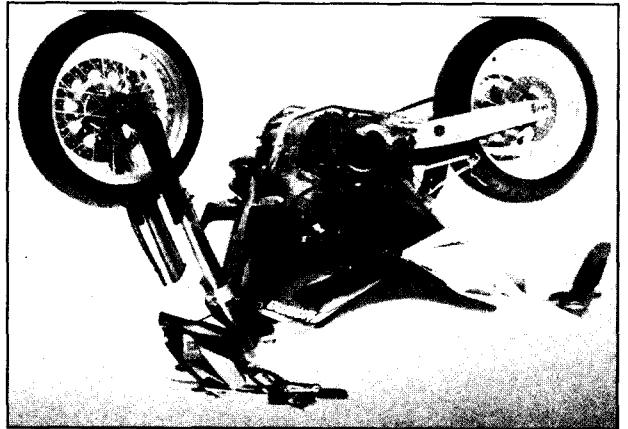
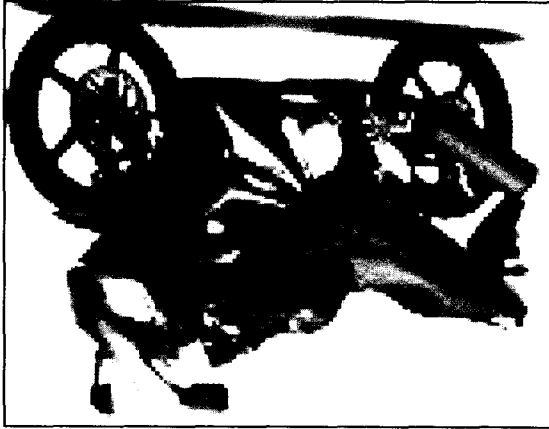
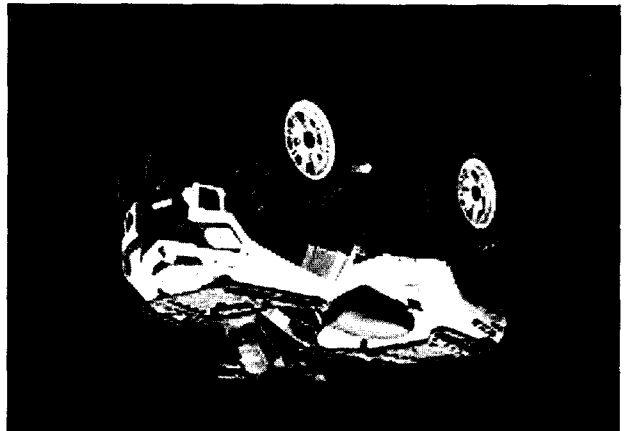
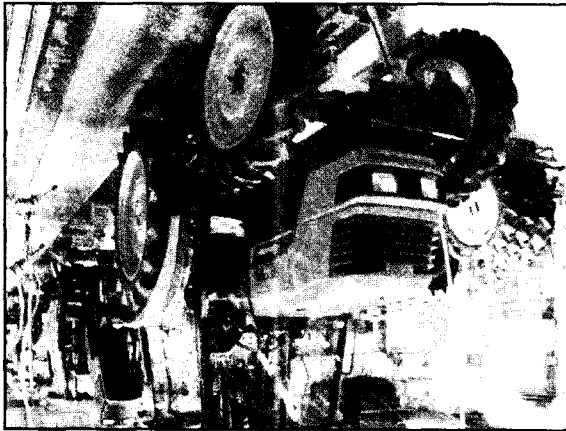


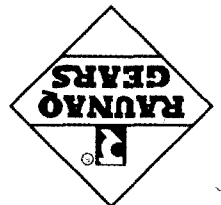
26th Annual Report
2008-09



The sky is the limit



RAUNAQ AUTOMOTIVE COMPONENTS LIMITED





BOARD OF DIRECTORS

Mr. Gursharan Singh	Chairman and Managing Director
Mr. Madan Lal	Director
Mr. Devender Singh	Nominee Director (PICUP)
Mr. Anil Sharma	Director
Mr. K. K. Shukla	Nominee Director (PICUP)
Mr. D.R.Arya	Director & Company Secretary

Compliance Officer

Mrs. Manju Gupta

Statutory Auditors

A. Sachdev & Co.
Chartered Accountants
New Delhi

Internal Auditors

Gianender & Associates
Chartered Accountants
New Delhi

Bankers

State Bank of India
AXIS Bank Ltd.

Registered Office

15th Floor, Chiranjiv Tower
43, Nehru Place, New Delhi-110019.

Works

A-3, Industrial Area
Gajraula, Dist. J.P. Nagar-244223.
(UP).

Registrar & Share Transfer Agents

MAS Services Ltd.
T-34, 2nd Floor,
Okhla Industrial Area-II
New Delhi

RACL Branches

1. Delhi
2. Haldwani

Contents	Page No.
NOTICE	2
DIRECTORS' REPORT	5
CORPORATE GOVERNANCE REPORT	11
AUDITORS' REPORT	18
BALANCE SHEET	21
PROFIT & LOSS A/C	22
SCHEDULES	23
BALANCE SHEET ABSTRACT	32
CASH FLOW STATEMENT	33



NOTICE

NOTICE is hereby given that 26th Annual General Meeting of the members of Raunaq Automotive Components Limited will be held on Saturday, the 26th September, 2009, at 10.00 AM at Shivam Garden, Bawana Road, Narela, Delhi-110040, to transact the following business :

AS AN ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the Financial year ended on that date, along with reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Anil Sharma, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Devender Singh, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. A. Sachdev & Co., Chartered Accountants, as Statutory Auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS

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

"RESOLVED THAT in partial modification of the resolution passed in the Annual General Meeting held on 29th September, 2008, consent of the Company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and other applicable provisions for the time being in force, to mortgage and/or create hypothecation/ other charge by the Board of Directors of the Company, on all movable as well as immovable properties of the Company, wherever situated, present as well as future, including the whole of undertaking of the Company together with powers to take over the management of the business & concern of the Company in certain events, to or in favour of State Bank of India to secure/ to be secured payment of the additional amount mentioned as under :

i.

S. No.	Name of the Bank	Additional Facilities already availed / to be availed	Particulars of Security
1.	State Bank of India	Additional Facilities aggregating Rs.400 lacs by way of Standby Line of Credit (SLC)	Additional financial assistance of Rs. 400 lacs given by SBI as SLC - TL shall be secured as under: Primary - First Charge on the fixed assets of the company, procured/ to be procured from the TL Collateral - (i) Extension of first charge on the other fixed assets (present and future) of the company. (ii) Extension of first charge on the current assets of the company. Personal Guarantee - (i) Mr. Gursharan Singh (ii) Mr. D.R. Arya

- ii. The interest payment at the agreed rate/additional interest, commitment charges and other moneys payable, whether funded and payable, or not funded and payable by the Company to the State Bank of India in terms of the loan agreements whether executed or to be executed/letters of sanction and memorandum of terms & conditions entered/to be entered into in respect of aforesaid borrowings."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to make or accept any amendment, modification, change or alteration as may be required from time to time by the lenders in connection with the creation of aforesaid charge(s)/mortgage(s) in its favour."



"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with the lender the documents for creating the charges/mortgages mentioned hereinbefore and to do all such acts, deeds or things as may be considered necessary or incidental thereto."

for RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

**Place : New Delhi
Dated : 29th July, 2009**

**Sd/-
(D. R. ARYA)
DIRECTOR & C.S.**

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a member. **Proxies in order to be effective must be received, duly completed in the enclosed format, at the Registered Office of the Company not later than 48 hours before the time fixed for the Annual General Meeting.**
2. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed at the entrance of the meeting for attending the meeting. **No Attendance Slip shall be issued at the meeting.**
3. M/s. A. Sachdev & Co., Statutory Auditors of the company, have intimated that their appointment, if made, will be within the limits specified in Section 224 (1B) of the Companies Act, 1956.
4. Members who have multiple folios in identical names or joint folios in same order are requested to send all their relevant Share Certificate(s) to the Company for consolidation into one folio to facilitate better service.
5. *The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2009 to 26th September, 2009 (both days inclusive).*
6. Members desiring to seek any information on the Annual Accounts are requested to write to the Company at least seven days in advance so as to keep the information ready at the meeting.
7. Members are requested to bring their copy of the Annual Report at the meeting.
8. Members are requested to notify the change in their address, if any, to the Company immediately quoting their Folio number.



DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

Item No.2

Mr.Anil Sharma aged about 60 years is an Engineering Graduate, BE (Electrical), from University of Roorkee, having Post Graduate Diploma in Management from All India Management Association, New Delhi. Mr.Anil Sharma has retired as General Manager of PICUP, a state Level Industrial & Development Corporation. He has a wide experience of more than 27 years of project development, implementation and follow-up in different segments of industry particularly in Automotive Components and Telecommunication sectors. He is on the Board of following companies :

1. Jalpac India Ltd.
2. Harig Crank Shafts Ltd.
3. Saladino Continental Ltd.

Mr.Anil Sharma is an Independent Director on our Board. He is also a member of Audit Committee and Remuneration Committee of the Company. He is not holding any shares of the company.

None of the Directors except Mr.Anil Sharma is considered to be interested in this resolution.

Item No.3

Mr.Devender Singh, aged about 51 years is an M.Com, CAIB and MBA (Fin.) from University of Delhi. He is an experienced professional serving as General Manager (Finance), at PICUP, Lucknow, having a vast experience of 26 years in Industries, Administration, Finance and Projects. He is on the Board of the following companies :

1. Harig Crank Shafts Ltd.

Mr.Devender Singh has been nominated a Director by PICUP on our Board. He is Chairman of Audit Committee and a member of Remuneration Committee of the Company. He is not holding any shares of the company.

