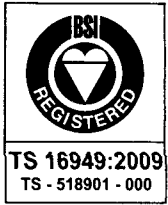
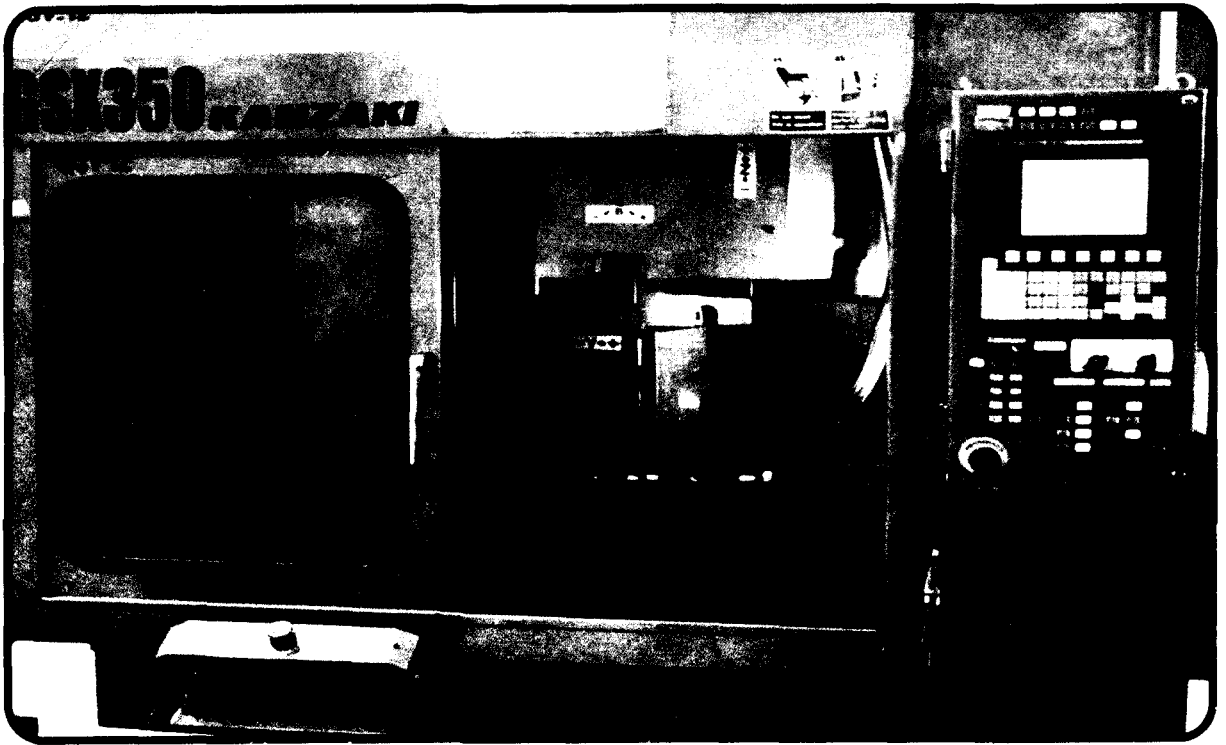




RAUNAQ AUTOMOTIVE COMPONENTS LIMITED



29th Annual Report 2011-12





BOARD OF DIRECTORS

Mr. Gursharan Singh	Chairman and Managing Director
Mr. Madan Lal	Director
Mr. Anil Sharma	Director
Mr. Raj Kumar Kapoor	Director
Mr. Devender Singh	Nominee Director (PICUP) (w.e.f. 30-01-2012)
Mr. Ashok Mishra	Nominee Director (PICUP) (w.e.f. 30-01-2012)
Mr. D.R.Arya	Director & C. S.

Compliance Officer

Mrs. Manju Gupta

Statutory Auditors

A. Sachdev & Co.
Chartered Accountants
New Delhi

Internal Auditors

Gianender & Associates
Chartered Accountants
New Delhi

Bankers

Bank of India
AXIS Bank Ltd.
The Ratnakar Bank Ltd.

Registered Office

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

Works

Unit No. 1

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

Unit No. 2

H-201, Sector-63, Noida
Distt. Gautam Budh Nagar (U.P.)

Registrar & Share Transfer Agents

MAS Services Ltd.
T-34, 2nd Floor,
Okhla Industrial Area-II
New Delhi - 110020

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NOTICE

NOTICE is hereby given that 29th Annual General Meeting of the members of Raunaq Automotive Components Limited will be held on 28th September, 2012, at 10.30 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, 2012 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 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

4. To appoint Mr.Devender Singh as Nominee Director of the Company
5. To appoint Mr.Ashok Mishra as Nominee Director of the Company
6. 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 Section 293 (1) (a), 293 (1) (d) & other applicable provisions (if any) of the Companies Act, 1956, for the time being in force, consent of the company be and is hereby accorded 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 Bank of India and/or Other bank to secure/ to be secured payment of the amount mentioned as under :

S. No.	Name of the Bank	Fund Based and Non Fund Based Facilities	Particulars of Security
1.	Bank of India	Financial assistance of Rs. 30.83 Crores as Term Loan, Fund Based Limits, and Non Fund Based Limits	Financial Assistance of Rs. 30.83 Crores given by Bank of India as Term Loan, Fund Based Limits, and Non Fund Based Limits to be secured as under : Primary Security : 1. First charge by way of Hypothecation on entire Stocks and Book Debts of the company. 2. Cash margin for LC/BG 3. First charge over entire Fixed Assets of the company excluding Land & Building & Vehicles (Both present & future) 4. EQM of company's land & building at Gajraula, U.P. Guarantee : The amount shall be secured by personal guarantee (joint & several) of Mr.Gursharan Singh, CMD and Mr. D.R.Arya, Director (F).



S. No.	Name of the Bank	Fund Based and Non Fund Based Facilities	Particulars of Security
2.	The Ratnakar Bank Ltd.	Financial assistance of Rs. 6 Crores as Corporate Loan	Financial Assistance of Rs. 6 Crores given by Ratnakar Bank Ltd as Corporate Loan to be secured as under : 1. Second charge on entire Current assets and fixed assets of the company (existing & future) with Bank of India 2. Exclusive charge (equitable mortgage) on residential property in the form of apartment flat of 2200 sq. ft. at Omax NRI City, Greater Noida, in the name of Mr.Gursharan Singh. 3. Pledge of shares of the promoters to the tune of 7 lacs 4. Personal Guarantee of Mr.Gursharan Singh, CMD and Mr.D.R.Arya, Director (F)

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 Bank of India/The Ratnakar Bank Ltd. and/or other bank 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."

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

"RESOLVED THAT the fact of non-specification of the category of Middleware Development Ltd., Seychelles, to whom preferential allotment of 10,00,000 Equity Shares of Rs. 10/- each was approved by the shareholders of the Company in the Extra-Ordinary General Meeting held on December 1, 2011, as a Non-Promoter in the pre/post issue shareholding pattern of the Company mentioned in the Notice & Explanatory Statement of the Extra-ordinary General Meeting dated October 31, 2011, be and is hereby ratified.

FURTHER RESOLVED THAT Mr.Gursharan Singh, CMD of the Company and Mr. D. R. Arya, Director (F) & C. S. of the Company be and are hereby authorized severally to do all such acts, deeds and things as may be deemed necessary to give effect to this resolution."

For RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Place : New Delhi
 Dated : 30th July, 2012

Sd/-
 (D. R. ARYA)
 DIRECTOR (F) & 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 24th September, 2012 to 28th September, 2012 (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.
9. Corporate members are requested to send a duly certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
10. The Ministry of Corporate Affairs ("MCA"), Government of India has announced a "Green Initiative in Corporate Governance" by allowing Companies to send Annual Report to its shareholders by e-mail.

With a view to lending strong support to this environment friendly initiative of the Government of India, your Company proposes to send Notices for General Meetings with Annual Report communication through electronic mode to the e-mail addresses which are made available to the Depositories from time to time.

We are sure that you would like to support this initiative of the Government of India. In future, the Annual Report and Notice for the Annual General Meeting will be sent to you in electronic form at the registered e-mail addresses made available by your Depository Participant.

In case you desire to have the above documents at any alternative e-mail address then, update the same with your Depository Participant.

The Members holding shares in Physical mode and wish to receive Annual Report in electronic form at their registered e-mail address may provide their information in the below mentioned column and send back to the Company for updation of records.

Folio No.	Name of Shareholder	Registered email address	Signature

If you desire to continue receiving notices, annual reports communications in physical form, then please let us know.

