



RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Head Office & Regd. Office :

15TH FLOOR, CHIRANJIV TOWER - 43, NEHRU PLACE, NEW DELHI - 110 019

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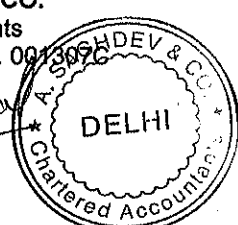
E-mail : enquiries@raunaqauto.com • Visit at <http://www.raunaqauto.com>

CIN No.: L34300DL1983PLC016136



FORM A

(Pursuant to Clause 31(a) of Listing Agreement)

No.	Particulars	Details
1.	Name of the Company	Raunaq Automotive Components Limited
2.	Annual Financial Statements for the Year ended	31 st March, 2014
3.	Type of Audit Observation	Un-qualified
4.	Frequency of Observation	Not Applicable
5.	To be Signed by- ➤ CEO/Managing Director ➤ CFO ➤ Audit Committee Chairman ➤ Auditor of the Company	Mr. Gursharan Singh Mr. D.R. Arya Mr. Raj Kumar Kapoor For A. SACHDEV & CO. Chartered Accountants Firm Registration No. 0013076 <i>B.K. Agarwal</i> B. K. AGARWAL (Partner) Membership No. 90771 

FOR RAUNAQ AUTOMOTIVE COMPONENTS LTD.

D.R. Arya
D. R. ARYA
DIRECTOR & C.S.

Factory :

A-3, INDUSTRIAL AREA, GAJRAULA DISTT. AMROHA-244223 (U.P.)

PH.: STD. (05924), 252090, 252092, 252093, 252274, 253088, 252275 FAX : 91-05924-252276

E-mail : racworks@raunaqauto.com

Unit II :

H-201, SECTOR-63, NOIDA, DISTT, GAUTAM BUDH NAGAR - 201307 (U.P.)

PH.: (0120) - 4111879, E-mail : noida@raunaqauto.com



31st ANNUAL REPORT 2013-14



TS 16949:2009
TS - 518901 - 000



RAUNAQ AUTOMOTIVE COMPONENTS LIMITED





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)
Mr. Ashok Mishra	Nominee Director (PICUP)
Mr. Rakesh Kapoor	Additional Director
Mr. D.R.Arya	Director & C. S.

Compliance Officer

Mr. D.R. Arya

Statutory Auditors

A.Sachdev & Co.
Chartered Accountants
New Delhi

Internal Auditors

Gianender & Associates
Chartered Accountants
New Delhi

Bankers

Bank of India
AXIS Bank Ltd.
RBL Bank

Registered Office

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

Works

Unit No. 1

A-3, Industrial Area,
Gajraula, Distt. Amroha - 244223, (U.P.).

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.
Ph: 011-26387281/82/83, Fax : 011-26387384
E-mail : info@masserv.com
Website : www.masserv.com

Contents	Page No.
NOTICE	2
DIRECTORS' REPORT	16
CORPORATE GOVERNANCE REPORT	22
AUDITORS' REPORT	32
BALANCE SHEET	36
PROFIT & LOSS A/C	37
NOTES ON FINANCIAL STATEMENTS	38
CASH FLOW STATEMENT	55



NOTICE

Notice is hereby given that the 31st Annual General Meeting of the members of Raunaq Automotive Components Ltd. will be held on Tuesday, the 30th September, 2014 at 11.00 A.M. at Shivam Garden, Bawana Road, Narela, New Delhi - 110040 to transact the following business:

AS AN ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on March 31, 2014 together with Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Devender Singh, who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To reappoint M/s. A. Sachdev & Co. (ICAI Registration No. 001307 C) Chartered Accountants as Statutory Auditors of the Company to hold their office from the conclusion of this Annual General Meeting, for 3 (three) consecutive years till the conclusion of the 34th Annual General Meeting of the Company to be held in the calendar year 2017 and to fix their remunerations in this regard.

AS A SPECIAL BUSINESS:

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

"RESOVLED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Raj Kumar Kapoor (holding Director Identification Number 00110338) a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the act and who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed an Independent Director of the Company, to hold office for a period of Three (3) consecutive years for a term up to Conclusion of the 34th Annual General Meeting of the Company to be held in the Calendar year 2017 and whose office shall not be liable to retire by rotation."

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

"RESOVLED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Anil Sharma (holding Director Identification Number 00157911) a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the act and who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed an Independent Director of the Company, to hold office for a period of Three (3) consecutive years for a term up to the Conclusion of the 34th Annual General Meeting of the Company to be held in the calendar year 2017 and whose office shall not be liable to retire by rotation."

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

"RESOVLED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Madan Lal (holding Director Identification Number 00272672) a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed an Independent Director of the Company, to hold office for a period of Three (3) consecutive years for a term up to the Conclusion of the 34th Annual General Meeting of the Company to be held in the calendar year 2017 and Whose office shall not be liable to retire by rotation."