None of the Directors except Mr.Devender Singh is considered to be interested in this resolution.

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

Item No.5

State Bank of India has sanctioned additional Financial facilities aggregating Rs.400 Lacs by way of Standby Line of Credit (SLC-TL). The said facilities shall be secured by way of

- i) First charge on the Fixed Assets of the Company procured/ to be procured from the Term Loan.
- ii) By way of extension of First charge on the Fixed Assets of the Company (both present & future)
- iii) By way of extension of First charge on the current Assets of the Company
- iv) By way of Personal Guarantee of
 1. Mr.Gursharan Singh
 2. Mr.D.R.Arya

For this purpose necessary resolution has been passed by the Board of Directors which has already approved this arrangement.

None of the Directors in anyway is interested in the resolution.

**By Order of the Board
for RAUNAQ AUTOMOTIVE COMPONENTS LIMITED**

**Sd/-
(D. R. ARYA)
DIRECTOR & C.S.**

**Place : New Delhi
Dated : 29th July, 2009**



DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors present 26th Annual Report and Audited Statement of Accounts of your Company for the Financial year ended 31st March, 2009.

FINANCIAL RESULTS :

(Rs.in Lacs)

Particulars	2008-2009	2007-2008
Sales and Other Income	6558	5981
Operational Expenses	5924	5342
Depreciation	184	175
Financial Charges	202	214
Gross Profit/(Loss)	248	250
Provision for Taxes/ Def.Tax Liab/ including earlier years	40	99
Net Profit	208	151
Profit (Loss) b/f from last year	101	(51)
Profit carried to Balance Sheet	309	101

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industrial Scenario 2008-09

The Financial Year 2008-09 has been a difficult year for the Global Economy as a whole. India also could not escape from the worldwide recession. The resultant effect was that, export orders had either been delayed or cancelled. Domestic OEMs had rescheduled their Production plans. Few of the manufacturers even resorted to halt in production lines to liquidate the inventories.

Nevertheless, India has a vast potential for Automobiles including manufacturing of components for Automotive Sector. Various indigenous Automobile Manufacturers, who have large vehicle manufacturing facilities with corresponding facilities of European/American/Japanese OEM's, are augmenting the demand of Auto Components by outsourcing for their International requirements. The impact of recession has already started fading off since March & the recovery process has already set in at a fast pace. As on now, the automotive industry has started ramp up to attain same growth pace as it was performing before recession. Every OEM is putting its best efforts & resources to come out of this recession & putting its foot forward to maintain the growth momentum. Recently announced economic concessions by Govt. of India, have also helped the Indian automotive Industry to a large extent.

b) Opportunities and threats

Opportunities

It is expected that, the world wide recession shall create more opportunities for India growth story as India-based players have a competitive edge, because of a strong foundation of engineering skills and cost competitiveness that will help Indian Automotive industry considerably to grab significant part of this opportunity.

Economists have already indicated and it is also being observed that India shall move ahead of developed countries in this down turn, which is quite evident from the fact, that, in Europe & America the effect of the recession is still going on & the recovery phase has not yet started. Whereas, India has already started showing growth figures in automotive sector. There are severe cost pressures on European/ American Automotive manufacturers. It shall result creating additional demand of Auto Components shifting the manufacturing base to low cost countries like India, China and Thailand etc.



Government of India needs to adopt a proactive approach to tap the emerging potential by treating the automotive components industry as a priority & strategic sector and facilitate the sector's growth. Auto Components Industry has to gear up fully to tap the potential migration of manufacturing capacity & accord utmost thrust in the following areas:

- a) Improvements in Quality System & Environment Management System.
- b) Infrastructure improvement and technology up-gradation.
- c) Consistent thrust on retaining the skilled manpower and following best corporate practices.

Threats

In terms of WTO Agreement, Foreign Investments are being continuously liberalized as tariff / non-tariff barriers are being removed. All restrictions on Imports are being relaxed in a time bound manner. Many overseas component manufacturers have already set up their Indian arms & entered in auto component industry in a considerable manner.

The prices of Raw Material during the year have continued to be volatile, thus, putting severe pressure on the margins. However, your company is making strenuous effort to review & refine manufacturing processes to meet out the challenges of lower margins by adopting Kaizen / VA/ VE/ Lean manufacturing techniques.

c) Risks & Concerns

Risks

The growth of automotive component industry is dependent solely upon overall performance of the entire automotive sector. During the last year, the impact of Global recessionary waves adversely affected the Export Markets. Apart from that all the companies based in India, which are governed by Europe/USA have curtailed their ambitious sourcing initiatives. Domestic OEMs also reduced their Production Plans. There is a volatility in the market, due to which sustainability of business viability is at risk.

Replacement market is also under continued pressure of high competition and price sensitiveness. In order to improve the sales more and more incentive schemes, discount schemes are being offered to the customers, which affect the profit margins.

Concerns

The areas of concern are poor infrastructure in the field of Highways, Ports, Electricity and availability of raw materials, particularly alloy steels, aluminum etc. Cumbersome taxation & other administrative procedures, outdated labor laws, multiple Tax System on Auto Components are also a gray area. Although the recent initiative of Govt by announcing reduction in the Excise Duty has made the Product pricing attractive to the end customer, but still a lot is required to be done in this regard for further growth of overall Automotive Sector. Long term sustainability of the effect of the economic measures also needs to be established.

d) Internal Control Systems and their adequacy

The Company has adequate internal control systems, which ensure proper recording of transactions of its operations and also protection against misuse or loss of the company's assets. Internal audit of the company is carried out at periodic intervals by an independent firm of Chartered Accountants, to ensure that the company's internal control system are adequately complied with and adhered to.

During the year under review, ERP System has improved the overall efficiency of the company at every level. The Company has installed Biometric Attendance System to improve the working of HRD Deptt. The Company is also undertaking steps to broaden the Scope and coverage of other areas of ERP functioning such as Manufacturing/PPC/Machine Loading / Capacity Utilization etc. which will help the company to bring in efficiency at all levels of operations of company.

e) Cautionary Note

Certain statements in the management discussion and analysis section may be forward looking and are stated as required by applicable Laws & Regulations. Many other factors may affect the actual results, which would be different from what the Directors envisage in terms of the future performance and outlook.



f) Performance of the company

RACL has been no exception to the overall recession but the efforts made by the management in the previous years for introduction of new customers, came to our rescue. Had it not been so, the results for the financial year under review, could have been not so encouraging. Though, the company could not achieve the budgeted turnover but it has achieved a growth of 13% over the last year sales performance.

In the Financial Year 2008-09, the company achieved an Income of Rs.6558 lacs as compared to Rs.5980 lacs in 2007-08. The company could achieve an operating profits of Rs.248 Lacs (PBT) as compared to Rs.250 lacs (PBT). The company has made a provision of Rs.40 Lacs on account of Income Tax/ Deferred Tax Liabilities.

The company has a MAT credit of Rs.10 lacs which shall be utilized/ adjusted for payment of Income Tax in future. Company has a surplus of Rs.309 Lacs in Profit & Loss Account.

During the Financial year under review, the company has, not only consolidated its business share with all its existing OEM customers, but has also developed new components for their global requirement, the impact of which shall be reflected in the current year operations. The demand from existing OEM customers has also increased and we are fully geared up to meet their expectations.

Stringent measures have been undertaken for bringing down cost of manufacturing. The same has been achieved by introducing latest energy saving techniques in production machines, lighting & other equipments. The company is implementing various VAVE methods, by encouraging employees participation in various activities undertaken for bringing improvements in productivity, efficiency, and waste reduction/ elimination.

The Company has successfully completed two years journey under the aegis of ACT (ACMA Center of Technology) through, which the company has achieved remarkable improvement in overall performance of the company.

EXPORTS

As indicated Last year, the Company is performing extremely well on the Export front. Prestigious MNC companies from different parts of the globe have been included on our Customers list widening the Export Horizon. During the year under review, a significant growth has been achieved on the Export front. The Company directly exported goods worth Rs.754 Lacs in 2008-09 against Rs.423 Lacs in FY 2007-08, thus registering an increase of 78%. For the Financial Year 2009-10, the Company has set even higher targets for Export Market. The Company contemplates to not only surpass its previous Export Turnover but also expects addition of more world renowned customers in the Automotive Sector.

FUTURE OUTLOOK

Although, there had been a general trend of slow down in automotive sector, yet, the company achieved an overall 13% increase in sales and 78% increase in direct exports. This could be achieved due to farsighted approach of the management, which has not only helped the company to mitigate the slow down trends, but also opened new vistas of growth in domestic and international market. New products / new customers developed during the past year are indicators of better fortunes in the times to come.

On the Export front the company has entered into new regions and has grabbed business from some of the world renowned Automobile Manufacturers

The Company shall be catering to not only their captive consumption but also their global requirement. The tough competition faced by the company in the past have shown the path of growth in Export segment and we expect a bright future as our outlook is positive and the company has on excellent order book position for the coming years.

DIVIDEND

Although, all the accumulated losses have been wiped out and company has accumulated profits of Rs.309 lacs but considering the existing fund requirements and keeping in view global slow down & replacement of old and worn out machinery/technology upgradation. The Board of Directors considered it appropriate not to declare any dividend for the current year.



FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the financial year ending 31st March, 2009.