Note : The Annual Report for the financial year 2011-12 has been sent to all the shareholders in physical form.



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 63 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 30 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. SCT 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.

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

Item No.4

Mr.Devender Singh, aged about 54 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 29 years in Industries, Administration, Finance and Projects. He is on the Board of the following companies :

1. Pasupati Acrylon Ltd

Mr.Devender Singh has been nominated Director by PICUP on our Board. 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.

Item No.5

Mr. Ashok Mishra, aged about 54 years is an M.Com, LLB and MBA (Business Administration) from Lucknow University. He is an experienced professional serving as Dy. Manager (Finance), at PICUP, Lucknow, having a vast experience of 30 years in Financial Evaluation of Industrial/Service Sector Projects/Infrastructure Projects, Strategy & Project Development on PPP Model, Policy formulation, coordinating and monitoring of various projects, Innovations in strategy development and project restructuring and NPA Management.

Mr. Ashok Mishra has been nominated Director by PICUP on our Board. He is not holding any shares of the company.

None of the Directors except Mr.Ashok Mishra is considered to be interested in this resolution.

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

Item No.6

(1) Considering the existing financial requirement & in order to finance the immediate future requirements for the growth of the company it approached Bank of India for sanctioning of Additional Term Loan & need based CC limits. Bank of India has sanctioned Financial facilities aggregating Rs.30.83 Crores by way of Term Loan, Fund Based and Non Fund Based facilities. The said facilities shall be secured by way of

- 1) First charge by way of Hypothecation on entire Stocks and Book Debts of the company
- 2) Cash Margin for LC/BG
- 3) By way of First charge over entire Fixed Assets of the Company excluding Land & Building (both present & future)
- 4) By way of EQM Equitable Mortgage of company's land & building at Gajraula, U.P.
- 5) 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.

- (2) Since the Company has planned to install a small Forging Plant at its existing unit at Gajraula for which additional fund were required. In the order to further strengthen the existing infrastructure, the company approached The Ratnakar Bank Ltd. for a Corporate Loan of Rs.6 Crores. The Ratnakar Bank Ltd has sanctioned financial facilities of Rs.6 crores as Corporate Loan to be secured as under :

- 1 Second charge on entire Current assets and fixed assets of the company (existing & future) with Bank of India.
2. Exclusive charge (equitable mortgage) on residential property in the form of apartment flat of 2200 sq. ft. at Omax NRI City, Greater Noida, in the name of Mr. Gursharan Singh, CMD.
3. Pledge of shares of the promoters to the tune of 7 lacs.
4. Personal Guarantee of Mr.Gursharan Singh, CMD and Mr. D. R. Arya, Director (F).

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

Item No.7

The Members of the Company in their Extra-ordinary General Meeting held on December 1, 2011 approved the allotment of 10,00,000 Equity shares of Rs. 10/- each to the Middleware Development Ltd., Seychelles on preferential basis, and applied to the Bombay Stock Exchange Limited (BSE) for listing of the said Equity shares.

Pursuant to the requirements of the BSE, the Company gave an undertaking to the BSE to get the act of non-mentioning of non-promoter category to the shares allotted to Middleware Development Ltd., Seychelles ratified in the forthcoming Annual or Extra-ordinary General Meeting of the Company.

Accordingly, approval of the shareholders is hereby sought to the proposal of ratification of act of non-specification of category of Middleware Development Ltd. in the pre/post issue shareholding pattern of the Company as mentioned in the Notice & Explanatory Statement of the Extra-ordinary General Meeting dated October 31, 2011.

The Revised Shareholding pattern of the Company before and after the issue of said shares and the new subscriber/ allottee is as follows:-

Particulars	Pre - issue		Post issue	
	Amount Rs. In Lacs	%age	Amount Rs. In Lacs	%age
PROMOTERS				
REWT	339.86	42.85	339.86	38.05
PICUP	150.33	18.95	150.33	16.83
Mr. Gursharan Singh	6.43	0.81	6.43	0.72
Mr. D.R. Arya	3.16	0.40	3.16	0.35
NON-PROMOTERS (Proposed Allottees)				
Middleware Development Ltd.	—	—	100.00	11.20
PUBLIC	293.38	36.99	293.38	32.85
Total	793.16	100.00	893.16	100.00

Pursuant to the requirement of the BSE, consent of the members by way of an ordinary resolution is required.

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

**By order of the Board
For RAUNAQ AUTOMOTIVE COMPONENTS LIMITED**

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

Place : New Delhi
Dated : 30th July, 2012



DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors present 29th Annual Report and Audited Statement of Accounts of your Company for the Financial year ended 31st March, 2012.

FINANCIAL RESULTS : (Rs.in Lacs)

Particulars	2011-2012	2010-2011
Sales and Other Income	10897	9125
Operational Expenses	9700	8104
Depreciation	305	283
Financial Charges	486	344
Gross Profit/(Loss)	406	394
Provision for Taxes/ Def.Tax		
Liab/ including earlier years	-134	-134
Net Profit	272	260
Profit b/f from last year	817	558
Profit carried to Balance Sheet	1089	817

MANAGEMENT DISCUSSION AND ANALYSIS

a) The Global Economy 2011-12

Throughout the world all developed economies are showing sign of stagnation or decline except select Asian countries, notably China & India, which were growing over 7% in past 2 years. However, on going debt crisis in Europe, fluctuating crude oil prices, heavy fluctuations in inter currency exchange rates & political situation in some European countries is putting severe inflationary pressure on economies throughout the world. Although, it is creating additional trade opportunities for developing economies to tap new avenues in the developed countries by providing low cost products and services.

The global recession provided a food for thought to Indian economy to find ways & means for not only its survival but consistent growth. The Govt. policy in financial sector proved to the world at large that Indian system / sector is one of the best system that did not yield to the very strong pressure of economic recession as it has shaken the major economic powers of the globe.

Indian automotive industry duly backed by robust domestic demand, is growing consistently over last few years. An emerging middle class sector which got boost from I.T, B.P.O and Banking sectors has been creating a huge demand potential for Two Wheelers & Cars. Similarly growth in agricultural sector duly backed by focus of Government is considerably boosting the rural economy, which is providing increased business opportunities for Three Wheelers, light passenger and cargo vehicles, Overall growth in economy, is thus providing substantial growth opportunities for transport sector, which is boosting the sales for medium and heavy

commercial vehicles.

However, rise in interest costs, ever increasing fuel costs and heavy inflation witnessed in past one year is creating road blocks for maintaining the consistent growth trends in automotive sector. Automotive Component Sector, though is flushed with increased business opportunities, but is under tremendous cost pressures because OEMs are having stiff competition between themselves due to which they themselves are in a tremendous cost challenges. In Turn OEMs squeezed all profit margins of component suppliers. However, component industry has huge demand potential from overseas export customers, as India is still considered a low cost source with acceptable level of quality and price economy.

b) Opportunities and threats

An Opportunity for Indian Economy

All over the World, Automobiles Giants have been looking towards India as their destination for procurement of their domestic as well as export requirements since Indian components manufacturers could provide them sufficient confidence to achieve the desired quality norms for products at competitive rates, mainly because of their strong Engineering skills & low cost of production as compared to their counter parts in other parts of the Globe.

However, it is felt that Indian economy is still struggling against some basic infrastructural facilities and other problems such as

- Good Highways/Ports
- Availability of Regular & Cheaper electricity
- Low Cost Raw Material
- Simple Taxation Structure
- Latest Technology & RD facilities
- Erratic fluctuation in fuels prices / Exchange rate
- High inflation rate

Though, Indian economy has started loosing steam but it has the potential of curbing such temporary downfall in demand and can move faster in every sector, provided Government addresses above areas with a pro-active approach and puts the best policies and requisite funds for speedy development of most essential infrastructure.

Besides above, the Industrial sector itself has to gear up fully to tap the huge opportunity made available by such recession with a particular thrust in the following areas:

- Improvement in quality & environment Management systems.
- Technology up gradation.
- Exploring new business avenues in domestic & as well as export market.
- Focus on skill development at all levels.
- Adherence to principles of Corporate Governance at international levels.



