit being inadequate in financial year of the Company during the currency of tenure of his office, the Company may pay salary, commission and perquisites to Shri Avinash C Gupta, in excess of limits as set out in Schedule V of the Companies Act, 2013, subject to approval of the Central Government and subject to such conditions and modifications as may be prescribed by Central Government while granting such approval and such other consents and approvals as may be required.

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 to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. 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 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), and all guidelines for managerial remuneration issued by the Central Government from time to time, consent of the Company be and is hereby accorded to the re-appointment of Shri Arjun Gupta as Whole Time Director of the Company for a period of (3) three years with effect from April 1, 2014 on the terms and conditions including payment of remuneration as set out below:

1. Basic Salary: ₹ 2.34 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 revision shall be in compliance with Companies Act, 2013, 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 one club 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.
7. Car & Telephone: The Company shall provide car with driver and telephone at the residence of the Whole Time 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 1% of the net profit of the Company P.A.

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 197 of the Companies Act, 2013.

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 V to the Companies Act, 2013.