7. To consider and If thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOVLED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rakesh Kapoor (holding Director Identification Number 00015358), who has been appointed as an Additional Director & Whose term of office terminates at this Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the act and is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed an Independent Director of the Company to hold office for a period of Three (3) consecutive years for a term up to the Conclusion of the 34th Annual General Meeting of the Company to be held in the Calendar year 2017 and Whose office shall not be liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the provisions of Chapter VII of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009, (hereinafter referred to as "SEBI (ICDR) Regulations") (including any statutory amendment, modification, variation or re-enactment thereof, and the provisions of any rules/regulations / guidelines issued / framed by the Central Government, for the time being in force), relevant enabling provisions of the memorandum and Articles of Association of the Company, and in accordance with the Listing Agreement entered into by the Company with the Stock Exchanges where the securities (Equity shares) of the Company are listed and subject to all such approvals, consents, permissions and / or sanctions as may be required by law from Government of India, Securities and Exchange Board of India, Stock Exchanges and any other appropriate, regulatory, concerned authorities, institutions or body (hereinafter singly or collectively referred to as "the appropriate authorities") and subject to such terms, conditions, alterations, changes, variations and / or modifications as may be prescribed or imposed by any or more or all of them while granting any such consents, permissions, approvals and / or sanctions (hereinafter singly or collectively referred to as "the requisite approvals") which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee (s), which the Board may have constituted or hereafter constitute in this behalf to exercise the powers conferred on the Board by this Resolution), the Board be and is hereby authorized to create, offer issue and allot 10,00,000 (Ten Lacs) Equity Shares of Rs.10/- (Rs. Ten) each at a premium of Rs.10/- (Rs. Ten) each aggregating Rs. 200 Lacs on Non-repatriation/repatriation basis and on such further terms and conditions as may be approved or finalized by the Board to Mr. Arendra Kumar R/o 19 B Napier Road, Ashford, TW 15, ITQ - U.K. (hereinafter referred to as the "Investor"), on a preferential basis, without offering the same to any other person.

"RESOLVED FURTHER THAT the "Relevant Date" in relation to issue of Equity shares pursuant to this resolution in accordance with the provisions of Regulation 71 of Chapter VII of SEBI (ICDR) Regulations shall be the date thirty (30) days prior to the date of this Annual General Meeting of the shareholders of the Company i.e. 31st August, 2014 or such other date as may be prescribed in accordance with the SEBI (ICDR) Regulations.

"RESOLVED FURTHER THAT subject to the terms stated hereinabove.

- The Equity Shares offered and issued shall be allotted within a period of Fifteen (15) days from the date of passing of this resolution, provided that if any requisite approvals from the appropriate authorities for allotment of Equity Shares is pending, the period of Fifteen (15) days shall be counted from the date of such requisite approvals.
- The Equity Shares offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company.
- The Equity Shares offered, issued and allotted pursuant to this resolution shall rank pari passu inter-se with the existing Equity Shares of the Company in all respects, including dividend.



d) The Equity Shares offered, issued and allotted shall remain locked-in from such date and for such periods as specified under the SEBI (ICDR) Regulations.

e) The Equity Shares offered, issued and allotted to the investor shall be in dematerialized form.

"RESOLVED FURTHER THAT pursuant to Section 52 of the Companies Act, 2013, the premium of Rs.10/- (Rs.Ten) each per equity share to be received on issue and allotment of 10,00,000 (Ten Lacs) equity shares of the Company as aforesaid be transferred to the " Securities/Share Premium Account" of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director(s)/Committee of Director(s) or any other Officer or Officers of the Company to give effect to the aforesaid resolution including to execute any document on behalf of the Company and to represent the Company before any appropriate authorities."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper including without limitation to enter into arrangements/agreements and to settle any question, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Equity Shares with the Stock Exchanges, without requiring the Board to secure any further consent or approval of the members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

"RESOLVED THAT in supercession of the earlier resolution passed on 27th September, 1996 by the Shareholders of the Company pursuant to the provision of Section 293 (1)(d) of the Companies Act, 1956 according their consent and herein after pursuant to section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) ('Act') and the applicable rules made there under, consent of the Shareholders of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as 'the Board', which term shall include it's committee (s) constituted/ for the purpose) to borrow any sum, or sums of monies and/or to receive/ avail of financial assistance or to undertake financial obligation in any form, from time to time, from any one or more of the financial institutions, Banks etc. as they may deemed fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company may exceed the paid up share Capital of the Company and its free reserve, provided that the total amount so borrowed (apart from temporary loans obtained by the Company' from Bankers in the ordinary course of Business) and outstanding at any point of time shall not exceed **Rs. 50 crores (Rupees Fifty crores)** as prevailing from time to time, exclusive of interest and other charges and the Board be and is hereby authorized to execute/cause to execute such Agreements, debenture trust deeds, deeds of hypothecation/charge, lien, promissory notes and other deeds and instruments or writings containing such conditions and covenants and to do/ cause to do all acts, deeds, matters and things in this regard as the Board may think fit and proper."

"RESOLVED FURTHER THAT the Board of Directors of the Company may act through the Committee of Directors/any member there of or any other person duly authorized by the Board in that behalf."

By order of the Board

For Raunaq Automotive Components Limited

Sd/-

(D. R. ARYA)

Director & C.S.

Place : New Delhi

Dated : 31st July, 2014

The Statement Pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts in respect of the Business under items no. 4 to 9 set out above and the details under Clause 49 of the Listing Agreement with Stock Exchange (Mumbai) in respect of Directors proposed to be appointed/reappointed at the Annual General Meeting is annexed hereto.



Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the Registered office of the Company not less than Forty Eight (48) hours before the commencement of the meeting.