Threats

Though, the Indian economy enjoys several advantages of being one of the biggest market for vehicle users and has the distinction of being one of the largest automotive components manufacturers in the world still it faces the following threats

- Continued volatility of Raw material prices
- Free Trade/W.T.O.
- Foreign Currency fluctuations
- Increased competition from China, Taiwan & other Asian countries

c) Risks & Concerns

Risks

The growth of Automotive Component Industry is entirely dependent upon the performance of Automotive Sector/ infrastructure development. Though, the global recession has adversely affected the export market and recovery may be slower than expected but the efforts made by the company during the last 2 years have yielded good results and the company has bagged prestigious and high valued orders from abroad from some of the world renowned OEM. The volatility in the market may further deteriorate the sustainability of business viability.

Concerns

The major impediments in the overall growth of the Industry are:

- Inadequacy of good quality of infrastructure specially Highways, Ports, Airports
- Lack of Good Quality & continued availability of power at cheaper rates
- Volatility in prices and availability of basic raw material
- Multiple taxation system and other complicated administrative procedures
- Inability to pass on increasing cost to customers

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 is adequately complied with and adhered to.

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.

PERFORMANCE OF THE COMPANY

In the Financial Year 2011-2012, the company achieved an Income of Rs.10897 Lacs as compared to Rs.9125

Lacs in 2010-11 thus achieving a growth of 19%. The company achieved an operating profit of Rs.406 Lacs (PBT) as compared to Rs.394 Lacs (PBT) thus registering a marginal growth of 3% as compared to last year. The company has made a provision of Rs. 134 lacs on account of Income Tax / Deferred Tax Liabilities.

The company has MAT credit of Rs. 137 Lacs which shall be utilized/ adjusted for payment of Income Tax in future. Company has a Reserve & Surplus of Rs. 1214.68 lacs as compared to Rs. 880 Lacs last year.

The demand from our existing Customers has increased significantly and the company is fully geared up to meet the additional demand of OEM and Export Customers.

During the year under review, the company had been successful in capturing the business from some of the world renowned automotive manufacturers and its further impact shall be visible in the performance of the current year.

During the Financial Year under review, the profit margins of the company have been adversely bit due to severe inflationary pressure. However, a part of the same has been passed over to customers.

EXPORTS

The company has successfully broadened the export horizons during the year under review. Many prestigious MNCs have been included in our list of customers. The company is not only catering to their existing demand, but has also geared itself for their global requirement. In 2011-12, the company has improved its export sales significantly. It has been exporting goods to every part of globe, may be it is Asian countries, European Countries or USA. Our exports are very well accepted and are being appreciated for their good quality and competitive price.

During the year under review, the company achieved an export turnover of Rs.1893 Lacs as against Rs.1327 Lacs in 2010-11. Thus, achieving a growth of 43%. The Company has already tapped prestigious business from most reputed global brands. Our export customers are fully satisfied with the quality, timely delivery & cost competitiveness. In the current year we have targeted an overall export sales of Rs.3000 lacs.

FUTURE OUTLOOK

A YEAR OF DIVERSIFIED GROWTH

A) THRUST ON BEST CORPORATE HUMAN RESOURCES PRACTICES

Company has taken sufficient steps to impart practical training to its work force at all levels. A separate cell in Personal department has already been created for imparting such training in the plant itself. In order to encourage the senior staff, they are being deputed to attend Conferences, Seminars, Workshops at home and are even being sent to abroad to upgrade their skills to global levels, so that they are satisfied & bring in technology & skills to RAQL for mutual benefits.



B) INFRASTRUCTURAL & TECHNOLOGY UP GRADATION:

The company is consistently making investment in bringing in State of the Art Technology in the field of Gear Cutting, Heat Treatment & Gear Finishing processes. A consistent thrust on technology up-gradation is being maintained to ensure technology level in line with global customers demand.

C) TAPPING NEW BUSINESS

The company has been exploring various avenues for development of new customers in Domestic and Export market by participating in Exhibition / National Auto Expo show / states sellers/buyers meets and other programmes organized by ACMA or other related agencies. With our new installed technology, now we have already bagged orders from world class OEMs for sports Motor Cycle segment.

During the previous years RACL has explored business opportunities with various new customers. Some of these are at various stages of development and for some of the customers commercial production has started & we are hopeful that for some of the customers commencing commercial production in the current year itself.

Considering the existing business scenario the company has started exploring business opportunities with some new OEMs & we are hopeful that slow down witnessed (if any) by the existing customers shall be compensated by such new customers.

D) SETTING OF A SMALL FORGING UNIT (TO REDUCE RAW MATERIAL COST):

The company is already facing pressures on timely availability of forgings at competitive rates, the company has planned to install a small forging unit at the existing location. The project has already been tied up financially with Ratnakar Bank. The building is under construction and the requisite plant & machineries have already been ordered & under the process of procurement & we hope that it shall start commercial production for captive consumption in the current year itself.

E) IMPROVEMENT IN QUALITY SYSTEM & MANAGERIAL SYSTEMS

- a) The vigorous efforts put in by management yielded good results in lean manufacturing programme and it has benefited the company in a big way.
- b) The Company contemplates to implement SP & SQC techniques to be implemented in all critical process.
- c) Certificate of ISO 18001 & OHSAS Standards

has already been obtained.

- d) As planned last year, RACL has started supplier development programme under project name as "UDAAN" for which an external faculty has been organized. The entire programme is co-ordinated by quality and purchasing team to ensure 100% defect free supplies from Job work suppliers at right time. Initially 8 suppliers have been included in this programme. It is targeted that programme shall bring RACL suppliers in line with global requirements of RACL customers.

F) NEW INITIATIVES FOR COST REDUCTIONS

During the year under review, the company hired the professional services for improving the profitability and cost reduction by way of practical training on Theory of constraints. The training imparted to the Sr. Executives of the company has brought a sea-change in the performance of the Sr. Managerial Team, which has been also percolated to the lower streams. We hope the result of this training shall be visible in the Current Year.

MANUFACTURING EXCELLENCE & DEMING PRIZE JOURNEY

The new Plant & Machinery installed during the last 2 years have made a remarkable change in the quality of goods produced, which can match any international levels quality at local prices. The improved quality system with stringent Quality audit norms shall prove to be a milestone assisting us to achieve our goal of winning the Deming Prize in the near future.

DIVIDEND

Considering the fund requirements for our future plans for up-gradation of machinery / technology up-gradation, 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, 2012.

LISTING FEES

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.

The Financial Results of the company can be accessed at the company's website <http://www.raunaqauto.com>

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 nominated Mr.Devender Singh and Mr.Ashok Mishra as Directors.

In accordance with the provisions of The Companies Act, 1956 and Memorandum and Article of Association of the company Mr.Anil Sharma, Director of the company retires by rotation and being eligible offers 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 and development.

During the year under review, the relationship between the Workers & Management have been very co-ordial. The Management has been taking effective steps to raise the morale of work force by introduction of Kaizen Scheme, Incentives for Production, Best worker & Most disciplined employees. The company has introduced direct interaction of workforce with the very senior management on frequent intervals which has further boosted morale of the workers.

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 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

Place : New Delhi
Date : 30th July, 2012

Sd/-
(GURSHARAN SINGH)
Chairman and Managing
Director



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

Your company continues to invest in the latest energy efficient technologies for maintaining the competitive edge. Company has undertaken the following projects to conserve the energy:

1. Common blower in SQF
2. Installation of energy efficient imported Air Compressor
3. Installation of IPSEN makes SQF for reduction in LPG consumption
4. Installation of Robot for machines loading to reduce power consumption & operator fatigue

Power and Fuel Consumption :

	2011-12	2010-11
(a) Electricity		
(i) Purchased		
Units (in Lacs)	44.63	39.92
Total amount (Rs.in Lacs)	222.76	182.98
Rate Per Unit (Rs.)	5.10	4.60
(ii) Own Generation		
(a) Through Diesel Generator		
Units (in Lacs)	6.67	5.30
Unit Per Ltr of Diesel Oil	3.50	3.45
Cost Per Unit (Rs.)	12.28	11.38
(b) Through Steam Turbine/ Generator	NIL	NIL
(b) Coal	NIL	NIL
(c) Furnace Fuel (LPG)		
Consumed (in MT)	759.21	637.33
Total Amount (Rs.in Lacs)	434.82	341.54
Average Rate per MT (Rs.in Lacs)	0.57	0.54
(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 improvement in

processes and product development. Moreover, it interacts with its customer for further improvement in its R&D division and design development.

b) Technology Absorption

Your company has initiated to absorb / adopt modern technology. These steps include speeding up of all operations to reduce cycle time, to reduce H.T. time and manpower requirement, standardization of process etc. It has implemented / commissioned the following equipments:

1. IPSEN (GERMANY) make Sealed Quench Furnace, which is time saving due to straight thro' design & low energy consumption.
2. FASSLER (SWITZERLAND) make Gear Honing Machines, which can produce DIN 6 quality gears
3. Kanzaki make 5 axis CNC Gear Shaving Machines
4. CNC Contour measuring machine.
5. Modular Storage System using FIFO concept thus reducing the manpower & fatigue factor.
6. Infra Red Metal Spectroscope.

c) Environment Friendly Company

Company has constructed a new production facility under the name and style of "TECHNOLOGY BLOCK EXTENSION". This has the following features:

1. It is a green building / maximum utilization of sunlight
2. Company has introduced rain water harvesting system
3. Company has undertaken saplings plantation throughout the year

C. FOREIGN EXCHANGE INFLOW AND OUTGO

Expenses incurred in foreign exchange are as follows :

	2011-12 (₹ in Lacs)	2010-11 (₹ in Lacs)
- Foreign Travelling	25.16	12.01
- Purchase of Machineries & Spares (including Advances)	163.95	284.50
Purchase of Raw Materials & Tools	52.53	52.06
Earnings in Foreign Exchange	1878.71	1212.76



CORPORATE GOVERNANCE REPORT

In compliance of Clause 49 of Listing Agreement as executed with Stock Exchange, Mumbai. RAQL has implemented good Corporate Governance practice in true spirit. A report on the implementation of Corporate Governance Code is furnished as under

RAQL PHILOSOPHY ON CORPORATE GOVERNANCE

Raunaq Automotive Components Ltd is committed to pursue growth by way adherence to national standards of Corporate Governance which brings direction and control to the affairs of the company in a manner that ensure optimum transparency, overall well being & welfare of the system which takes into account the interest of every stakeholder 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, integrity in financial reporting, compliance with the laws & regulations in each of the areas the company operates. The company is guided by a key set of values for all its internal & external interaction, recognizing to the legitimate rights of every stakeholder. It is a means of effective control, professionalism responsibility and accountability in all area of enhancing the customers' satisfaction and nurturing the national values.

BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD

The present Board consists of 2 Executive Directors, 2 Nominee Directors and 3 Non-Executive Independent Directors.

(B) NON EXECUTIVE DIRECTORS

With their vast experience and knowledge and with their independence of judgment 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 (1.4.2011 to 31.3.2012)	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 1.4.2011 to 31.3.2012
Mr.Gursharan Singh	Chairman and MD	4	Yes	1	1	Rs.5512960/-
Mr.D.R.Arya	Director(F) & C.S.	4	Yes	0	1	Rs.2887200/-
Mr.Anil Sharma	Director	4	Yes	2	2	Rs. 102000/-
Mr.Madan Lal	Director	4	Yes	1	3	Rs. 127000/-
Mr.Raj Kumar Kapoor	Director	4	Yes	0	1	Rs. 102000/-
Mr.Devender Singh	Nominee Director	1	No	1	-	Rs. 10000/-
Mr.Ashok Mishra	Nominee Director	-	No	-	-	-

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 Meeting.

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.R.K.Kapoor, a professional and independent director, is the Chairman of Audit Committee.

(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 (As on 31.3.2012)

AUDIT COMMITTEE		SHARE TRANSFER COMMITTEE	
Name of Director	No. of meetings attended	Name of Director	No. of meetings attended
Mr.R.K.Kapoor	4	Mr.Gursharan Singh	19
Mr.Anil Sharma	4	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, Phase-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 transfers to a committee that attends to share transfer formalities and Demat Procedures. The Meetings 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 31.3.2012, the Share Transfer Committee met 19 times.



3. MEETING OF BOARD & AUDIT COMMITTEE (2011-12)

BOARD MEETING			AUDIT COMMITTEE MEETING		
Date of Meeting	Place	No. of Directors present	Date of Meeting	Place	No. of Directors present
31.05.11	Noida	5	31.05.11	Noida	3
29.07.11	Gajraula	5	29.07.11	Gajraula	3
31.10.11	New Delhi	5	31.10.11	New Delhi	3
30.01.12	New Delhi	6	30.01.12	New Delhi	3

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 : 28th September, 2012
 Venue : Shivam Garden, Bawana Road, Narela, Delhi - 110 040
 Time : 10.00 A.M.

Details of last three AGMs held

YEAR	DATE	TIME	VENUE	BOOK CLOSURE
2008-2009	26.09.2009	10.00 AM	New Delhi	22.09.2009 to 26.09.2009
2009-2010	29.09.2010	10.30 AM	New Delhi	24.09.2010 to 29.09.2010
2010-2011	30.09.2011	10.00 AM	New Delhi	24.09.2011 to 30.09.2011

2. Financial Calendar :

Financial Period : 1st April, 2011 to 31st March, 2012

For the Financial Year 1st April, 2011 to 31st March, 2012 Quarterly results were announced on :

- 29th July, 2011, 31st October, 2011, 30th January, 2012

For the Financial Year 1st April, 2011 to 31st March, 2012 Audited results were announced on :

- 31st May, 2011

3: Book Closure :

The dates of book closure are from 24th September, 2012 to 28th September, 2012 (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 RACL 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 RACL, penalties, strictures imposed on RACL 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 2011-12

Nature of Letters	Received	Cleared
Enquires relating to Transfer Transmission, Demat etc.	03	03

6. Stock Market Price Data for the year 2011-12

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,11	17.95	16.05
May	17.40	15.00
June	17.85	16.00
July	18.35	16.25
Aug	18.30	15.35
Sept	16.40	14.05
Oct	15.40	13.50
Nov	15.00	13.00
Dec	14.80	11.90
Jan,12	16.86	13.10
Feb	18.00	15.00
Mar	16.95	14.30

7. Categories of Shareholders as on 31st March, 2012

Shareholding Pattern

Category	No. of shares	% of Paid up capital
A Promoters' Holding		
1. Promoters		
a) Indian Promoters		
- PICUP	1503300	16.831
- REWT	3398687	38.052
b) Foreign Promoters	—	—
2. Persons acting in concert	97335	1.090
Sub Total (A)	4999322	55.974
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	241866	2.708
b. Indian Public	2638812	29.544
c. Non Resident Indians/Overseas	1051100	11.768
Sub Total (B)	3932278	44.026
G.TOTAL (A+B)	8931600	100.00



8. Distribution of shareholding as on 31st March, 2012

Distribution	No. of Share holders	% of Shareholders	No of shares	% of Shareholding
Up to 5000	6270	91.227	1023209	11.456
5001 - 10000	340	4.947	289459	3.241
10001 - 20000	112	1.630	177737	1.990
20001 - 30000	55	0.800	143365	1.605
30001 - 40000	17	0.247	62636	0.701
40001 - 50000	20	0.291	96213	1.077
50001 - 100000	22	0.320	159618	1.787
100001 & Above	37	0.538	6979363	78.142
TOTAL	6873	100.00	8931600	100.00

9. Shares held in physical and dematerialized form

As on 31st March, 2012, 79% of RAUNAQ's shares were held in dematerialized form and the remaining 21% in physical form.

Break up of physical and dematerialized shares as on 31st March, 2012

	No. of Folios (Physical)	No. of Folios (Demat)	No. of Shares (Physical)	No. of Shares (Demat)	Total Folios	Total Shares
RAUNAQ	3923	2950	1847544	7084056	6873	8931600

10. PLANT LOCATION :

- UNIT-I : Raunaq Automotive Components Limited
A-3, Industrial Area, Gajraula
Distt. J.P. Nagar-244223 (U.P.)
- UNIT-II : Raunaq Automotive Components Limited
H-201, Sector-63, Noida
Distt. Gautam Budh Nagar (U.P.)

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

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

**12. 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 31.03.2012. 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**

During the year under review, the company has allotted 10,00,000 equity shares of face value of Rs.10/- at the rate of Rs.16.25 per share to M/s..Middleware Development Ltd. on preferential allotment basis.

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, 2012 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
Firm Registration No. 001307C

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

Place : New Delhi
Date : 30th July, 2012

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 31st March, 2012.