SEBI REGULATION & LISTING FEES

Since SEBI has stipulated electronic filing of Annual Report, Corporate Governance Report, Shareholding Pattern, etc., on its website www.sebidifar.nic.in, the statement of your company can be accessed at this website.

The Financial Results of the company can also be accessed at the company's website www.raunaqauto.com.

The annual listing fee for the year under review has been paid to Bombay Stock Exchange Ltd., Mumbai, where your company's shares are listed.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchange, a Report on Corporate Governance is provided elsewhere in this Annual Report along with the Auditor's Certificate on the compliance thereof.

DIRECTORS

During the year under review, PICUP has withdrawn the nominations of Mr. Prabhat Kumar and Mr. D.K. Sharma as Directors of the Company. The Board of Directors place on record the appreciation for the guidance rendered by Mr. Prabhat Kumar and Mr. D.K. Sharma during their tenure as Directors. PICUP has nominated Mr. K. K. Shukla in place of Mr. D. K. Sharma as its Nominee Director.

In accordance with the provisions of The Companies Act, 1956 and Memorandum and Articles of Association of the company Mr. Anil Sharma and Mr. Devender Singh, Directors of the company retire by rotation and being eligible offer themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility statement it is hereby confirmed

- i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors 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 of the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company believes that employees are its real strength and their contribution remains main force towards its growth.

During the year under review, there has been a cordial relationship between the Workers & Management. The Management has been taking effective steps to raise the morale of work force by introduction of Kaizen Scheme, incentives for best workers and most productive & disciplined employees.

The Board of Directors recognize and place on record the concerted efforts made by the Company's Executives, Officers, Staff and Workers at all levels.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under 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 is enclosed at Annexure "A" and forms part of this report.



AUDITORS AND AUDIT REPORT

The Company has obtained the requisite certificate from M/s.A.Sachdev & Co., U/s 224(1B) of the Companies Act, 1956 according their consent to act as Statutory Auditors of the Company if appointed as per provisions contained under Companies Act, 1956. The Director's reply to Auditors Report is stated elsewhere in the report. (please see notes to accounts)

M/s .A .Sachdev & Co., Chartered Accountants, New Delhi Auditors of the company retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

AUDITORS' CERTIFICATE

The Auditors have certified the Company's compliance of the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement and the same is annexed to the Report on Corporate Governance.

SECRETARIAL AUDIT

As per the directives of the Securities and Exchange Board of India (SEBI), M/s.K.K.Malhotra & Company, Company Secretaries, New Delhi, undertakes a Secretarial Audit on quarterly basis. The audit is aimed at reconciliation of total shares held in CDSL, NSDL and in physical form with the admitted, issued and listed capital of the company.

The Secretarial Audit Reports as furnished by the Secretarial Auditors were forwarded on quarterly basis to the Stock Exchange.

ACKNOWLEDGEMENTS

Your Directors wish to place their appreciation of the continued support, assistance and co-operation extended to the Company by the Company's Bankers, The Pradeshiya Industrial & Investment Corporation of U.P. Ltd (PICUP), the State and Central Government and other Government Agencies.

Your Directors also wish to place on record their appreciation of the confidence reposed by its valued Customers, Suppliers and Esteemed Shareholders, without whose continuing support the achievements of the company would not have been possible.

For and on behalf of Board
for RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Sd/-

(GURSHARAN SINGH)

Chairman and Managing Director

Place : New Delhi

Date : 29th July, 2009



ANNEXURE "A" TO THE DIRECTORS' REPORT

Particulars required under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

In accordance with National Policy for Conservation of Energy & use of alternate Resources of Energy, the Company has been making strenuous efforts on this front. During the year, the Company has started Saving Energy by taking the following steps :

1. Installation of Translucent roof sheets & making maximum use of natural light, thus conserving most scarce electrical energy
2. Installation of energy efficient lamps & fans
3. Use of water based cutting oils as on alternative to petroleum based oils
4. Installation of naturally draft Turbo ventilator to save electrical energy
5. H.T. Regulator for reduction in Maximum Demand of Electricity and for improvement in Power Factor resulting in saving of electrical energy

Power and Fuel Consumption :	2008-2009	2007-2008
(a) Electricity		
(i) Purchased		
Units (in Lacs)	32.31	31.57
Total amount (Rs.in Lacs)	133.06	130.28
Rate Per Unit (Rs.)	4.12	4.13
(ii) Own Generation		
(a) Through Diesel Generator		
Units (in Lacs)	5.27	2.65
Unit Per Ltr of Diesel Oil	3.24	3.68
Cost Per Unit (Rs.)	11.47	10.34
(b) Through Steam Turbine/Generator	NIL	NIL
(b) Coal	NIL	NIL
(c) Furnace Fuel (LPG)		
Consumed (in MT)	475.60	448.63
Total Amount(Rs.in Lacs)	216.47	188.79
Average Rate per MT (Rs.in Lacs)	0.46	0.42
(d) Other/Internal Generation	NIL	NIL

B. TECHNOLOGY ABSORPTION

a) Research & Development

The Company is engaged in the manufacturing of Automotive Gear to OEM & for Replacement Market for domestic & Overseas Customers. Since, the product is manufactured as per design and specifications drawn by the OEM hence it does not require any Research & Development as such. However, the Company is undertaking every possible step for improvements in processes and product development.

b) Technology Absorption

The main focus of the company is towards technological up gradation to meet all global quality requirements. Recently, the Company has achieved a new milestone by entering in to the field of Gear Honing for producing DIN 7 quality of gears. Company has installed state of the art 5 axes CNC Gear honing facility to cater most stringent quality requirements of its customers.

C. FOREIGN EXCHANGE INFLOW AND OUTGO

Expenses incurred in foreign exchange are as follows :

	2008-09	2007-08
	(Rs.in Lacs)	(Rs.in Lacs)
- Foreign Travelling	18.86	9.38
- Purchase of Machineries (including Advances)	111.37	—
Purchase of Tools & Spares	2.57	—
Earnings in Foreign Exchange	712.90	378.10



CORPORATE GOVERNANCE REPORT

MANDATORY REQUIREMENTS

The company has complied with all the mandatory requirements of Clause 49 of Listing Agreement entered into with Stock Exchange.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate governance at Raunaq Automotive Components Ltd is commitment to pursue growth by adherence to national benchmark of corporate governance and is all about based on the Principal of Involvement, direction & control of the affairs of the company that ensure optimum transparency, overall well being & welfare of the system that takes into the account stakeholders interest in every business decision.

The Company's Philosophy on Corporate Governance is based upon the principles of promotion of ethical and responsible decision taking to encourage enhanced performance, transparency & integrity in financial reporting, recognitions to the legitimate rights of shareholders, legal and statutory compliance in its right spirit. It is a means of effective control, professionalism and accountability in all area of enhancing the customers' satisfaction.

BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD

The present Board consists of 2 Executive Directors, 4 Non-Executive Directors (2 Independent Directors & 2 Nominee Director of PICUP).

(B) NON EXECUTIVE DIRECTORS

With their vast experience and knowledge and with their independence of judgement Non Executive Directors deliberate the subject thoroughly at the board meeting. Non Executive Directors are paid sitting fee only and that they do not have any material pecuniary relationship with the company.

The sitting fee paid to Non Executive Directors is within the limits prescribed under the Companies Act, 1956.

(C) COMPOSITION OF BOARD OF DIRECTORS

Name of Director	Designation/ Description	No. of Board Meetings attended (1.4.2008 to 31.3.2009)	Last AGM Attendance (Yes/No)	No of outside Director- ships held	No of Membership in other committee	Gross remuneration/ sitting fee drawn during the period 1.4.2008 to 31.3.2009
Mr.Gursharan Singh	Chairman and MD	6	Yes	-	1	Rs.3423869/-
Mr.D.R.Arya	Director(F) & C.S.	6	Yes	-	1	Rs.1620000/-
Mr.Anil Sharma	Independent Director	5	Yes	3	2	Rs. 36000/-
Mr.Devender Singh	Nominee Director	4	No	1	2	Rs. 32000/-
Mr.Madan Lal	Independent Director	6	Yes	1	3	Rs. 44000/-
Mr. K. K. Shukla \$	Nominee Director	-	No	-	-	-
Mr.Prabhat Kumar @	Nominee Director	1	No	-	-	Rs. 4000/-
Mr.D.K.Sharma #	Nominee Director	-	No	-	-	-

\$ Mr. K.K. Shukla has been nominated by PICUP w.e.f. 20/07/2009

@ Nomination of Mr.Prabhat Kumar has been withdrawn by PICUP w.e.f. 13/10/2008

Nomination of Mr.D.K.Sharma has been withdrawn by PICUP w.e.f. 20/07/2009

INFORMATION SUPPLIED TO THE BOARD

The Board of RAQL is regularly presented with all information under the following heads, wherever applicable. These are submitted either as part of the agenda papers well in advance of the Board Meetings or are tabled in the course of the Board Meetings.

Among others, this includes :

- Annual operating plans and budgets, capital budgets, updates
- Quarterly results of the company along with detailed business analysis/Internal Audit Reports



- Minutes of the meetings of Audit Committee/Share Transfer Committee and other committee,
- Materially important show cause, demand, prosecution and penalty notices,
- Significant labour problems and their proposed solution-wise agreement,

DIRECTORS WITH MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS, PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

The directors, apart from drawing directors remunerations, have no other related party transactions, pecuniary or business relationship with the company & the same are reported in the Notes to Accounts & Accounting Policies.