A person can act as proxy on behalf of members not exceeding Fifty (50) and holding in the aggregate not more than Ten (10) percent of the total share capital of the company. Further, a member holding more than Ten (10) percent, of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member. Proxies submitted on behalf of the Companies, Society etc. must be submitted by an appropriate resolution/Authority as applicable.
2. Members / Proxies should fill the attendance slip for attending the meeting and bring their attendance slips along with their copy of the Annual Report to the meeting. Members who hold shares in dematerialized form are requested to write their DP ID and client ID number(s) and those who hold share(s) in physical form are requested to write their Folio Number(s) in the attendance slip for attending the meeting to facilitate identification of membership at the meeting. No attendance slip shall be issued at the venue of the Meeting.
3. In case of joint holders attending the meeting only such joint holder who is higher in the order of names will be entitled to vote.
4. The Register of members and Share Transfer Books of the Company would remain closed from 23rd September, 2014 to 30th September 2014 (both days inclusive).
5. NO GIFTS OR COUPONS SHALL BE DISTRIBUTED AT THE MEETING.
6. The Non Resident Indian shareholders are requested to inform the Company immediately about the change in residential status on return to India for permanent settlement.
7. Members seeking any further clarification/information relating to the Annual Accounts are requested to write to Company Secretary at the Registered Office of the Company at least **ONE WEEK** before the date of meeting.
8. The shares of the Company are compulsorily traded in demat mode. Hence, the members who are still holding physical share certificates are advised that it is in their own interest to dematerialize to avail benefit of dematerialization viz. easy liquidity, electronic transfer, savings in stamp duty and prevention of forgery.
9. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificate(s) to MAS Services Limited, Registrar & Transfer Agent for consolidation into a single folio.
10. Members may please note that Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number of all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish a copy of PAN card to the Company/ share transfer Agent for registration of such transfer of shares.
11. The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies in terms of which a Company would have ensured compliance with the provisions of Section 136 of the Companies Act, 2013. If service of documents have been made through electronic mode. In such a case, the Company has to obtain e-mail addresses of its members for sending the notices /documents through E-mail giving an advance opportunity to each shareholder to register their e-mail address and changes therein, if any, from time to time with the Company.



Also, the shareholders who have not registered their e-mail address for receiving the balance sheet etc., they will be sent the physical copies through recognized mode of delivery specified under Section 20 of the Companies Act, 2013.

Further, Clause 32 of the Listing agreement entered into by the Company with the Bombay Stock Exchange provides that the Company shall supply:

- (i) Soft copies of Annual reports containing its Balance Sheet, Statement of Profit & Loss and Directors Report to all those shareholder(s) who have registered their e-mail address(es) for the purpose.
- (ii) Hard copies of full annual report to those shareholders, who request for the same.

The Company has welcomed the Green initiative and accordingly the soft copies of the financial statements for the year ended March 31, 2014 will be sent to all those members whose e-mail IDs are available with the Company's Register and Transfer Agent.

Further, in terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a Company may give notice through electronic mode addressing to the person entitled to receive such e-mail as per the records of the Company or as provided by the depository, provided that the Company shall provide an advance opportunity at least once in a financial year, to the member to register his e-mail address and changes therein and such request may be made by only those members who have not got their e-mail IDs recorded or to update a fresh e-mail IDs and not from the members whose e-mail IDs are already registered.

In view of the above, the Company hereby request members who have not updated their email IDs to update the same with their respective depository Participant(s) or the MAS Services Limited, Register and Transfer Agent (R&T) of the Company. Further, members holding shares in electronic mode also requested to ensure to keep their email addresses updated with the Depository Participants/R&T of the company. Members holding shares in physical mode are also requested to update their email addresses by writing to the R&T of the Company quoting their folio number(s).

As a responsible citizen, your Company strongly urges you to support the Green Initiative by giving positive consent by registering/updating your e-mail address with the depository participants or to the registrar and transfer agent for receiving soft copies of various communications including the Annual Reports.

12. Voting through Electronic means

- I. In terms of Section 108 of the Companies Act, 2013 and read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the members with facility to exercise their right to vote at the 31st Annual General Meeting by electronic means and the business may be transacted through e-Voting services as provided by CDSL:

The procedure and instructions for e-Voting are as under:

- (i) Log onto the e-voting website www.evotingindia.com.
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME - **Raunaq Automotive Components Limited**" from the drop down menu and click on "SUBMIT".
- (iv) Now, enter your User ID.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.



(vi) Now, fill up the following details in the appropriate boxes:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).
DOB*	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format,
Bank Details*	Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

* Please enter any one of the details in order to login. Incase both the details are not recorded with the depository or company please enter the Member ID / Folio Number in the Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for **Raunaq Automotive Components Limited** to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

General Instructions:

- (A) The e-voting period commences on 23rd September, 2014 (9.00 a.m.) and ends on 24th September, 2014 (6.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- (C) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date (record date) of 22nd August, 2014.
- D) The Company has appointed M/s K. K. Malhotra & Co., Practicing Company Secretaries as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
- E) The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- F) The results shall be declared on or after the AGM of the Company. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.raunaqauto.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company.
13. The documents referred to in the accompanying Notice and the Annual Report are open for inspection at the Registered office of the Company during the office hours between 11.00 A.M. to 1.00 P.M. on all working days except Sundays up to the date of the meeting and shall also be available at the venue of the AGM.

By order of the Board

For Raunaq Automotive Components Limited

Sd/-

(D. R. ARYA)

Director & C.S.

Place : New Delhi

Dated : 31st July, 2014



EXPLANATORY STATEMENT (PURSUANT TO SECTION 102 OF COMPANIES ACT 2013)

ITEM NO. 2

Mr. Devender Singh has been appointed by PICUP as a Nominee Director on the Board of the Company. In terms of provision of Memorandum and Articles of Association of the Company his office of Director is liable to retire by rotation, The term of his office as a Director terminates at the forthcoming Annual General Meeting.

Mr. Devender Singh aged about 56 years is an M.Com, CAIB and MBA (Finance) from University of Delhi. He is a very seasoned and experienced professional serving as Deputy Managing Director, at PICUP Lucknow. He has a very vast experience of more than 30 years in Industries, Administration, Finance and projects.

He is also on the Board of the Following Companies:

1. Pashupati Acrylon Limited (Nominee Director).

The Board of Directors recommends the Resolution in relation to the reappointment of the Mr. Devender Singh.

Mr. Devender Singh does not hold any Shares of the Company.

Except Mr. Devender Singh being an appointee Director, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at item No. 2 of the notice of the Annual General Meeting.