Sd/-
GURSHARAN SINGH
Chairman and Managing Director

Place : New Delhi
Date : 30th July, 2012



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, 2012 and also the Statement of 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, Statement of Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d) On the basis of the written representation / information received from the Directors as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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, Statement of 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, 2012;
 - ii) in the case of the Statement of 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
Firm Registration No. 001307C

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

Place : New Delhi
Date : 30th May, 2012



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 not taken any loan during the period covered under Audit from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. However, the company had taken Interest Free Secured Deferred Sales Tax Loan of Rs.732.02 lacs from PICUP, during previous years.
 - 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 has been started as per repayment schedule.
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, 2012. 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 made preferential allotment of 10 Lacs equity shares (Face Value Rs 10) to Middleware Development Ltd a non promoter entity at a premium of Rs 6.25 per share aggregating Rs 162.5 lacs. The said Issue price has been calculated as per guidelines issued by SEBI.
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.
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
Firm Registration No. 001307C

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

Place : New Delhi
Date : 30th May, 2012



BALANCE SHEET AS AT 31ST MARCH 2012

(₹ in Lacs)

Particulars	Notes No.	As At 31st March,2012	As At 31st March,2011
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share capital	1	893.16	793.16
Reserves and surplus	2	1,214.68	880.18
Money received against share warrants		—	—
Share application money pending allotment		—	—
Non-current liabilities			
Long-term borrowings	3	1,740.49	1,224.87
Deferred tax liabilities (Net)	4	340.41	256.26
Other Long term liabilities	5	135.83	58.48
Long-term provisions	6	249.79	213.66
Current liabilities			
Short-term borrowings	7	1,220.87	869.28
Trade payables	8	1,256.05	1,371.69
Other current liabilities	9	780.90	710.33
Short-term provisions	10	187.23	150.40
TOTAL		8,019.41	6,528.31
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets			
Tangible assets	11	4,297.48	3,389.78
Intangible assets		—	—
Capital work-in-progress	11	64.92	42.66
Intangible assets under development		—	—
Non-current investments			
Deferred tax assets (net)		—	—
Long-term loans and advances	12	180.94	124.95
Other non-current assets			
Misc expenditure (To the extent not written off)	13	125.06	72.51
Current assets			
Current investments			
Inventories	14	1,744.71	1,608.16
Trade receivables	15	1,232.32	894.58
Cash and cash equivalents	16	68.72	67.86
Short-term loans and advances	17	28.34	149.01
Other current assets	18	276.92	178.80
TOTAL		8,019.41	6,528.31

Significant Accounting Policies & notes to accounts are forming integral part of Balance sheet.

For A. SACHDEV & CO
Chartered Accountants
Firm Registration No. 001307C

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/-
ANIL SHARMA
(Director)

Place : New Delhi
Date : 30th May, 2012

Sd/-
RAJ KUMAR KAPOOR
(Director)

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



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2012

(₹ in Lacs)

Particulars	Refer Notes No.	Year Ended 31.03.2012	Year Ended 31.03.2011
I. Revenue from operations	20	9,872.39	8,270.34
II. Other income	21	190.13	124.45
III. Total Revenue (I + II)		10,062.52	8,394.79
IV. Expenses:			
Cost of materials consumed	22	4,844.80	4,147.20
Purchases of Stock-in-Trade		—	—
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	23	4.92	(62.39)
Employee benefits expense	24	1,103.20	936.15
Finance costs	25	485.68	343.88
Depreciation and amortization expense	26	304.83	283.38
Other expenses	27	2,913.26	2,352.93
Total expenses		9,656.69	8,001.15
V. Profit before exceptional and extraordinary items and tax (III-IV)		405.83	393.64
VI. Exceptional items		—	—
VII. Profit before extraordinary items and tax (V - VI)		405.83	393.64
VIII. Extraordinary Items		—	—
IX. Profit before tax (VII- VIII)		405.83	393.64
X Tax expense:			
(1) Current tax			
Mat payable		87.44	74.66
Less: Mat credit entitlement		37.76	50.96
		(49.68)	(23.70)
(2) Deferred tax		(84.15)	(110.41)
XI Profit (Loss) for the period from continuing operations (VII-VIII)		272.00	259.53
XII Profit/(loss) from discontinuing operations		—	—
XIII Tax expense of discontinuing operations		—	—
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		—	—
XV Profit (Loss) for the period (XI + XIV)		272.00	259.53
XVI Earnings per equity share:			
(1) Basic	28	3.38	3.28
(2) Diluted		—	—

Significant Accounting Policies & notes to accounts are forming integral part of Statement of Profit & Loss Account.

For A. SACHDEV & CO

Chartered Accountants

Firm Registration No. 001307C

By order of the Board

For Raunag Automotive Components Ltd.

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

Sd/-
GURSHARAN SINGH
(Chairman and
Managing Director)

Sd/-
MADAN LAL
(Director)

Sd/-
ANIL SHARMA
(Director)

Place : New Delhi
Date : 30th May, 2012

Sd/-
RAJ KUMAR KAPOOR
(Director)

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



SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

A 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.

B GOING CONCERN DISCLOSURE

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

C 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.

D FIXED ASSETS AND DEPRECIATION

Fixed Assets are stated at cost less accumulated depreciation and impairment losses if any.

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 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
- ii) The rates of depreciation on some Office equipments is taken at 20% on SLM after assessing the useful life of the asset.
- iii) It is opined that life span of existing jig & Fixture does not exceed one year, hence these are considered to be the part of Current Assets from Current Financial year.

E 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

F 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.

G 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 31.03.2012 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.



H EMPLOYEES BENEFITS :

Company's contributions paid/ payable during the year to Provident Fund and Employees' State Insurance Corporation (ESIC) are recognized in the Profit & Loss Account, Provident Fund contributions are made to a Trust administered by the company. The interest rate payable to the members of this trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the company. The remaining contributions are made to a Government Administered Employee Pension Fund towards which the company has no further obligations beyond its monthly contributions.

Defined benefit contributions and other long term employee benefits are provided on the basis of actuarial valuation made at the end of each financial year. Actuarial gain or loss arising from such valuation are charged to revenue in the year in which they arise.

I 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.

J PROVISION FOR CURRENT AND DEFERRED TAX

- (i) Provision for Current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective "Previous Year". Minimum Alternate Tax (MAT) eligible for set-off in subsequent years (as per tax laws), is recognized as an asset by way of credit to the Profit and Loss Account only if there is convincing evidence of its realization. At each Balance Sheet date, the carrying amount of MAT Credit Entitlement receivable is reviewed to reassure realization.
- (ii) Deferred Tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognized, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realized.

K IMPAIRMENT OF ASSETS

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the assets exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

L EARNINGS PER SHARE (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating Diluted Earning per Share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential Equity Shares.



Notes on financial statements for the year ended 31st March 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation

(₹ in lacs)

1	Share Capital	As at 31 March 2012		As at 31 March 2011	
		Number	Rs in lacs	Number	Rs in lacs
	Authorised				
	Preference Shares	—	—	—	—
	Equity Shares of ₹ 10/- each	20,000,000	2,000.00	20,000,000	2,000.00
	Issued & Subscribed				
	Preference Shares	—	—	—	—
	Equity Shares of ₹ 10/- each	9,940,000	994.00	8,940,000	894.00
	Paid up				
	Preference Shares	—	—	—	—
	Equity Shares of ₹ 10/- each	8,931,600	893.16	7,931,600	793.16
	Subscribed but not fully Paid up				
	Preference Shares	—	—	—	—
	Equity Shares of ₹ 10/-each, not fully paid up	—	—	—	—
	Total	8,931,600	893.16	7,931,600	793.16

1.2	Particulars	Number Equity Shares		Number Preference Shares	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
		Shares outstanding at the beginning of the year	7,931,600	7,931,600	—
Shares Issued during the year	1,000,000	—	—	—	
Shares bought back during the year	—	—	—	—	
Shares outstanding at the end of the year	8,931,600	7,931,600	—	—	

1.3 List of shareholders having more than 5% of equity shares

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RACL Employee Welfare Trust	3,398,687	38.05	3,398,687	42.85
PICUP	1,503,300	16.83	1,503,300	18.95
Middle Ware Development Limited	1,000,000	11.19	—	—

1.4 No buyback of shares undertaken during the year NIL

1.5 Unpaid Calls	₹
By Directors	NIL
By Officers	NIL

1.6 There is only one class of shares of company (i.e Equity shares)

1.7 The company does not have any Holding, Subsidiary or Associates of holding company.

1.8 Company has forfeited 1008400 partly paid equity shares of Rs. 10/- each (on 21-04-2003) and 1900000 convertible share warrants having paid up value of Re. 1/- each (on 19-04-2010).