AUDIT COMMITTEE

(A) QUALIFIED AND INDEPENDENT AUDIT COMMITTEE:

The company has been complying with the provisions of clause 49 of the listing agreement and in terms of the provisions of section 292A of the Companies Act, 1956, its functions, powers and role is in compliance with the same.

Mr.Devender Singh, is the Chairman of Audit Committee, who is General Manager(F) at PICUP.

(B) REVIEW OF INFORMATION BY AUDIT COMMITTEE

The Audit Committee review the day to day functions of the company and receive every information that flows from the company during the year and in particular on the following subject:

1. Management discussions and analysis of financial condition, quarterly results and technical operations of the company.
2. Scrutiny and Analysis of Internal Audit Reports/Statutory Audit Reports.
3. Report and comments on weakness /deficiencies in Internal Control System.
4. Appointment and Remuneration of Internal Auditors/Statutory Auditors.

SUBSIDIARY COMPANIES:

The company does not have any subsidiary company.

CONSTITUTIONS OF COMMITTEE

AUDIT COMMITTEE

SHARE TRANSFER COMMITTEE

Name of Director	No. of meetings attended	Name of Director	No. of meetings attended
Mr.Devender Singh	4	Mr.Gursharan Singh	18
Mr.Anil Sharma	3	Mr.D.R.Arya	19
Mr.Madan Lal	4	Mr.Madan Lal	19

Mr.D.R.Arya, Director (Finance) & C.S. is Secretary to all the above Committees.

COMPLIANCE OFFICER

Mrs.Manju Gupta, is the Compliance Officer of the Company.

CORPORATE GOVERNANCE DISCLOSURES :

Raunaq Automotive Components Limited is making all efforts to benchmark itself with the guidelines issued by Securities & Exchange Board of India (SEBI) from time to time.

1. Raunaq Automotive Components Limited has an optimum combination of Executive & Non-Executive Directors.
- 2a. As per directions of SEBI, the company has appointed MAS Services Ltd., T-34, 2nd Floor, Okhla Industrial Area-II, New Delhi as Share Transfer Agents (Common Agency) to look into the Electronic Connectivity & Physical Share Transfer Work of the Company.
- 2b. To expedite the process of share transfers and dematerialization of shares, the Board has delegated the power of share transfer to a committee that attend to share transfer formalities and Demat Procedures. The Meeting of Share Transfer Committee are held frequently and shares received for transfer/dematerialization are returned within stipulated statutory period.. Share transfers/ transmissions/dematerialization of shares approved by the Committee are placed at the next Board Meeting.

During the 12 months ending 31.3.2009, the Share Transfer Committee met 19 times.



3. MEETING OF BOARD & AUDIT COMMITTEE (2008-09)

BOARD MEETING			AUDIT COMMITTEE MEETING		
Date of Meeting	Place	No. of Directors present	Date of Meeting	Place	No. of Directors present
30.06.08	New Delhi	5	30.06.08	New Delhi	5
28.07.08	New Delhi	5	28.07.08	New Delhi	5
01.09.08	New Delhi	5	31.10.08	New Delhi	4
29.09.08	New Delhi	4	29.01.09	New Delhi	5
31.10.08	New Delhi	4			
29.01.09	New Delhi	5			

MEANS OF COMMUNICATION

- The quarterly results are generally published in Financial Express (English) and in Jansatta (Hindi)
- The quarterly financial statements and all other information is disseminated to analysts/institutional investors and is posted on Company's website (www.raunaqauto.com)

SHAREHOLDERS INFORMATION

1. Annual General Meeting

Date : 26th September, 2009
 Venue : Shivam Garden, Bawana Road, Narela, Delhi
 Time : 10.00 A.M.

Details of last three AGMs held

YEAR	DATE	TIME	VENUE	BOOK CLOSURE
2005-2006	30.09.2006	10.00 AM	New Delhi	27.09.2006 to 30.09.2006
2006-2007	29.09.2007	10.00 AM	New Delhi	25.09.2007 to 29.09.2007
2007-2008	29.09.2008	10.00 AM	New Delhi	24.09.2008 to 29.09.2008

2. Financial Calendar :

Financial Period : 1st April, 2008 to 31st March, 2009
 For the Financial Year 1st April, 2008 to 31st March, 2009 Quarterly results were announced on :
 - 28th July, 2008, 31st October, 2008, 29th January, 2009
 For the Financial Year 1st April, 2008 to 31st March, 2009 Audited results were announced on :
 - 30th May, 2009

3. Book Closure :

The dates of book closure are from 22nd September, 2009 to 26th September, 2009 (both days inclusive)

4. Listing :

The company's shares are listed and traded on the The Bombay Stock Exchange Ltd., Mumbai
 The ISIN Number of RAUNAQ on both the NSDL and CDSL is INE704B01017.
 The Company has already paid the Listing Fee for the Current Year to The Bombay Stock Exchange Ltd., Mumbai.

5. Investor Services(Investor Grievances Committee)

- a) Details of non-compliance by RAUNAQ, penalties, strictures imposed on RAUNAQ by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : NIL



b) Letters received during the year 2008-09

Nature of Letters	Received	Cleared
Enquires relating to Transfer Transmission, Demat etc.	6	6

6. Stock Market Price Data for the year 2008-09

The High & Low Prices during each month in the Last Financial Year on Mumbai Stock Exchange are given below :

MONTH	MUMBAI STOCK EXCHANGE	
	HIGH(Rs.)	LOW (Rs.)
April,08	21.80	15.50
May	20.80	18.30
June	21.50	17.50
July	18.00	13.50
Aug	19.65	15.70
Sept	22.25	18.10
Oct	18.50	13.25
Nov	16.20	12.00
Dec	13.00	9.80
Jan,09	12.50	11.50
Feb	8.86	7.08
Mar	8.01	8.01

7. Categories of Shareholders as on 31st March, 2009

Shareholding Pattern

Category	No. of shares	% of Paid up capital
A Promoters' Holding		
1. Promoters		
a) Indian Promoters		
- PICUP	1503300	18.95
- REWT	3398687	42.85
b) Foreign Promoters	—	—
2. Persons acting in concert	90005	1.14
Sub Total (A)	4991992	62.94
B Non-Promoters Holding		
3. Institutional Investors		
a. Mutual Funds and Unit Trust of India		
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	500	0.006
c. Foreign Institutional Investor		
4. Others		
a. Private Corporate Bodies	343191	4.33
b. Indian Public	2553440	32.19
c. Non Resident Indians/Overseas	42477	00.54
Sub Total (B)	2939608	37.06
G.TOTAL (A+B)	7931600	100.00



8. Distribution of shareholding as on 31st March, 2009

Distribution	No. of Share holders	% of Shareholders	No of shares	% of Shareholding
Up to 5000	6743	90.595	1111223	14.010
5001 - 10000	378	5.079	324858	4.096
10001 - 20000	149	2.002	228704	2.883
20001 - 30000	63	0.846	163595	2.063
30001 - 40000	28	0.376	98548	1.242
40001 - 50000	20	0.269	94150	1.187
50001 - 100000	32	0.403	212956	2.685
100001 & Above	33	0.430	5697566	71.834
TOTAL	7446	100.00	7931600	100.00

9. Convertible Share Warrants

During the year under review, the Company has allotted 19,00,000 (Nineteen Lacs partly paid convertible warrant (Paid up value Re. 1/- per warrant) and has also received a premium of Re.1 per warrant on preferential basis as per resolution passed by the shareholders of the company at their last Annual General Meeting.

10. Shares held in physical and dematerialized form

As on 31st March, 2009 81.18% of RACL's shares were held in dematerialized form and the remaining 18.82% in physical form.

Break up of physical and dematerialized shares as on 31st March, 2009

	No. of Folios (Physical)	No. of Folios (Demat)	No. of Shares (Physical)	No. of Shares (Demat)	Total Folios	Total Shares
RACL	4221	3225	1493107	6438493	7446	7931600

11. PLANT LOCATION :

Raunaq Automotive Components Limited
A-3, Industrial Area, Gajraula
Distt.J.P.Nagar-244223 (U.P.)

**12. REGD. OFFICE :
OF THE COMPANY**

Raunaq Automotive Components Limited
15th Floor, Chiranjiv Tower, 43, Nehru Place
New Delhi - 110 019

**13. INVESTOR :
CORRESPONDENCE**

- (1) Mrs. Manju Gupta
Compliance Officer
Raunaq Automotive Components Limited
15th Floor, Chiranjiv Tower, 43, Nehru Place
New Delhi- 110 019
Tel : (011) 26418622 / 33 / 55
Fax : (011) 26448962
- (2) MAS Services Ltd
T-34, 2nd Floor, Okhla Indl. Area-2
New Delhi - 110 020
Tel : (011) 26387281 / 82 / 83
Fax : (011) 26387384



CODE OF CONDUCT

The Board of Directors has a well defined code of conduct for all the Board members and Sr. Management of the company.

The members of the Board of Directors and Senior Management personnel have affirmed compliance with the code applicable to them during the year ending 31.03.2009. The annual report of the company contains a Certificate duly signed by the CMD in this regard.