ITEM NO. 4

Mr. Raj Kumar Kapoor aged about 64 years is a B.Tech (Chemical Engg.) and MBA (Delhi University). He has retired as Chief General Manager of IDBI Bank. He has a wide experience of more than 40 years in Banking and Financial services industry. His key areas of expertise are Assets and Liabilities Management, Projects Finance, Integrated Risk Assessment Mitigation & Management, Basel II & provision for Capital, settlement & restructuring of liabilities of sick units and 4 years of International experience in Banking. As on date he has been holding the office of Independent Director of the Company and he is also Chairman of the Audit Committee constituted by the company.

In terms of section 149 and other applicable provisions of the companies Act, 2013, Mr. Raj Kumar Kapoor being eligible offers himself for re-appointment, it is proposed that he may be appointed an Independent Director for a term of Three (3) Consecutive years to be held up to the conclusion of 34th Annual General Meeting of the Company to be held in the calendar year 2017. A notice has been received from a Member of the Company under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Raj Kumar Kapoor as candidate for the Office of an Independent Director of the Company.

He is also on the Board of the following Companies:

1. Alchemist Assets Reconstruction Company Limited (AARC).
2. Jai Jute & Industries Limited.

In the opinion of the Board, Mr. Raj Kumar Kapoor fulfills the condition specified in the Companies Act 2013 and rules made there under for his appointment as an Independent Director of the Company which is independent of the management.

The Board of Directors recommends the resolution in relation to the appointment of Mr. Raj Kumar Kapoor as an Independent Director for the approval of the Shareholders of the Company.

Mr. Raj Kumar Kapoor does not hold any Shares of the Company.

Except Mr. Raj Kumar Kapoor being an appointee Director, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at item No. 4 of the notice of the Annual General Meeting.

ITEM NO. 5

Mr. Anil Sharma aged about 66 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 35 years of project development, implementation and follow-up in different segments of industry particularly in Automotive Components and Tele communication sectors. As on date he has been holding office of Independent Director on the Board of Directors of the Company and he is also a Member of Audit Committee and Remuneration Committee of the Company.



In terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr. Anil Sharma being eligible and offers himself for re-appointment, it is proposed that he may be appointed as an Independent Director for a term of Three (3) Consecutive years up to the conclusion of 34th Annual General Meeting of the Company to be held in the calendar year 2017. A notice has been received from a member of the Company under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Anil Sharma as candidate for the Office of an Independent Director of the Company.

He is also on the Board of the Following Companies:

- NIL-

In the opinion of the Board, Mr. Anil Sharma fulfills the condition specified in the Companies Act 2013 and rules made there under for his appointment as an Independent Director of the Company which is independent of the management.

The Board of Directors recommends the resolution in relation to the appointment of Mr. Anil Sharma as an Independent Director for approval of the Shareholders of the Company.

Mr. Anil Sharma does not hold any Shares in the Company.

Except Mr. Anil Sharma being an appointee Director none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at item No. 5 of the notice of the Annual General Meeting.

ITEM NO. 6

Mr. Madan Lal aged about 72 years is a retired Government officials (Deputy General Manager) IDBI holding CAIIB Diploma in Financial Management from Bajaj (6 months diploma in co-operation). He had held a coveted post in IDBI and has successfully handled Project Financing, Rehabilitation Financing, project Appraisal, Analysis of Financial Statements and has also worked as Deputy Director (BIFR) having a vast experience of more than 20 years in IDBI and other departments. Since last more than 10 years he has contributed significantly in the revival and growth of the Company.

Mr. Madan Lal is holding office of an Independent Director on our Board. He is also a member of the Remuneration Committee and Share Transfer Committee of the Company.

In terms of section 149 and other applicable provisions of the companies Act 2013, Mr. Madan Lal being eligible and offers himself for re-appointment, it is proposed that he may be appointed as an Independent Director for a term of Three (3) Consecutive years up to the conclusion of 34th Annual General Meeting of the Company to be held in the calendar year 2017. A notice has been received from a member of the Company under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Madan Lal as a candidate for the Office of an Independent Director of the Company.

He is also on the Board of the Following Companies:

1. Shreyans Industries Limited.

In the opinion of the Board, Mr. Madan Lal fulfills the condition specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company which is independent of the Management.

The Board of Directors recommends the resolution in relation to the appointment of Mr. Madan Lal as an Independent Director for approval of the Shareholders of the Company.

Mr. Madan Lal does not hold any Shares in the Company.

Except Mr. Madan Lal being an appointee Director, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at item No. 6 of the notice of the Annual General Meeting.

ITEM NO. 7

Mr. Rakesh Kapoor aged about 59 years is a B.Sc (Hons. Chemistry), Post Graduate Diploma in Sugar Technology, Certificate course in International Marketing & Diploma in Management from All India Management Association, New Delhi. Mr. Rakesh Kapoor has retired as Managing Director of IFCI Factors Ltd. Earlier, he was holding the post of Chief General Manager in IFCI for 22 years.



Besides this he is a Techno Finance Professional with strong experience of more than 27 years in the financial services sector and 10 years in corporate sector. He has a big exposure in leading a mid size NBFC, great understanding of issues and needs of SME sector, very strong experience in formalizing collaboration with various Industrial organizations, a good exposure in Project appraisal for term credit, managing large teams and independent offices, understanding the policies and regulatory framework pertaining to financial sector.

Mr. Rakesh Kapoor has been appointed as an Additional Director on the Board of the Company on 28th October, 2013 whose term of office terminates at the end of this Annual General Meeting.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Rakesh Kapoor being eligible and offers himself for re-appointment as an Independent Director, it is proposed that he may be appointed an Independent Director for a term of Three (3) consequent years up to the conclusion of 34th Annual General Meeting of the Company to be held in the calendar year 2017. A notice has been received from a member of the Company under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Rakesh Kapoor as candidate for the Office of Independent Director of the Company.