(₹ in lacs)

2	Reserves & Surplus	As at 31 March 2012	As at 31 March 2011
	a. Capital Reserves		
	Opening Balance	2.00	2.00
	(+) Current Year Transfer	—	—
	(-) Written Back in Current Year	—	—
	Closing Balance	2.00	2.00
	b. Capital Redemption Reserve		
	Opening Balance	—	—
	(+) Current Year Transfer	—	—
	(-) Written Back in Current Year	—	—
	Closing Balance	—	—
	c. Securities Premium Account		
	Opening Balance	19.00	19.00
	Add : Securities premium credited on Share issue	62.50	—
	<u>Less : Premium Utilised for various reasons</u>	—	—
	Premium on Redemption of Debentures	—	—
	For Issuing Bonus Shares	—	—
	Closing Balance	81.50	19.00
	d. Debenture Redemption Reserve		
	Opening Balance	—	—
	(+) Current Year Transfer	—	—
	(-) Written Back in Current Year	—	—
	Closing Balance	—	—
	e. Revaluation Reserve		
	Opening Balance	—	—
	(+) Current Year Transfer	—	—
	(-) Written Back in Current Year	—	—
	Closing Balance	—	—
	f. Share Options Outstanding Account		
	Opening Balance	—	—
	(+) Current Year Transfer	—	—
	(-) Written Back in Current Year	—	—
	Closing Balance	—	—
	g. Share Forfeiture Account		
	Opening Balance	41.95	41.95
	(+) Current Year Transfer	—	—
	(-) Written Back in Current Year	—	—
	Closing Balance	41.05	41.95
	h. Surplus		
	Opening balance	817.23	557.70
	(+) Net Profit/(Net Loss) For the current year	272.00	259.53
	(+) Transfer from Reserves	—	—
	(-) Proposed Dividends	—	—
	(-) Interim Dividends	—	—
	(-) Transfer to Reserves	—	—
	Closing Balance	1,089.23	817.23
	Total	1,214.68	880.18



(₹ in lacs)

3 <u>Long Term Borrowings</u>	As at 31 March 2012	As at 31 March 2011
Secured		
(a) Bonds/debentures	—	—
(b) Term loans		
from banks	1,283.16	698.00
(c) Deferred payment liabilities		
Interest free sales tax loan from PICUP	368.66	516.91
(d) Deposits	—	—
(e) Loans and advances from related parties	—	—
(f) Long term maturities of finance lease obligations		
Car loan	9.01	9.96
	1,660.83	1,224.87
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (b) (e) & (g)		
1. Period of default	—	—
2. Amount	—	—
Unsecured		
(a) Bonds/debentures	—	—
(b) Term loans	—	—
(c) Deferred payment liabilities	—	—
(d) Deposits	—	—
(e) Loans and advances from related parties	—	—
(f) Long term maturities of finance lease obligations	—	—
(g) Other loans and advances (specify nature)	79.66	—
	79.66	—
Total	1,740.49	1,224.87

3.1 There has been no default in repayment of loans and interest

3.2 Secured term loans from Banks and Deferred payment liabilities (Deferred Sales tax loan) have been guaranteed by whole time directors.

3.3 Maturity Profile of term loans are as set out below:

	1st year	2 nd year	3rd year	4th year
Term loans from banks (Secured)	420.8	354.00	400.00	390.00
PICUP (Secured)	173.89	194.77	—	—
Unsecured Loans	16.67	62.50	—	—

3.4 Term Loan from Bank of India, Noida Branch is secured by 1st charge created by equitable mortgage of land & 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.



- 3.5 The company has taken a Corporate loan of Rs. 600.00 lacs from The Ratnakar Bank Limited, out of which company has availed Rs. 300.00 lacs on 31st March 2012. The said loan is secured by way of second charge on entire current assets & fixed assets of the company (existing & future).
- 3.6 Interest free deferred sales tax loan availed in previous years from Pradeshiya Industrial & Investment Corporation of UP Ltd (PICUP) is secured by way of second charge on all asset ,whether immovable or movable of the company along with extension of mortgage on immovable assets of the company.

(₹ in lacs)

4	Deferred Tax liability (Net)	As at 31 March 2012	As at 31 March 2011
	Deferred tax liabilities on		
	Accelerated depreciation	401.27	321.03
	Bank & other charges	—	10.02
	Development Expenses	38.26	12.38
		439.53	343.43
	Less :		
	Deferred Tax assets on		
	Provision for gratuity & leave encashment	79.63	67.68
	Provision for Doubtful debts and advances	0.44	0.44
	Provision on Profit & loss on sale of Fixed Assets	19.05	19.05
		99.12	87.17
	Net deferred tax liabilities	340.41	256.26
5	Other Long Term Liabilities		
	(a) Trade Payables	—	—
	(b) Others	135.83	58.48
	Total	135.83	58.48
6	Long Term Provisions		
	(a) Provision for employee benefits (Refer note no 24.1)		
	Superannuation (unfunded)	—	—
	Gratuity (unfunded)	186.26	163.11
	Leave Encashment (unfunded)	63.53	50.55
	ESOP / ESOS	—	—
	(b) Others (Specify nature)	—	—
	Total	249.79	213.66



(₹ in lacs)

7 Short Term Borrowings	As at 31 March 2012	As at 31 March 2011
Secured		
(a) Loans repayable on demand from banks	1,220.87	869.28
(b) Loans and advances from related parties	—	—
(c) Deposits	—	—
(d) Other loans and advances (specify nature)	—	—
	1,220.87	869.28
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a) (b) & (d)		
1. Period of default	—	—
2. Amount	—	—
Unsecured		
(a) Loans repayable on demand	—	—
(b) Loans and advances from related parties	—	—
(c) Deposits	—	—
(d) Other loans and advances (specify nature)	—	—
	—	—
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a) (b) & (d)		
1. Period of default	—	—
2. Amount	—	—
Total	1,220.87	869.28

7.1 The cash credit limit from 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.

(₹ in lacs)

8 Trade Payables	As at 31 March 2012	As at 31 March 2011
Due to SSIs	—	—
Due to MSME	—	—
Due to other than SSIs/MSME	1,256.05	1,371.69
	1,256.05	1,371.69



(₹ in lacs)

9	Other Current Liabilities	As at 31 March 2012	As at 31 March 2011
	(a) Current maturities of long-term debt	569.51	383.33
	(b) Current maturities of finance lease obligations	—	16.49
	(c) Interest accrued but not due on borrowings	—	—
	(d) Interest accrued and due on borrowings	0.84	4.99
	(e) Income received in advance	58.16	32.58
	(f) Unpaid dividends	—	—
	(g) Application money received for allotment of securities and due for refund	—	—
	(h) Unpaid matured deposits and interest accrued thereon	—	—
	(i) Unpaid matured debentures and interest accrued thereon	—	—
	(j) Other payables	152.39	272.94
	Total	780.90	710.33
10	Short Term Provisions		
	(a) Provision for employee benefits		
	Salary & Reimbursements	64.63	68.54
	Contribution to PF	—	7.20
	Gratuity (Funded)	—	—
	Leave Encashment (funded)	—	—
	Superannuation (funded)	—	—
	ESOP /ESOS	—	—
	(b) Others (Taxes payable)	122.60	74.66
	Total	187.23	150.40



11. Fixed Assets

Particulars	Gross Block					Accumulated Depreciation					Net Block	
	Balance as at 1 April 2011	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation charged for the year	Adjustment due to revaluations	On disposals	Balance as at 31 March 2012	Balance as at 1 April 2011	Balance as at 31 March 2012
a Tangible Assets												
Land	41.68	—	—	—	41.68	—	—	—	—	—	41.68	41.68
Buildings	638.77	191.76	—	—	830.53	160.84	19.85	—	—	180.69	477.93	649.84
Plant and Equipment	4,440.25	959.81	—	—	5,400.06	1,701.94	257.25	—	—	1,959.19	2,738.31	3,440.87
Furniture and Fixtures	30.85	1.69	—	—	32.54	23.90	1.32	—	—	25.22	6.95	7.32
Vehicles	73.56	10.42	3.43	—	80.55	27.58	14.11	—	2.65	39.04	45.98	41.51
Office equipment	137.69	25.26	—	—	162.95	109.16	7.42	—	—	116.58	28.53	46.37
Electrical Installation	106.79	24.37	—	—	131.16	56.39	4.88	—	—	61.27	50.40	69.89
Total	5,469.59	1,213.31	3.43	—	6,679.47	2,079.81	304.83	—	2.65	2,381.99	3,389.78	4,297.48
b Intangible Assets	—	—	—	—	—	—	—	—	—	—	—	—
c Capital Work In Progress	42.66	22.26	—	—	64.92	—	—	—	—	—	42.66	64.92
Total	42.66	22.26	—	—	64.92	—	—	—	—	—	42.66	64.92
d Intangible assets under Development	—	—	—	—	—	—	—	—	—	—	—	—
Total	5,512.25	1,235.57	3.43	—	6,744.39	2,079.81	304.83	—	2.65	2,381.99	3,432.44	4,362.32