DISCLOSURES:

- 1) **There is no related party transaction that have potential conflict with the company.**
- 2) **During the last 3 years there has been no non-compliance by the company and there is no penalties, strictures imposed on the company by Stock Exchange or SEBI or any other statutory authority in any manner related to capital market or otherwise.**
- 3) **The company has complied with the mandatory conditions of corporate governance and also constituted Remuneration committee which review the managerial remunerations payable to CMD and whole time Director.**
- 4) **Receipt from Public Issues, Rights Issues, Preferential Issues**

The company has issued 19,00,000 (Nineteen Lacs) partly paid convertible warrants (paid up value Re.1/- per warrant) and also has received premium on the preferential basis of Re.1/- per warrant during the year under review. (2008-09)

CEO & CFO CERTIFICATION:

The CMD, the CEO and the Chief Financial Officer have certified to the Board of Directors of the company that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee that there is:
 - (i) No significant change in internal control over financial reporting during the year.
 - (ii) No significant change in Accounting policies during the year under review, and
 - (iii) No instance of fraud in the company in which the management or an employee having a role.

Whether Special Resolutions were put through Postal ballot last year :	No
Details of voting pattern	Not applicable
Persons who conducted the postal ballot exercise	Not applicable
Whether Special resolutions are proposed to be conducted through postal ballot	Not applicable



AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members
Raunaq Automotive Components Limited
New Delhi

We have reviewed the relevant records of Raunaq Automotive Components Limited (the company) for the year ended on 31st March, 2009 relating to compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our review was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and according to information and explanations given to us, we state that to the best of our knowledge the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

We have to state that no investor grievance against the Company is pending for a period exceeding one month as per the records maintained and certified by the Registrars of the Company.

We further state that such compliance is neither an assurance as to future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of
A.Sachdev & Co.,
Chartered Accountants

Sd/-
B.K.AGARWAL
Partner
Membership No.90771

Place : New Delhi
Date : 29th July, 2009

COMPLIANCE WITH CODE OF CONDUCT

This is to certify that the company has laid down Code of Conduct for all Board Members and Senior Management of the company and the copy of the same uploaded on the website of the company www.raunaqauto.com

It is further certified that the members of the Board of Directors and Senior Management personnel have affirmed having complied with the code applicable to them during the year ended March 31, 2009.

Sd/-
GURSHARAN SINGH
Chairman and M.D.

Place : New Delhi
Date : 29th July, 2009



AUDITOR'S REPORT

To,
The Members,
Raunaq Automotive Components Limited

We have audited the attached Balance Sheet of Raunaq Automotive Components Limited as at 31st March, 2009 and also the Profit & Loss Account and the Cash Flow statement for the Financial Year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order 2003, as amended by Companies (Auditor's Report) Amendment Order 2004 (together the 'Order') issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 & 5 of the said Order to the extent applicable and based on such checks we considered appropriate.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, the Company has kept proper books of accounts as required by law, so far, as appears from our examination of those books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d) The provisions of Section 274(1) (g) of the Act are not applicable to the nominee Directors of PICUP. As far as other Directors are concerned, on the basis of the written representation / information received from the Directors as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - e) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us the said Accounts read together with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true & fair view in conformity with the accounting principle generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
 - ii) in the case of the Profit & Loss Account, of the profit of the Company for the Financial Year ended on that date; and
 - iii) in the case of Cash Flow statement, of the Cash Flows for the Year ended on that date.

For A SACHDEV & Co.
Chartered Accountants

Sd/-
(B K AGARWAL)
PARTNER

Membership No.90771

Place : New Delhi
Date : 30th May, 2009



ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date.

1. a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
b) According to the information & explanations given to us, the fixed assets of the Company have been physically verified by the management as at the end of the financial year and no serious discrepancy has been found on such verification. In our opinion, having regard to the size of the company and the nature of its assets the system of verification of the Fixed Assets of the company is reasonable.
c) Since there is no disposal of substantial part of the Fixed Assets during the Year, paragraph 4(i)(c) of the Companies (Auditor's Report) Order 2003 (hereinafter referred to as the order) is not applicable.
2. a) The inventories, except for stocks lying with third parties where certificates confirming stocks have been received in respect of most of the stocks held, have been physically verified by the management during the year at reasonable interval.
b) In our opinion and according to information & explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of Inventory. According to information & explanations given to us, the discrepancies noticed on verification between the physical stock and books record, which in our opinion were not material, have been properly dealt with in the Books of Accounts.
3. a) According to the information & explanations given to us, the Company has not granted any loans secured or unsecured to companies, firm or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956; and
b) Since the company has not granted any loans secured or unsecured during the period covered under audit, Paragraph No.4(iii) (b) of the order is not applicable.
c) The company has been pursuing civil suit against Mr. JPS Kanwar for the recovery of Rs.488.88 lacs outstanding against him.
d) The Company has taken Interest free Deferred Sales Tax Loan of Rs.251.81 lacs including Rs.56.72 lacs (unsecured in previous year converted into secured loan during the year covered under audit) from PICUP, being a promoter of the company (please refer to note no.6(b) of schedule 17 Part-B also); and
e) In our opinion, the terms & conditions on which Loans referred to above had been taken are prima facie not prejudicial to the interest of the Company; and
f) The loan is interest free deferred sales tax loan and as per the terms and conditions of the loan, the repayment of the Principal amount will start after a period of five years.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our Audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) According to the information and explanations given to us we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so inserted.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lacs during the year for each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year under consideration.



7. In our opinion, the company has an adequate Internal Audit system commensurate with the size and the nature of its business.
8. We have generally reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records are being maintained. We are not required for detailed examinations of the records maintained & accordingly, we have not examined the same in details.
9. According to the information and explanations given to us, and according to the records of the Company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state Insurance, Income Tax, Tax Deducted at source, professional tax, sales tax, wealth tax, service tax, custom duty, excise duty, octroi charges, property tax, water tax, license fees, works contract tax, cess and other material statutory dues applicable to it.
10. In our opinion, the company does not have accumulated losses at the end of Financial year 31st March, 2009. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding Financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the Financial Institutions / Banks.
12. Since the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the order is not applicable.
13. As the Company is not a nidhi / mutual benefit fund / society, paragraph 4(xiii) of the order is not applicable.
14. Since the company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the order is not applicable.
15. Since the company has not given any guarantee for loans taken by others from bank / Financial Institutions, paragraph 4(xv) of the order is not applicable.
16. As per records of the Company the Term Loans / Corporate Loans obtained by it during the period covered under audit have been applied for the purpose for which they were obtained.
17. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that the company has not used any funds raised on short-term basis for long-term investments.
18. According to the records of the company and the information and explanations provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. Since the company has neither issued any debentures nor has created any securities during the year, Paragraph 4 (xix) of the order is not applicable.
20. The company has not raised any money by Public issues during the period covered under audit. However, the company has raised money by issue of Convertible Warrant.
21. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For A SACHDEV & Co.
Chartered Accountants

Place : New Delhi
Date : 30th May, 2009

Sd/-
(B K AGARWAL)
PARTNER
Membership No.90771



BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCHEDULE	AS AT	AS AT
		31.03.2009 (Rs.in Lacs)	31.03.2008 (Rs.in Lacs)
SOURCES OF FUNDS			
Shareholder's Fund			
Share Capital	1A	812.16	793.16
Reserves & Surplus	1B	353.05	125.62
Loan Funds			
Secured Loans	2(A)	1,749.52	1,259.52
Unsecured Loans	2(B)	—	56.72
Deferred tax Liabilities(net)	2(C)	80.72	75.29
Total		2,995.46	2,310.31
APPLICATION OF FUNDS			
Fixed Assets	3	2,142.73	1,728.64
Current Assets, Loans & Advances :			
a) Inventories	4	956.49	787.50
b) Sundry Debtors	5	690.47	568.36
c) Cash & Bank Balances	6	29.46	39.73
d) Loans & advances	7	176.47	195.05
		1,852.89	1,590.65
Less : Current Liabilities & Provisions	8	1019.42	1,026.46
Net Current assets		833.47	564.19
Misc. Expenditure			
(To the extent not written off or adjusted)			
Development & Other Expenditure		19.26	17.48
Total		2,995.46	2,310.31

Schedules 1 to 8 & 17 are forming integral part of Balance Sheet
As per our separate report of even date

For A. SACHDEV & CO
Chartered Accountants

By order of the Board
For Raunaq Automotive Components Ltd.

Sd/-
B. K. AGARWAL
(Partner)
Membership No. 90771

Sd/-
GURSHARAN SINGH
(Chairman and
Managing Director)

Sd/-
MADAN LAL
(Director)

Sd/-
D. R. ARYA
(Director & C.S.)

Place : New Delhi
Date : 30th May, 2009



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	SCHEDULE	YEAR ENDED	YEAR ENDED
		31.03.2009 (Rs.in Lacs)	31.03.2008 (Rs.in Lacs)
INCOME			
Sales : Domestic (incl.			
Processing Charges	9(a)	5,661.93	5,490.29
Exports	9(b)	754.27	422.88
Other Income	9(c)	142.03	67.57
		<u>6,558.23</u>	<u>5,980.75</u>
Less: Excise Duty Paid		637.35	756.36
Total		<u>5,920.88</u>	<u>5,224.39</u>
EXPENDITURE			
(Inc.)/Dec. in Closing Stocks	10	(77.76)	29.84
Raw Materials & Packing mat. Consumed	11	3055.93	2,649.64
Payments & Prov. For Employees	12	682.47	595.37
Manufacturing Expenses	13	1,307.20	1,077.83
Admin., Selling & other expenses	14	335.15	279.82
Financial Expenses	15	202.22	214.48
Misc. expenditure written off/(written back)	16	7.95	(37.78)
Sub Total		<u>5,513.15</u>	<u>4,809.21</u>
Less: Transfer to Development Expenses		25.31	11.73
Sub-Total		<u>5,487.84</u>	<u>4,797.48</u>
Profit/(Loss) before Depreciation, prior period and extraordinary items		<u>433.04</u>	<u>426.91</u>
Depreciation		184.21	174.58
Prior Period / Extraordinary items (net)		(0.64)	(2.19)
Profit before taxes(PBT)		<u>248.19</u>	<u>250.14</u>
Profit during the year		248.19	250.14
Provision for Income Tax/FBT		(34.32)	(36.33)
Provision for Deferred tax Assets/(Liabilities) (As per A.S.22)		(5.43)	(51.44)
Income Tax Adjustment(Previous year)		—	(10.78)
Brought Forward Profit/(Losses)		100.66	(50.93)
Profit carried to Balance Sheet		<u>309.10</u>	<u>100.66</u>
Earnings Per Share (In Rupees)		<u>2.63</u>	<u>1.91</u>

Schedules 9 to 17 are forming integral part of Profit & Loss Account
As per our separate report of even date

For A.SACHDEV & CO
Chartered Accountants

By order of the Board
For Raunaq Automotive Components Ltd.