He is also on the Board of the Following Companies:

1. Ugar Sugar Works Limited.
2. New Habitat Housing Finance & Development Limited.

In the opinion of the Board, Mr. Rakesh Kapoor fulfills the condition specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company which is independent of the management.

The Board of Directors recommends the resolution in relation to the appointment of Mr. Rakesh Kapoor as an Independent Director for approval of the Shareholders of the Company.

Mr. Rakesh Kapoor does not hold any Shares in the Company.

Except Mr. Rakesh Kapoor being an appointee Director none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at item No.7 of the notice of the Annual General Meeting.

ITEM NO. 8:

The Company has achieved substantial growth in export business in last 3 years by virtue of long term business tie up with select global automotive manufacturers in Europe & Japan. The Company had to carry out substantial investments towards creating desired infrastructure and manufacturing capabilities to cater to delivery and quality requirements of global customers. All these investments have resulted into tighter cash flow. Moreover, export business has very high receivables time. The severity of cash flow has been further compounded by higher receivable time in exports business. Our bankers suggested to raise the equity to come over this situation. Bankers have informed that they are agreeable to increase the borrowings for fulfilling the short fall in working capital requirements, subject to the condition that Company brings in additional equity as stipulated to the company.

Under these circumstances, it is considered appropriate that paid up Equity Capital of the Company be increased by an amount of Rs.1 Crore by way of allotment of 10,00,000 equity shares of Rs.10/- each.

Since the existing shareholding pattern does not permit for any further increase in the promoters holding in the existing equity capital of the Company as per prevailing SEBI Guidelines, Company approached various individual & institutional investors for exploring subscription. Subsequently, Company has short listed a high net worth individual, who had shown his willingness to subscribe to the capital of the Company to the extent of 10,00,000 Equity Shares of Rs.10/- each @ Rs.20/- per share or such higher price as may be ascertained in accordance with SEBI guidelines & other statutory guidelines issued by different authorities on Non-repatriation/repatriation basis.

This resolution seeks consent of the shareholders as required by Section 62 of the Companies Act, 2013 to issue up to 10,00,000 equity shares of Rs.10/- each @ Rs.20/- per share, on such terms & conditions as decided by the Board of Directors in accordance with the terms & conditions as prescribed by SEBI guidelines. The certificate from M/s. A. Sachdev & Company, Chartered Accountants, the Statutory Auditors of the Company, that the above issue is made in accordance with the guidelines, notifications and clarifications on preferential issues (as issued by SEBI from time to time) would be available for inspection during 4 weeks prior to holding the Annual General Meeting at the registered office of the company during the business hours.



The Board at its meeting held on 31st July, 2014 finalized and approved the terms and conditions of such Preferential Allotment under which Mr. Arendra Kumar will subscribe and the Company will issue 10,00,000 (Ten Lacs) equity shares of Rs.10/- (Ten) each at Rs. 20/- (Twenty) per Share (at a premium of Rs.10/- (Ten) each).

Pursuant to the terms of the Allotment and subject to compliances and receipt of the requisite approvals from the appropriate authorities, the company will, on the date of allotment, issue to Mr. Arendra Kumar 10,00,000 (Ten Lacs) Equity Shares of Rs.10/- (Ten) each at Rs. 20/- (Twenty) per Share (at a premium of Rs.10/- (Ten) each), which is higher than the maximum price at which the equity shares are permitted to be issued, as per provisions of Regulation 76 of Chapter VII of SEBI (ICDR) Regulations.

As per Regulation 76(1) of Chapter VII of the SEBI (ICDR) Regulations, an issue of Equity shares on a Preferential basis can be made only at a price, which is not less than the higher of the following:

- i) The average of the weekly high and low of the closing prices / volume weighted average price of the related Equity Shares on the recognized stock exchange during the twenty six (26) weeks preceding the relevant date; or
- ii) The average of the weekly high and low of the closing prices / volume weighted average price of the related equity shares quoted on a recognized stock exchange during the two (2) weeks preceding the relevant date.

The "Relevant Date" in accordance with the provisions of Regulation 71 (a) of Chapter VII of the SEBI (ICDR) Regulations for the Preferential offer means the date thirty (30) days prior to the date on which this Annual General Meeting of the Company is held, to consider the proposed preferential issue/offer. Accordingly the "Relevant Date" for this preferential offer is 31st August, 2014.

For this purpose, stock exchange means the Bombay Stock Exchange Limited (BSE) in which the shares of the Company are Listed and trading volume of the Company's Equity Shares has been recorded during the Twenty Six (26) Weeks immediately preceding the relevant date.

The average price as computed on the above basis during the twenty six (26) weeks preceding the relevant date is very much lower than the Issued Price. The Issued Price is Rs. 20/- (Rs. Twenty Only) and the Company has undertaken to recompute the same in case it exceed the Issue Price.

It is therefore, proposed to raise further capital by way of a Preferential Allotment of Equity Shares as per provisions of Section 42, 62 and all other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, and the provisions of Chapter VII of the SEBI ((ICDR) Regulations.

Section 62 of the Companies Act, 2013 provides inter alia, that when it is proposed to increase the Subscribed Capital of a Company by allotment of further shares, such further shares will be offered to the existing shareholders of the company in the manner laid down in the Section unless the shareholders in General Meeting decide otherwise by passing a Special Resolution.

The Listing Agreement executed by the Company with the Stock Exchanges provide that the Company shall issue or offer in the first instance all securities to the existing equity Shareholders of the Company unless the Shareholders decide otherwise.

Accordingly, the consent of the Shareholders is being sought, pursuant to the provisions of Section 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies Prospectus and Allotment of Securities) Rules 2014 and the provisions of Regulation 74 (1) of Chapter VII of the SEBI (ICDR) Regulations, and in terms of the provisions of the Listing Agreements, and such other requisite approvals from the appropriate authorities, as may be necessary, to issue and allot specified securities (equity shares) as stated in the Special Resolution.