There is no revaluation of fixed assets during the year



(₹ in lacs)

12	<u>Long Term Loans and Advances</u>	As at 31 March 2012	As at 31 March 2011
	a. Capital Advances	—	—
		—	—
	b. Security Deposits		
	Secured, considered good	44.04	25.81
	Unsecured, considered good	—	—
	Doubtful	—	—
	Less: Provision for doubtful deposits		
		44.04	25.81
	c. Loans and advances to related parties (refer Note 2)	—	—
		—	—
	d. Other loans and advances MAT		
	Secured, considered good	136.90	99.14
	Unsecured, considered good	—	—
	Doubtful	—	—
		136.90	99.14
	Total	180.94	124.95
	To Directors *	—	—
	Other officers of the Company *	—	—
	Firm in which director is a partner *	—	—
	Private Company in which director is a member	—	—
		—	—
13.	MISC EXP (To the extent not written off)	125.06	72.51
14	Inventories		
	a. Raw Materials and components (Valued at Cost)	176.77	213.22
	Goods-in transit	—	—
		176.77	213.22
	b. Work-in-progress (Valued at Factory Cost)	377.57	412.94
	Goods-in transit	—	—
		377.57	412.94
	c. Finished goods (Valued at cost or net realizable value whichever is lower)	191.26	156.91
	Goods-in transit	—	—
		191.26	156.91
	d. Stock-in-trade	—	—
	Goods-in transit	—	—
		—	—



(₹ in lacs)

	As at 31 March 2012	As at 31 March 2011
e. Store and spares (Valued at cost or net realizable value whichever is lower)	233.1	205.45
Goods-in transit	—	—
	233.10	205.45
f. Loose Tools (Valued at cost or net realizable value whichever is lower)	637.6	507.25
Goods-in transit	—	—
	637.60	507.25
g. Scrap	4.58	8.48
h. Jigs & fixtures	123.83	103.91
	128.41	112.39
Total	1,744.71	1,608.16
15 Trade Receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	—	—
Unsecured, considered good	1186.5	847.3
Unsecured, considered doubtful	—	—
Less: Provision for doubtful debts	(1.44)	(1.44)
	1,185.06	845.86
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	—	—
Unsecured, considered good	47.26	48.72
Unsecured, considered doubtful	—	—
Less: Provision for doubtful debts	—	—
	47.26	48.72
Total	1,232.32	894.58
Trade Receivable stated above include debts due by:		
To Directors *	—	—
Other officers of the Company *	—	—
Firm in which director is a partner *	—	—
Private Company in which director is a member	—	—
	—	—

*Either severally or jointly



(₹ in lacs)

16	Cash and cash equivalents	As at 31 March 2012	As at 31 March 2011
	a. Balances with banks*	15.13	15.8
	This includes:		
	Earmarked Balances (eg/- unpaid dividend accounts)	—	—
	Margin money	47.83	47.83
	Security against borrowings	—	—
	Guarantees	—	—
	Other Commitments	—	—
	Bank deposits with more than 12 months maturity	—	—
	b. Cheques, drafts on hand	—	—
	c. Cash on hand*	5.76	4.23
	d. Others (specify nature)	—	—
		68.72	67.86

16.1 The margin money on Letter of Credit is secured by pledging of Term Deposit Receipts to the schedule Bank.

(₹ in lacs)

17	Short-term loans and advances	As at 31 March 2012	As at 31 March 2011
	a. Loans and advances to related parties	—	—
		—	—
	b. Others (specify nature)		
	Capital Advances	—	126.09
	Balances with excise authorities	—	—
	Secured, considered good	28.34	22.92
	Unsecured, considered good	—	—
	Doubtful	—	—
		28.34	149.01
		—	—
	To Directors *	—	—
	Other officers of the Company *	—	—
	Firm in which director is a partner	—	—
	Private Company in which director is a member	—	—
		—	—
	*Either severally or jointly		
18	Other current assets (specify nature)		
	Advance recoverable in cash or kind or value to be received	276.92	178.8



(₹ in lacs)

19	Contingent liabilities and commitments (to the extent not provided for)	As at 31 March 2012	As at 31 March 2011
	(i) Contingent Liabilities		
	(a) Claims against the company not acknowledged as debt	—	—
	(b) Guarantees	51.01	—
	(c) Outstanding amount of letter of Credit	135.62	265.81
		186.63	265.81
	(ii) Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	—	—
	(b) Uncalled liability on shares and other investments partly paid	—	—
	(c) Other commitments (specify nature)	—	—
		—	—
	Total	186.63	265.81
20	Revenue from operations	(₹ in lacs)	
	Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
	Sale of products	10618.94	8,929.78
	Sale of services	—	—
	Other operating revenues	87.56	70.70
	Less:		
	Excise duty	(834.11)	(730.14)
	Total	9,872.39	8,270.34
21	Other Income		
	Interest on deposits	1.56	2.84
	Dividend Income	—	—
	Net gain/loss on sale of investments	—	—
	Other non-operating income (net of expenses directly attributable to such income)	188.57	121.61
	Total	190.13	124.45
22	Cost of Material consumed		
	Opening stock	213.22	83.87
	Add: Purchases	4808.35	4276.55
	Less: Closing stock	(176.77)	(213.22)
	Total	4,844.80	4,147.20



23 Change in inventories

(₹ in lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Closing Stock		
Finished Goods	191.26	151.62
Material in transit	—	5.29
Work in progress	377.57	412.94
Scrap	4.58	8.48
	573.41	578.33
Less:		
Opening Stock		
Finished Goods	151.62	185.46
Material in transit	5.29	—
Work in progress	412.94	325.66
Scrap	8.48	4.82
	578.33	515.94
(Inc)/dec in stock	4.92	(62.39)
24 Employee Benefits Expense		
(a) Salaries and incentives	942.35	821.35
(b) Contributions to -		
(i) Provident fund	21.98	17.72
(ii) Superannuation scheme	—	—
(c) Gratuity fund contributions	42.98	29.64
(d) Social security and other benefit plans for overseas employees	—	—
(e) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),	—	—
(f) Staff welfare expenses	95.89	67.44
Total	1,103.20	936.15

24.1 The Company has adopted Accounting Standard 15 on employees benefits w.e.f. April 1, 2009 relevant disclosure are as under :

Details in respect of Gratuity and Leave Encashment are as under :

Liability to be recognized in Balance Sheet as at 31.3.2012	Gratuity	Leave Encashment
Present value of Funded Obligations	186.26	63.53
Fair Value of Plan Assets	—	—
Net Assets / (Liability)	(186.26)	(63.53)

Reconciliation of Opening and Closing Balances of obligation

Change in defined Benefit Obligation

Obligation as at 01.04.2011	163.11	50.55
Current Service Cost	10.95	1.98
Interest Cost	13.97	4.56
Actuarial Losses / (Gain)	2.74	7.37
Benefit Paid	(4.52)	(0.93)
Obligation as at 31.3.2012	186.25	63.53



Expenditure to be recognized during the year

(₹ in lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Current Service Cost	10.95	1.98
Interest Cost	13.97	4.56
Expected Return on Plan Assets		
Net Actuarial Losses/(Gain) Recognized during the year	2.74	7.37
Total expenditure included in Employees Emoluments	27.66	13.91

Assumptions

Discount Rate (per annum)	8.00%	8.00%
Expected Rate of Return on Assets (per annum)	0.00%	0.00%
Salary Escalation Rate	5.00%	5.00%