Sd/-
B. K. AGARWAL
(Partner)
Membership No. 90771

Sd/-
GURSHARAN SINGH
(Chairman and
Managing Director)

Sd/-
MADAN LAL
(Director)

Sd/-
D. R. ARYA
(Director & C.S.)

Place : New Delhi
Date : 30th May, 2009



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

	AS AT 31.03.2009 (Rs.in Lacs)	AS AT 31.03.2008 (Rs.in Lacs)
SCHEDULE : 1 (A)		
SHARE CAPITAL		
Authorised :		
200,00,000 Equity Shares of Rs.10/-each	<u>2,000.00</u>	<u>2,000.00</u>
	<u>2,000.00</u>	<u>2,000.00</u>
Issued and Subscribed :		
84,40,000 Equity Shares of Rs 10/- each.	<u>844.00</u>	<u>844.00</u>
Paid up Capital :		
79,31,600 Equity Shares of Rs 10/- each fully paid up	<u>793.16</u>	<u>793.16</u>
Application Money:		
Convertible Warrant Application Money	<u>19.00</u>	—
Allotment of 19,00,000 Convertible Warrants (Partly Paid) (Last year - Nil)		
As per Balance Sheet	<u><u>812.16</u></u>	<u><u>793.16</u></u>
SCHEDULE : 1 B		
RESERVES & SURPLUS		
Capital Reserve	<u>24.95</u>	<u>24.95</u>
Share/Warrant premium a/c	<u>19.00</u>	—
Profit & loss a/c	<u>309.10</u>	<u>100.67</u>
As per Balance Sheet	<u><u>353.05</u></u>	<u><u>125.62</u></u>
SCHEDULE : 2		
(A) SECURED LOANS		
From Financial Institutions :		
Interest free Sales Tax Loan from PICUP	<u>732.02</u>	<u>505.96</u>
From Banks :		
-Cash Credit Limits	<u>528.34</u>	<u>578.94</u>
-Term Loans	<u>481.99</u>	<u>161.23</u>
From Others :		
Car finance Co	<u>7.17</u>	<u>13.39</u>
As per Balance Sheet	<u><u>1,749.52</u></u>	<u><u>1,259.52</u></u>
(B) UNSECURED LOANS		
UP Trade Tax payable (convertible into Intt. Free Loans)	—	<u>56.72</u>
As per Balance Sheet	<u><u>—</u></u>	<u><u>56.72</u></u>



AS AT
31.03.2009
(Rs.in Lacs)

AS AT
31.03.2008
(Rs.in Lacs)

(C) DEFERRED TAX LIABILITIES (NET)

Deferred tax liabilities on Accelerated depreciation	187.46	151.46
Development Expenses	2.26	5.98
	189.72	157.44
 Less :		
Deferred Tax assets on		
Provision for gratuity & leave encashment	74.53	55.33
Provision for Doubtful debts and advances	18.85	18.85
Provision on Profit & loss on sale of Fixed Assets	15.62	7.98
	109.00	82.15
Net Deferred Tax Liabilities	80.72	75.29

**SCHEDULE : 3
FIXED ASSETS**

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.08	Addition during the year	Ded./ Adj.	As At 31.03.09	As At 01.04.08	Provided during the year	Ded./ Adj.	As At 31.03.09	As At 31.03.09	As At 31.03.08
LAND	41.68	—	—	41.68	—	—	—	—	41.68	41.68
BUILDING	382.70	35.33	—	418.03	119.71	10.88	—	130.59	287.44	262.99
PLANT & MACHINERY	2537.85	463.01	89.81	2911.05	1257.43	125.61	87.69	1295.35	1615.70	1280.42
JIGS & FIXTURES	391.64	34.50	3.43	422.71	318.79	22.50	—	341.29	81.42	72.85
ELEC. INSTALATION	56.91	11.87	—	68.78	46.33	2.54	—	48.87	19.91	10.58
FURNITURE & FIXTURE	22.26	5.90	—	28.16	20.05	0.82	—	20.87	7.29	2.21
OFF. & MISC. EQUIPMENTS	99.31	10.26	—	109.57	68.14	16.72	—	84.86	24.71	31.17
VEHICLE	38.75	3.31	4.78	37.28	19.02	5.14	3.27	20.89	16.39	19.73
SUBTOTAL	3571.10	564.18	98.02	4037.26	1849.47	184.21	90.96	1942.72	2094.54	1721.63
CAPITAL WIP	6.98	11.78	—	18.76	—	—	—	—	18.76	6.98
CAPITAL ADVANCES	0.03	29.40	—	29.43	—	—	—	—	29.43	0.03
TOTAL	3578.11	605.36	98.02	4085.45	1849.47	184.21	90.96	1942.72	2142.73	1728.64
PREVIOUS YEAR	3448.68	208.26	78.84	3578.10	1723.04	174.58	48.15	1849.47	1728.64	1725.65

**SCHEDULE : 4
INVENTORIES**

Raw materials & Packing materials	76.94	63.14
Loose Tools	327.33	267.26
Stores & Spares	78.72	61.37
Scrap	0.41	0.55
Work in progress	263.31	206.08
Finished goods	209.78	189.11
As per Balance Sheet	956.49	787.50



	AS AT 31.03.2009 (Rs.in Lacs)	AS AT 31.03.2008 (Rs.in Lacs)
SCHEDULE : 5		
SUNDRY DEBTORS (Unsecured, considered good by the management unless otherwise stated)		
Debts outstanding for a period		
- exceeding six months	118.05	134.00
- Other debts	627.87	489.81
	<u>745.92</u>	<u>623.81</u>
Less Provision for Doubt Debts	55.45	55.45
As per Balance Sheet	<u>690.47</u>	<u>568.36</u>
SCHEDULE : 6		
CASH & BANK BALANCES		
Cash in hand	0.97	2.74
With Schedule Banks :		
-In Current Accounts	28.49	36.99
As per Balance Sheet	<u>29.46</u>	<u>39.73</u>
SCHEDULE : 7		
LOANS & ADVANCES(Unsecured, considered good by the management unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	133.27	147.90
Security Deposits	21.94	14.46
Balance with Excise Authorities	6.26	16.61
Margin Money Deposit	15.00	16.08
As per Balance Sheet	<u>176.47</u>	<u>195.05</u>
SCHEDULE : 8		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors		
- Due to SSIs	26.39	18.98
- Due to other than SSIs	585.47	663.83
	<u>611.86</u>	<u>682.82</u>
Advances from Customers	34.04	24.21
Provision for Gratuity & Earned Leave	212.42	162.77
Stale Cheque a/c	7.50	—
Other Liabilities	153.60	156.66
As per Balance Sheet	<u>1,019.42</u>	<u>1,026.46</u>



**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2009**

	For the Year Ended 31.03.09 (Rs.in Lacs)	For the Year Ended 31.03.08 (Rs.in Lacs)
SCHEDULE : 9		
SALES & OTHER INCOME		
(a) Sales :		
Domestic	5,661.58	5,439.18
Processing charges	0.35	51.11
Sub - total	<u>5,661.93</u>	<u>5,490.29</u>
(b) Exports	754.27	422.88
(c) Other Income :		
Sale of Scrap	63.38	46.57
Intt. on deposits	2.94	1.21
others	75.71	19.79
Sub - total	<u>142.03</u>	<u>67.57</u>
As per Profit & Loss Account	<u>6,558.23</u>	<u>5,980.75</u>
SCHEDULE : 10		
(INCREASE)/DECREASE IN CLOSING STOCK		
Closing Stock		
- Finished Stock	206.50	175.36
- Material in transit	3.28	13.75
- Work in Progress	263.31	206.08
- Scrap	0.41	0.55
Total (A)	<u>473.50</u>	<u>395.74</u>
Less :		
Opening Stock		
- Finished Stock	175.36	165.86
- Material in Transit	13.75	17.82
- Work in Progress	206.08	241.63
- Scrap	0.55	0.28
Total (B)	<u>395.74</u>	<u>425.58</u>
As per Profit & Loss Account (Total A-B)	<u>(77.76)</u>	<u>29.84</u>
SCHEDULE : 11		
RAW MATERIAL & PACKING MATERIAL CONSUMED		
Opening Stock	63.14	69.76
Add : Purchases	3,069.73	2,643.02
	<u>3,132.87</u>	<u>2,712.78</u>
Less Closing Stock	76.94	63.14
As per Profit & Loss Account	<u>3,055.93</u>	<u>2,649.64</u>
SCHEDULE : 12		
PAYMENT TO EMPLOYEES		
Salaries & Wages	557.71	514.11
Provident Fund & Gratuity paid	13.43	10.55
Provision For Gratuity & Earned Leave	56.49	19.44
Welfare Expenses	54.84	51.28
As per Profit & Loss Account	<u>682.47</u>	<u>595.37</u>