The proposed Special Resolution gives (a) adequate flexibility and discretion to the Board to finalize the terms of the issue in accordance with the normal practice (b) powers to issue and market any securities; and (c) for utilization of the issue proceeds as the Board may deem fit, without being required to seek any further consent or approvals of the members or otherwise, with the intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

The Equity Shares of the Company to be allotted shall be subject to the memorandum and Articles of Association of the Company and the terms of the issue. The consummation of the proposed subscription of equity shares by the Investor is subject to requisite approval from the appropriate authorities including the governmental and / or regulatory authorities, if required and / or as applicable.



The Board believes that the Preferential offer to Mr. Arendra Kumar will be in the best interest of the Company and its members.

As required under Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 73 of Chapter VII of SEBI (ICDR) Regulations, the other required details are furnished as under:

a) Object of the preferential issue:

The object of the proposed allotment under preferential issue is:

- i) To strengthen the equity capital base of the Company for the purpose of raising debt in future.
- ii) To meet short fall in working capital requirements as advised by the Bankers of the Company namely Bank of India,
- iii) To meet expenditure for general corporate purposes.

b) Proposal / Intention of the promoters, Directors or Key Managerial Personnel of the Issuer (Company) to subscribe to the offer:

The existing Shareholding Pattern of the Company does not permit the promoters / directors together with their relatives to subscribe to the Equity Shares of the Company.

c) **Shareholding Pattern of the issuer (Company) before and after the Preferential Issue of Equity Shares involved in the present resolution.**

S. No.	Category of Shareholders	Pre issue shareholding		Post issue shareholding	
		Pre-Issue Shares Held	% of Total share holding	Post-Issue Shares Held	% of Total Share holding
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
(a)	Individuals	98036	1.098	98036	0.987
(b)	Body Corporate	4901987	54.884	4901987	49.358
	Sub-Total (A)(1)	5000023	55.982	5000023	50.345
(2)	Foreign				
(a)	Individuals	—	—	—	—
(b)	Body Corporates	—	—	—	—
	Sub-Total (A)(2)	—	—	—	—
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	5000023	55.982	5000023	50.345
(B)	Public Shareholding				
(1)	Institutional Investors				
(a)	Mutual Fund / UTI / Insurance Co's	—	—	—	—
(b)	Financial Institutions/ Banks	500	0.006	500	0.005
(c)	Foreign Institutional Investors (FII)	—	—	—	—
	Sub-Total (B)(1)	500	0.006	500	0.005



(2) Non-Institutional Investors				
(a) Bodies Corporate	255237	2.858	255237	2.570
(b) Directors including KMP and their relatives	—	—	—	—
(c) Indian Public (Individuals)	2609682	29.218	2609682	26.277
(d) Others (including NRIs)	1066158	11.937	2066158	20.803
Sub-Total (B)(2)	3931077	44.013	4931077	49.650
Total Public Shareholding (B) = (B)(1)+(B)(2)	3931577	44.019	4931577	49.655
GRAND TOTAL (A+B)	8931600	100.000	9931600	100.000

- e) Identity of the natural persons who are the ultimate beneficial owners of the Shares proposed to be allotted and/or who ultimately control the proposed allottee (Investor), the percentage of post preferential issue capital that may be held by them and change in control, if any, in the Issuer (Company) consequent to the preferential issue:

1	Identity (Name) of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and / or who ultimately control the proposed allottee (Investor)	Mr. Arendra Kumar
2	Details of the Proposed Allottee (Investor)	Mr. Arendra Kumar
3	Number of Equity Shares and percentage (%) of total shareholding held by the proposed allottee (Investor) prior to Preferential Issue.	NIL
4	Number of Equity Shares and percentage (%) of post Preferential Issue capital that may be held by the proposed Allottee (Investor)	10,00,000 (Ten Lacs) Equity Shares 10.07% of Total Issue Capital.

The proposed allotment on preferential basis, if made, will not result in change of Management or control of the Company as per the provisions of the SEBI (Substantial Acquisition of shares and Takeovers) Regulations 2011 (as amended). As such, there will not be any change in the management control of the Company on account of this proposed Preferential Allotment except change in the voting rights which will change in tandem with the change in Shareholding Pattern.

- f) Undertaking that the Issuer (Company) shall re-compute the price of the specified securities (Equity Shares) in terms of the provision of these regulations where it is required to do so:

The issuer (Company) hereby undertakes that it shall re-compute the price of the specified securities (Equity Shares) in terms of the provisions of the SEBI (ICDR) Regulations, in case it is required to do so.

- g) Undertaking that if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities (Equity Shares) shall continue to be locked-in till the time such amount is paid by the proposed allottees (Investor).

The Company undertakes that if the amount payable on re-computation of the price is not paid within the time stipulated in the SEBI (ICDR) Regulations, the specified securities (Equity Shares) shall continue to be locked-in till the time such amount is paid by the proposed allottees (Investor).