25	<u>Finance cost</u>		
	Interest expense	299.73	199.78
	Other borrowing costs	185.95	144.1
	Applicable net gain/loss on foreign currency transactions and translation	—	—
	Total	485.68	343.88
26	<u>Depreciation and Amortisation</u>		
	Depreciation	304.83	283.38
	Less: Transferred from revaluation reserve		—
		304.83	283.38
27	<u>MANUFACTURING EXPENSES</u>		
	Stores & Spares consumed	155.41	111.71
	Loose Tools consumed	257.1	214.82
	Power, Oil & Lubricants & LPG for furnace	882.91	659.16
	Repairs & Maint.(Plant & Machinery)	43.34	34.83
	Outside vendoring	952.09	882.24
	Others	115.88	87.00
		2,406.73	1,989.76
	Less: Transfer to Development Expenses	(47.61)	(50.08)
		2,359.12	1,939.68
	<u>ADMINISTRATIVE, SELLING & OTHER EXPENSES</u>		
	Travelling & Conveyance	49.89	32.21
	Vehicle running & maintenance	55.34	40.35
	Telephone, Telex & Communication	15.7	13.38
	Repairs & Maintenance :		
	- Building	5.57	5.87
	- Others	—	0.03
	Freight & Forwarding	74.15	65.48
	Rent	33.54	22.92
	Printing & Stationery	10.15	10.01
	Discount on sales/Warranty claims	38.4	44.08
	Electricity & Water	9.63	3.87
	Auditors Remuneration	1.25	1.25
	Directors Remuneration	84.97	69.47
	Misc. Expenses	144.29	97.07
	Misc. Expenses written off	31.26	7.26
		554.14	413.25
	TOTAL	2,913.26	2,352.93



28 Earning Per Share

(₹ in lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Net profit after tax as per statement of Profit & Loss attributable to Equity Shareholder	272.00	259.53
Weighted average no of shares	8056600	7931600
Nominal Value of Shares (Rs.)	10.00	10.00
Basic Earning Per Share (Rs.)	3.38	3.28
29 Expenditure in Foreign currency		
Raw Material/Tools	52.53	—
foreign Travelling	25.16	12.01
30 Payment to Auditors		
a. auditor	1.25	1.25
b. for taxation matters	—	—
c. for company law matters	—	—
d. for management services	—	—
e. for other services	—	—
f. for reimbursement of expenses	—	—
Total	1.25	1.25
31 Earnings in Foreign currency		
Export of goods on CIF basis	1878.71	1,212.76

32 Where in respect of an issue of securities made for a specific purpose, the whole or part of the amount has not been used for the specific purpose at the balance sheet date, Indicate below how such unutilized amounts have been used or invested.

NIL

33 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.

34 The company has been pursuing the civil suit against Mr. JPS Kanwar for the recovery of Rs.488.88 lacs.

35 The Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro Small Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

36 The company had sent balance confirmation letters to the customers. The company has received balance confirmations from some of the parties.

37 Consumption of Raw Material

	As at 31 March 2012		As at 31 March 2011	
	Nos	Value (₹ in Lacs)	Nos	Value (₹ in Lacs)
Forging (Bought Out)	5959727	4693.4	5,130,373	4,023.60
Forging (On job work basis)	24974	—	13,479	—
38 CIF Value of Imported Machines/Spares				
Machine/Spare Part		163.95		197.21



- 39 In the opinion of the Board of Directors, Current Assets Loans and Advances shall have a value on realization, value on realization, in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet.
- 40 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.
- 41 Accounting Standard 19 for lease accounting is not applicable as there were no lease transaction.

42 RELATED PARTY DISCLOSURE

As on 31-03-2012, none of the Directors is interested in any of the related party transactions.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st Mar, 2012 (Rs.in Lacs)	Year ended 31st Mar, 2011 (Rs.in Lacs)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	405.83	393.64
Adjustments for:		
Depreciation	304.83	283.38
Miscellaneous expenses written off	31.26	10.00
Interest	485.68	343.88
Operating Profit before Working Capital Changes	<u>1,227.60</u>	<u>1,030.90</u>
Changes in Working Capital		
Decrease/(Increase) in Inventories	(136.55)	(434.02)
Decrease/(Increase) in Sundry Debtors	(337.74)	(179.03)
Decrease/(Increase) in Loan & Advances	(160.42)	(83.21)
(Decrease)/Increase in Current Liabilities	(12.27)	694.96
Cash Generated From Operations	<u>580.62</u>	<u>1,029.60</u>
Interest paid	(485.68)	(343.88)
Cash Flow before Extraordinary Items	<u>94.94</u>	<u>685.72</u>
Extraordinary Items(Prior Year Income/(Expenditure)	—	—
Tax paid during the Year	(81.41)	(74.66)
Tax paid (previous year)	(6.03)	—
Others	(45.51)	(59.45)
Net Cash Flow from Operating Activities	<u>(38.01)</u>	<u>551.61</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Inflow/(Out flow)		
Purchase of Fixed Assets	(1108.70)	(887.42)
Development Expenses	(83.81)	(74.92)
Net Cash Flow from investing Activities	<u>(1,192.51)</u>	<u>(962.34)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow/(Outflow)		
Repayment of Long Term Borrowings		
(Decrease)/Increase in Term Loan from bank	653.87	267.77
Increase/(Decrease) fresh share issued	162.50	—
Increase/(Decrease) in Cash Credit Utilisation	351.59	255.86
Increase/(Decrease) loan from others	147.17	—
Increase/(Decrease) in long term liabilities	36.13	—
Loan from Car finance Co	(10.56)	(6.11)
Interest Free Sales Tax Loan	(109.32)	(91.37)
Net cash flow from financing activities	<u>1,231.38</u>	<u>426.15</u>



	Year ended 31st Mar, 2012 (Rs.in Lacs)	Year ended 31st Mar, 2011 (Rs.in Lacs)
D. NET INC./(DEC.) IN CASH AND CASH EQUIVALENT:(A+B+C)	0.86	15.42
Opening Balance of Cash and Cash Equivalents	20.03	4.60
Closing Balance of Cash and Cash Equivalents	20.89	20.03

We have verified the above cash flow statement of RAUNAQ AUTOMOTIVE COMPONENTS LTD. derived from Audited Financial Statements for the year ended 31st March, 2012 and found the same in accordance therewith, and also with the requirement of clause 32 of the listing agreement with Stock Exchanges.

For A. SACHDEV & CO
Chartered Accountants
Firm Registration No. 001307C

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/-
ANIL SHARMA
(Director)

Place : New Delhi
Date : 30th May, 2012

Sd/-
RAJ KUMAR KAPOOR
(Director)

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

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 29th Annual General Meeting of the Company to be held on Friday, 28th September, 2012, at 10.30 AM.

Signed this day of 2012.

Signature.....

Folio No.....

DP ID

Client ID.....

No.of Shares held.....

Affix Re
1.00
Revenue
Stamp

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.

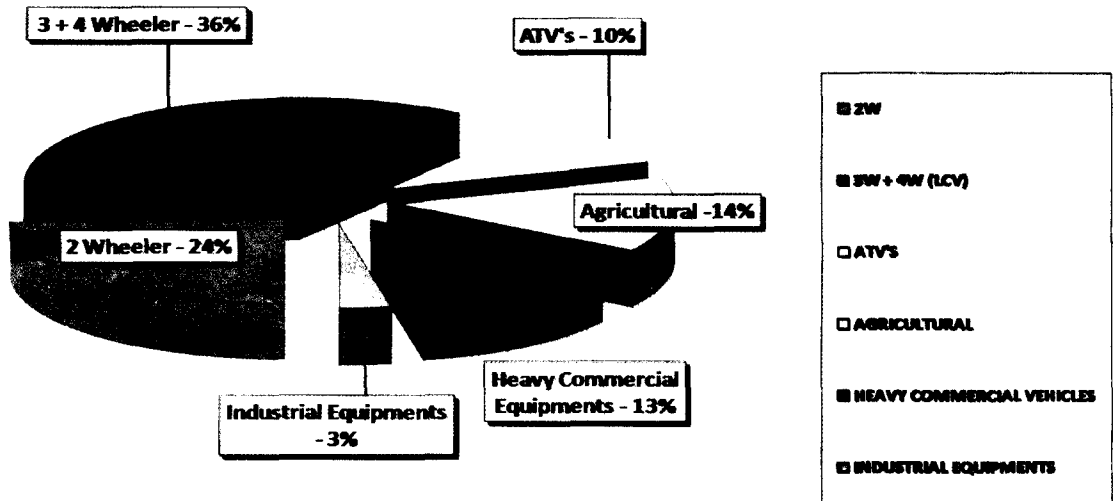
Name and Address of the Member	Folio No.
	Client ID No.
	DP ID No.
	No. of Shares Held

I hereby record my presence at the 29th Annual General Meeting of the Company at Shivam Garden, Bawana Road, Narela, Delhi- 110040 on Friday, the 28th September, 2012, at 10.30 AM.

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.**

RACL's Market - Wise Share for FINANCIAL YEAR 2011~12





If undelivered please return to :

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