	For the Year Ended 31.03.09 (Rs.in Lacs)	For the Year Ended 31.03.08 (Rs.in Lacs)
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SCHEDULE : 13

MANUFACTURING EXPENSES

Stores & Spares consumed	89.15	74.22
Loose Tools consumed	130.02	168.43
Power, Oil & Lubricants & LPG for furnace	459.11	343.08
Repairs & Maint. (Plant & Machinery)	37.45	18.82
Outside vrending	538.54	431.62
Others	52.93	41.65
As per Profit & Loss Account	<u>1,307.20</u>	<u>1,077.83</u>

SCHEDULE : 14

ADMINISTRATIVE, SELLING & OTHER EXPENSES

Travelling & Conveyance	39.71	26.95
Vehicle running & maintenance	27.74	17.09
Telephone, Telex & Communication	14.01	16.52
Repairs & Maintenance :		
- Building	3.61	4.69
- Others	0.72	8.40
Freight & Forwarding	34.75	34.06
Rent	15.38	13.57
Printing & Stationery	7.49	7.66
Discount on sales/Warranty claims	37.45	33.13
Electricity & Water	2.94	3.23
Auditors Remuneration	0.90	0.90
Directors Remuneration	53.86	34.05
Misc. Expenses	96.59	79.59
As per Profit & Loss Account	<u>335.15</u>	<u>279.82</u>

SCHEDULE : 15

FINANCIAL EXPENSES

Interest on Term Loans	40.05	31.35
Interest on Cash Credit from Bank	53.48	65.50
Bank & Other charges	24.05	20.94
Settlement charges with Fis	—	40.89
Bill Discounting Charges	84.64	55.80
As per Profit & Loss Account	<u>202.22</u>	<u>214.48</u>

SCHEDULE : 16

MISC. EXP. W/OFF (W. BACK)

Development /other expenses	7.95	(37.78)
As per Profit & Loss Account	<u>7.95</u>	<u>(37.78)</u>



SCHEDULE - 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

(A) Significant Accounting Policies: -

(1) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with the applicable Accounting Standards and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements is recognized on accrual basis except otherwise stated hereunder.

(2) GOING CONCERN DISCLOSURE

The accounts under consideration have been drawn up on going concern basis.

(3) PERIOD OF FINANCIAL STATEMENTS

The current financial statements have been prepared for the 12 months period ended 31st March, 2009.

(4) REVENUE RECOGNITION

Revenue from sale of goods/services is recognized when the sale/services have been completed, with the passing of the title. Return of goods if any are recognized in the year of return. Turnover represents invoiced amount of goods sold and services including excise duty but excluding sales tax.

(5) DEPRECIATION

Depreciation has been provided on straight-line method except for furniture & fixture and vehicles where the same has been provided on written down value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956 as amended up to date except

- i) on Jigs & Fixtures where the rate of charging depreciation is 25 % on SLM as the average life of jigs & fixtures is less than four years,
- ii) on material handling equipments, crates and bins where the rate of Depreciation is 50% on SLM as the average life of such assets is not more than 2 years, and
- iii) The rates of depreciation on some Office equipments is taken at 20% on SLM after assessing the useful life of the asset.

(6) INVENTORIES :

Valuation of Inventories are made as under :-

- i. Raw Material at cost
- ii. Work in progress is valued at factory cost.
- iii. Scrap materials are valued at net realizable value.
- iv. All other inventories are valued at cost or net realizable value whichever is lower.
- v. The cost formulae used is weighted average cost formulae & applicable excise has been added in the stock of Finished goods

(7) FOREIGN CURRENCY TRANSACTIONS :

In respect of Export Sales in foreign currency, the sales are accounted for at the exchange rate prevailing as on the date of transaction. The receivables as on the Balance Sheet date are accounted for at the closing rate. Any difference arising due to exchange rate fluctuation is treated as revenue income /expense at the time the remittances are received. The accounting is in line with the AS- 11.

(8) EXCISE DUTY :

Excise duty is accounted for at the time of despatches. Excise duty realizable from customers is credited to Sales Account. Unutilized amount of Excise Duty Deposit is shown under Loans & Advances.

The provision for excise duty on the finished goods as on 31.03.2009 has been included in the closing stock of finished goods and the same amount of excise has been included in excise duty payable in current liabilities.



(9) RETIREMENT BENEFITS TO EMPLOYEES:

The Company follows accrual basis of accounting of treatment for gratuity & other retirement benefits. No actuarial valuation has been done in this regard.

(10) DEVELOPMENT EXPENDITURE

The development expenditure includes the amount spent on development of prototype of samples in terms of the raw material consumed, consumption of major tools, loose tools and the amount spent in terms of machine hour rate multiplied by development time spent on individual machine.

B. Notes on Accounts :

- (1) Major expenditure on development of new components, where the benefit of such work is expected to accrue over an extended period and is not exhausted during the period covered by the Profit & Loss Account is treated as *deferred revenue expenditure and written off over a period of five years*. Accordingly 20% of such expenditure has been charged to revenue account and balance carried over to be charged in the subsequent years.
- (2) The company has been pursuing the civil suit against Mr. JPS Kanwar for the recovery of Rs.488.88 lacs.
- (3) Provision for accrued liability for gratuity & leave encashment estimated at Rs.56.49 lacs has been made in the books for the current year. However, no actuarial valuation has been done in this regard.
- (4) The company had sent balance confirmation letters to the customers. The company has received balance confirmations from some of the parties.
- (5) a) Term Loan from State Bank of India, Nehru Place Branch is secured by 1st Charge created by equitable mortgage of land and buildings thereon and hypothecation of entire immovable assets and plant & machinery, spares, tools and accessories and other assets (except book debts, other recoverable); both present and future, subject to prior charge in favour of company's bankers on inventories and book debts & other recoverable created for security of the borrowings for working capital and second charge on immovable assets.
- b) Interest Free deferred sales tax loan availed from Pradeshiya Industrial & Investment Corporation of UP Ltd. (PICUP) is secured by way of second charge on all assets, whether immovable or movable, of the company along with extension of mortgage on Immovable assets of the company.
- c) A second charge on Generators is also created in favour of Uttar Pradesh Financial Corporation Ltd. on account of Generator subsidy.
- d) The cash credit limits from State Bank of India are secured by way of hypothecation & first charge on inventories, book debts and other receivables, both present and future and by way of second charge on immovable assets of the company.
- e) The margin money on Letter of Credit is secured by pledging of Term Deposit Receipts to the Schedule Bank.
- (6) Managerial remuneration under Section 198 of the Companies Act, 1956 paid/payable to the directors.

	Current Year	(Rs in Lacs) Previous Year
(A) Remuneration of Managerial Personnel :		
- Salary	41.05	25.62
- Value of perquisites	7.20	6.00
- PF Contribution	3.36	2.43
- Commission (CMD)	2.25	0.00
Total	53.86	34.05
(B) Director's Sitting Fees	1.16	1.60



(7) Details of Auditor's Remuneration :

	(Rs. in lacs)	
	Current Year	Previous Year
Statutory Audit Fees	0.50	0.50
Expenses	0.40	0.40
Total	0.90	0.90

(8) Contingent liabilities not provided for :

	(Rs. In lacs)	
	As at 31.03.2009	As at 31.03.2008
a. Outstanding amount of Letter of Credits	19.80	76.37
b. Bank Guarantee	10.00	1.06

(9) (1) Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956 is as follows and is based upon the information considered as sufficient by the management to give these in the manner as given in the accounts and notes:

(a) Particulars of Capacity (in tonnes)

	<u>Licensed Capacity</u>		<u>Installed Capacity</u>	
	Current Year	Previous Year	Current Year	Previous Year
Automotive Gears/ Shafts	3000	3000	*	*

* Installed capacity in tons will vary with product mix..

(b) Production, Sales and Closing Stock of finished goods

	(Value Rs. in lacs)							
	Opening Stock		Production		Sales		Closing Stock	
	Nos.	Value	Nos.	Nos.	Nos.	Nos.	Value	
Gear & Shafts :								
(i) With Material								
Current Year	76211	188.64	3387824	3378835	85200	205.82		
Previous Year	105646	180.14	3515628	3545063	76211	188.64		
(ii) On Job Work Basis								
Current Year	1502	0.47	4903	4601	1804	0.68		
Previous Year	9427	3.54	102492	110417	1502	0.47		

(c) Consumption of Raw Material

	(Rs in lacs)			
	<u>Current Year</u>		<u>Previous Year</u>	
	Nos.	Value	Nos.	Value
i) Forging (bought out)	3550270	2964.28	3577880	2569.36
ii) Forging (On Job work basis)	5186	—	103493	—



(d) CIF value of Imported Machines / Spares

	<u>Current Year</u>	<u>Previous Year</u>
Machinery/Spare Part	106.31	2.66

(e) Expenditure in Foreign Currency on account of Foreign Travelling

	<u>Current Year</u>	<u>Previous Year</u>
	12.45	5.79

(2) As on the date of the Balance Sheet the following S.S.I units have the credit balances for more than 30 days.

Name of the S.S.I. Unit

1. Carrier Engg. P. Ltd.
2. C.I. Enterprises.
3. J.R.Industries.
4. Numeritech Engg. P.Ltd
5. Hari Om Engg.P.Ltd
6. Modern Hi-Tech Engineers

(11) Accounting Standard 17 that relates to segmental reporting is not applicable as the company does not have any identifiable segment as defined in Accounting Standards. Moreover, the company deals only in the automotive components meant for two wheeled, three wheeled and four wheeled vehicles.