- h) LOCK-IN

The equity shares to be allotted on preferential basis shall be subject to lock-in period as provided in the SEBI (ICDR) Regulations, for the time being in force.



l) Earlier allotment on preferential basis:

During the financial year 2013-2014, the Company has not offered any securities (Equity Shares) to any person on preferential basis except present (Mr. Arendra Kumar) the one mentioned in the accompanying notice.

j) Basis of valuation of shares:

The Company is a Public Limited - Listed Company and the price of Equity Share has been calculated in accordance with the provisions of chapter VII of the SEBI (ICDR) Regulations. As such, the price of the Equity Share is not required to be determined by a Registered valuer.

k) Dealing and Holding by the Investor:

The allotment of Equity Shares under Preferential Issue are subject to the Investor not having dealt in any Equity Shares during the Six (6) months preceding the relevant date and the investor not acquiring or selling any Equity Shares until completion of the allotment under the proposed preferential issue.

l) Certificate from Statutory Auditors:

M/s. A. Sachdev & Co. Statutory Auditors of the Company have certified that the present Preferential Issue of Equity Shares on the above terms and conditions, is in accordance with the requirements contained in the SEBI (Issue of Capital & Disclosure Requirements), Regulations 2009, and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended up to date.

m) The Statutory Auditor's Certificate will be available for inspection by members during working hours on any working day till the date of the Annual General Meeting at the Registered office of the Company and also at the place of the meeting at the scheduled time of Annual General Meeting.

n) Approvals

The Company is taking necessary steps to obtain all the requisite approvals from all the appropriate authorities including Stock Exchange, SEBI or any other regulatory authorities as may be applicable, for the proposed Preferential Issue of equity shares of the Company.

None of the Directors and Key Managerial Personnel together with their relatives are, in any way, concerned or interested - financially or otherwise in this resolution.

The Board recommends the passing of resolution mentioned at Item No. 8 of the notice as a Special Resolution in the interest of your Company.

All documents referred to in the notice including explanatory statement thereof, will be available for inspection by members during working hours on any working day till the date of the Annual General Meeting at the registered office of the Company and also at the place of the meeting at the scheduled time of Annual General Meeting.

ITEM NO. 9 :

The members of the Company at the 13th Annual General Meeting held on 27th September, 1996 had passed an Ordinary Resolution under section 293 (1) (d) of the companies Act, 1956, (by way of Ordinary Resolution) and authorized the Board of Directors for availing borrowings over and above the aggregate of paid up share capital and free reserves of the company provided that the total amount of such borrowings together with amounts already borrowed and outstanding at any point of time should not exceed Rs. 50 Crores.

Section 180 (1) (c) of the Companies Act, 2013 ('Act'), provides for similar consent to be sought from members by way of Special Resolution. The Present resolution enables the Board of Directors exercise their Power of Borrowing within overall limits of Rs.50 Crores only which has already been approved by the Shareholders at the 13th Annual General Meeting.

The Board recommends the resolution of item No. 9 for your approval.

None of the Directors & Key Managerial Personnel of the Company nor their relatives are concerned or interested financially or otherwise in the resolutions at Item No. 9 of the accompanying notice.



DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors present 31st Annual Report and Audited Financial Statement of Accounts of your Company for the Financial year ended 31st March, 2014.

FINANCIAL RESULTS : (Rs.in Lacs)

Particulars	2013-2014	2012-2013
Sales and Other Income	11164	10529
Operational Expenses	9793	9356
Depreciation	386	332
Financial Charges	645	595
Gross Profit/(Loss)	340	246
Provision for Taxes/ Def.Tax		
Liab/ including earlier years	(152)	(88)
Net Profit	188	158
Profit b/f from last year	1247	1089
Profit carried to Balance Sheet	1434	1247

MANAGEMENT DISCUSSION AND ANALYSIS

a) The Global Economy 2013-14

Economic conditions both domestic and Global were fairly dismissal in last 2 years. World growth which was already at low levels, reduced further. The decline was evident in both advanced and emerging economies. However, it started strengthening during the second half of current year 2013 and is expected to improve further. The impulse has come from advanced economies although their recovering remains uneven. Growth in emerging economies is projected to pick up modestly.

All over the Globe all developed economies are showing signs of fluctuations. On going debt crisis in some parts of the Globe, fluctuating crude oil prices, fluctuations inter currency exchange rates & political situation in some parts of the globe are putting collectively inflationary pressure on economies throughout the world. Although, it is creating additional trade opportunities for developing economies to tap new avenues by providing low cost products and services.

Indian Automotive Sector:

Indian Automotive Industry has shown recessionary trends in domestic demand during the last 2-3 years. An emerging middle class sector which got boost from I.T. , B.P.O and Banking Sectors have not been able to convert the slackness into proper growth primarily due to high interest costs. Similarly growth in agricultural sector has not been good enough. However, Government is considerably elevating the rural sector, which may provide increased business opportunities for 3 wheelers, light passenger and

cargo vehicles in current year.

The economic conditions is challenging for all of us to see. The rupee had also been very unstable during the previous year. In such situation the Country needs a push from its Central Government to infuse investment & rekindle growth. The continuous 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. All these factors are putting the demand squeeze of automobiles, due to which Automotive Components sector is also under tremendous pressure of low profitability, since OEMs are having stiff competition between themselves due to which they have put a squeeze on the profit margins of component suppliers.

RACL cannot be isolated in this scenario & the slow down has affected our business, our capacities are much larger than its present utility. During the present slowdown we are working very hard on managing our costs. We have also continued our efforts at augmenting technology & being ready for tomorrow's demand as & when conditions improved. The 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. On top of it decline in INR is attracting overseas buyers to enhance their sourcing activities from Indian component manufacturers which shall create new business opportunities. RACL shall like to grab this opportunity.

b) Opportunities and threats

An Opportunity for Indian Economy

All over the world, Automobiles OEM's have been looking towards India as their destination for procurement of their domestic as well as export requirements, since Indian components manufacturers are in a position to convince that they have the requisite capabilities of producing goods of desired quality norms 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 & R&D facilities.
- Erratic fluctuation in fuels prices / Exchange rate.
- High inflation rate



Though, Indian economy has started gaining steam and it has also 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 and with the change in Government, it's expected that Indian Economy shall be gaining movements of Growth.