(12) Accounting Standard 19 for lease accounting is not applicable as there were no lease transaction.

(13) RELATED PARTY DISCLOSURE

As on 31-03-2009, none of the Directors is interested in any of the related party transactions.

(14) Earning per Share

	<u>Current Year</u>	<u>Previous Year</u>
Profit after tax (Rs.in lacs)	208.44	151.60
Weighted average no. of Equity Shares	7931600	7931600
Nominal Value of ordinary shares	10	10
Basic Earnings per Equity Share (after Extraordinary items)	2.63	1.91

(15) Schedule 1 to 17 form integral part of the Balance Sheet & Profit & Loss Account and have been duly authenticated.

(16) Previous year figures have been regrouped/recast wherever considered necessary.

For A.SACHDEV & CO
Chartered Accountants

Sd/-
B. K. AGARWAL
(Partner)
Membership No. 90771

Sd/-
GURSHARAN SINGH
(Chairman and
Managing Director)

By order of the Board
For Raunaq Automotive Components Ltd.

Sd/-
MADAN LAL
(Director)

Sd/-
D. R. ARYA
(Director & C.S.)

Place : New Delhi
Date : 30th May, 2009



Statement as required by Part-IV of Schedule VI to the Companies Act, 1956

D) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 31.03.2009

I. Registration Details :	CIN: L34300DL1983PLC016136	State Code : 055
	Balance Sheet date : Date : 31	Month : 3 Year : 2009

II. Capital Raised during the year (Rs. in lacs)	: 19.00
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III. Position of Mobilisation and Deployment of Funds (Rs. in lacs) :	Total Liabilities : 4,014.88	Total Assets : 4,014.88
--	------------------------------	-------------------------

Sources of Funds

Paid Up Capital : 793.16	Reserve & Surplus : 353.05
Secured Loan : 1,749.52	Unsecured Loans : —
Profit & loss a/c : 309.10	

Application of Funds

Net Fixed Assets : 2,142.73	Investments : NIL
Net Current Assets : 833.47	Misc. Expenditure : 19.26

**IV. Performance of
Company
(Rs. in lacs)**

Turnover : 6,479.58	Total Expenditure : 6,309.40
Profit before Tax : 248.19	Profit after Tax : 208.44
Earning per share in Rs. : 2.63	Dividend Rate % : —

**V. Generic Names of
Principal Products
of the Company
(as per monetary terms)**

Item Code No. : 87089900
Product Description : Automotive Gears

For A.SACHDEV & CO
Chartered Accountants

By order of the Board
For Raunaq Automotive Components Ltd.

Sd/-
B. K. AGARWAL
(Partner)
Membership No. 90771

Sd/-
GURSHARAN SINGH
(Chairman and
Managing Director)

Sd/-
MADAN LAL
(Director)

Sd/-
D. R. ARYA
(Director & C.S.)

Place : New Delhi
Date : 30th May, 2009



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended 31st Mar, 2009 (Rs.in Lacs)	Year ended 31st Mar, 2008 (Rs.in Lacs)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	248.83	252.33
Adjustments for:		
Depreciation	184.21	174.58
Miscellaneous expenses written off	10.93	9.88
Interest	202.22	214.48
Development Expenses Incurred	12.60	7.24
(Profit)/ Loss on sale of fixed assets	(22.50)	(9.96)
Operating Profit before Working Capital Changes	636.29	648.55
Changes in Working Capital		
Decrease/(Increase) in Inventories	(168.99)	0.88
Decrease/(Increase) in Sundry Debtors	(122.11)	103.00
Decrease/(Increase) in Loan & Advances	18.58	(3.80)
(Decrease)/Increase in Current Liabilities	(1.61)	(286.45)
Cash Generated From Operations	362.17	462.18
Interest paid	(202.22)	(214.48)
Exchange rate fluctuation.	—	—
Cash Flow before Extraordinary Items	159.95	247.70
Extraordinary Items(Prior Year Income/(Expenditure)	(0.64)	(2.19)
Tax paid during the Year(FBT & Income Tax Provision)	(34.32)	(36.33)
Others	(5.43)	(62.22)
Net Cash Flow from Operating Activities	119.56	146.96
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Inflow/(Out flow)		
Purchase of Fixed Assets	(560.75)	(206.63)
Development Expenses	(25.31)	(11.73)
Sale of Fixed Assets	26.13	9.96
(Increase)/Decrease in Advance for Capital	(41.18)	28.76
Net Cash Flow from investing Activities	(601.11)	(179.64)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow/(Outflow)		
Repayment of Long Term Borrowings	—	(215.56)
(Decrease)/Increase in Term Loan from State Bank of India	320.76	(37.50)
Increase/(Decrease) in Cash Credit Utilisation	(50.60)	137.91
Loan from Car finance Co	(6.22)	(3.12)
Proceeds from Cw/premium	38.00	—
Interest Free Sales Tax Loan	169.34	173.94
Net cash flow from financing activities	471.28	55.67
D. NET INC./(DEC.) IN CASH AND CASH EQUIVALENT:(A+B+C)	(10.27)	22.99
Opening Balance of Cash and Cash Equivalents	39.73	16.74
Closing Balance of Cash and Cash Equivalents	29.46	39.73

We have verified the above cash flow statement of RAUNAQ AUTOMOTIVE COMPONENTS LTD.derived from Audited Financial Statementsfor the year ended 31st March, 2009 and found the same in accordance therewith, and also with the requirement of clause 32 of the listing agreement with Stock Exchanges.

**Schedules 1 to 17 are forming part of Accounts
As per our separate report of even date**

For A.SACHDEV & CO
Chartered Accountants

Sd/-
B. K. AGARWAL
(Partner)
Membership No. 90771

Sd/-
GURSHARAN SINGH
(Chairman and
Managing Director)

By order of the Board
For Raunaq Automotive Components Ltd.

Sd/-
MADAN LAL
(Director)

Sd/-
D. R. ARYA
(Director & C.S.)

Place : New Delhi
Date : 30th May, 2009

RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Regd Office : 15th Floor, Chiranjiv Tower 43, Nehru Place, New Delhi - 110 019

FORM OF PROXY

I/We.....of.....in the district of.....being a member/members of the Raunaq Automotive Components Ltd, hereby appoint Mr/Mrs/ Miss.....of.....in the district of.....or failing him/her Mr/Mrs/ Miss.....of.....in the district of.....as my/our Proxy to vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on 26th September, 2009 at 10.00 A.M.

Signed this day of 2009.

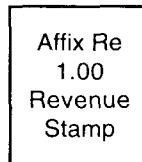
Signature.....

Folio No.....

DP ID

Client ID.....

No. of Shares held.....



Note : If a member is unable to attend the meeting, he/she may sign this form and send it to the Registered Office of the Company so as to reach atleast 48 hours before the time for holding the meeting.

RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Regd Office : 15th Floor, Chiranjiv Tower 43, Nehru Place, New Delhi - 110 019

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the Entrance of the Hall. Only Members or their Proxies are entitled to be present at the meeting.

Name and Address of the Member	Folio No.
	Client ID No.
	DP ID No.
	No. of Shares Held

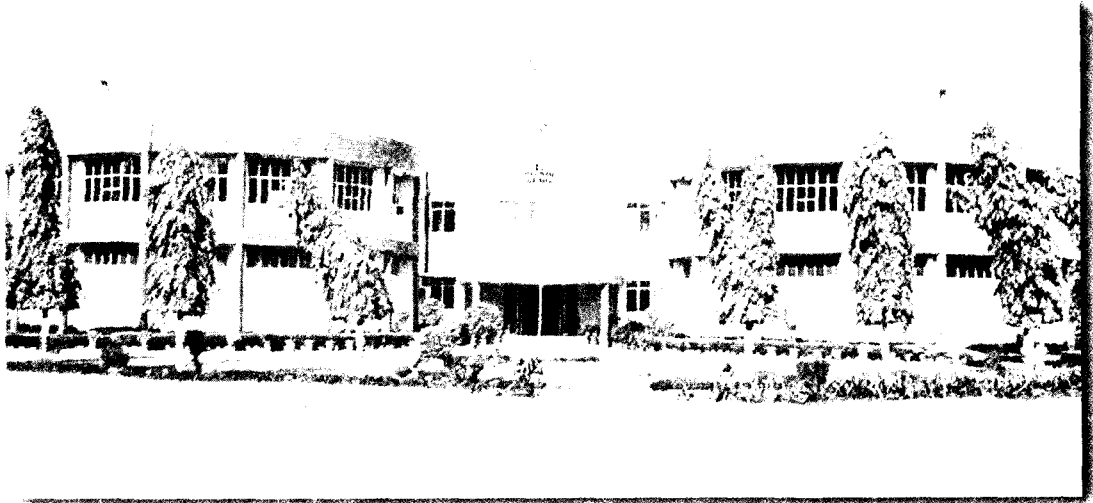
I hereby record my presence at the 26th Annual General Meeting of the Company at Shivam Garden, Bawana Road, Narela, Delhi- 110040 on 26th September, 2009 at 10.00 A.M.

Signature of the Shareholder	Signature of the Proxy

- Note :**
1. The copy of Annual Report may please be brought to the Meeting Hall.
 2. Briefcases, Hand Bags etc. are not allowed inside the Meeting Hall.
 3. **Please note that no gifts will be distributed at the meeting.**

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