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:

Continual improvement in Product 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 has an ease over other economies of the World, as one of the biggest market for vehicle users and has the distinction of being one of the largest automotive components manufacturers in the world, but it still undergoing the following threats:

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

c) Risks & Concerns

Risks

The growth of Automotive Component Industry is entirely dependent upon the performance of Automotive Sector/ infrastructure development. Though, the recession has adversely affected the market and recovery may be slower than expected but the efforts made by the Company during last 2-3 years have yielded good results and the Company has bagged prestigious and high valued orders from abroad from some of the world renowned OEMs. However, the volatility in the market may further deteriorate the sustainability of business in the long run.

Besides the above, the Company has to face all other risks including but not limited to Market Risk, Input cost risk, Technology Risks, Financial Risks, Regulatory & Safety risk product Liability Risk & Exchange Rate Fluctuation Risk.

Concerns

The Economy as well as the Automotive Sector is reeling under tremendous pressure. The major impediments in the overall growth of the Industry are:

- Inadequacy of good quality of infrastructure specially Highways, Ports, Airports etc.
- 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 2013-2014, the Company grossed a revenue of Rs.10295 lacs from operations as compared to Rs.9505 lacs in 2012-13, thus achieving a growth of 8%. The Company achieved an operating profit of Rs. 340 Lacs (PBT) as compared to Rs.246 Lacs (PBT) as compared to last year. The Company has made a provision of Rs.152 Lacs on account of Income Tax / Deferred Tax Liabilities.

The Company has MAT credit of Rs.228 Lacs which shall be utilized/ adjusted for payment of Income Tax in future. Company has a Reserve & Surplus of Rs.2662 lacs as on 31.03.2014 as compared to Rs. 2475 Lacs last year.

The Indian economy did not achieve the desirable growth rate. Moreover one of our major customers lost its export business. The Company had been a TIER - 2 supplier to that customer. As a result the Company lost the business in the domestic market to the tune of Rs.10-12 Crores. But extra efforts put up by the Company in previous years on the export front yielded the good results & the loss of sales in domestic market was compensated in the export market.



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

The cost reduction schemes and measures adopted by the company during last couple of years have yielded good results. The forging unit of the company commissioned during the current year has also made its contribution in the overall profitability of the Company and we hope that it shall make further contribution to the profitability of the company in the next year.

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 2013-14, 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. 4743 Lacs as against Rs. 2946 Lacs in 2012-13. Thus, achieving a growth of 61%. 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. 5200 lacs.

FUTURE OUTLOOK

The operations of RACL are very well supported by Human Resources Relations, technology in P & M backward integration facilities on manufacturing process, Information Technology & Corporate Governance.

Though the Financial year 2013-14 had been a difficult year still the Company has sailed through & has increased its sales by 8 % and PBT by 38%. There has been severe pressures of Lower domestic demand higher input cost, but the Company has the Philosophy of always looking forward and to emerge out of every crisis.

With the change in new Government the expectation of turn around of the Indian Economy are rising very high but it shall take some more time to achieve desired rate of growth. Though delayed monsoon may not have any impact on our sales but it shall cast its shadow on the overall recovery in agriculture. It's expected that automobile sector which has shown sign of Improvement

shall show further improvement in sales of vehicles with normal growth on Domestic front, we are having focused ourselves on Export Front. We believe the Financial Year 2014-15 may be a challenging but we are geared up to match this challenge and Company shall take initiative on the following fronts.

A) HUMAN RESOURCES EFFICIENCY

Company has taken sufficient steps to impart practical training to its work force at all levels. A separate cell in HR function 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, In-house Workshops and are even being sent to overseas countries to upgrade their skills to global levels, so that they are satisfied & bring in knowledge & skills to RACL 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 Honing, 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

We also continue to focus on acquiring new business through our existing customers. In this way we grow our business in a structured manner. 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.

During the year the Company has explored business opportunities with various new customers. Some of these are at various stages of development. Commercial production has started for many new products & we are hopeful that commercial production for additional parts shall be commencing in the current year.

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 Indian Economy shall be compensated by such new customers.



D) IMPROVEMENT IN QUALITY SYSTEM & MANAGERIAL SYSTEMS

We have also been working very hard getting the small things right across our operations. Many of these will play a crucial role in our overall competitive positioning in the market. We have always been a part of the ACMA programme on TQM & TPM. We have increased our focus on the area which certainly shall have a significant impact on our profitability.

- a) The vigorous efforts put in by management have yielded good results in lean manufacturing programme and it has benefited the Company in a big way.
- b) The Company contemplates to implement SPC & SQC techniques to be implemented in all critical process.
- c) As planned last year, RACL has started supplier development programme for which an external faculty has been engaged. The entire programme is co-ordinated by quality and purchasing team to ensure 100% defect free supplies from Job work suppliers at right price and time. Though initially it started with a few suppliers, however during the year under review all our major suppliers have been covered in this programme. It is targeted that programme shall bring RACL suppliers in line with global requirements of RACL customers.

E) NEW INITIATIVES FOR COST REDUCTIONS

During the year under review, the Company had hired the professional services for improving the profitability and cost reduction. 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. However, the service of such consultants have been dispensed with but the same activity is continued by Senior Team of RACL & the results are visible in the form of better performance & profitability of the Company during the current year.

F) MANUFACTURING EXCELLENCE

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 goals of achieving excellence in

manufacturing.

DIVIDEND

Considering the fund requirements for our future plans for up-gradation of plant & 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, 2014.

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 www.raunaqauto.com

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 & Memorandum & Articles of Associations of the Company, Mr. Devender Singh Director of the Company retires by rotation & being eligible and offers himself for re- appointment.

In terms of Section 149 of the Companies Act, 2013, it has been proposed to appoint Mr. Raj Kumar Kapoor, Mr. Anil Sharma, Mr. Madan Lal as Non executive Independent Directors for a period of 3 years upto the conclusion of 34th Annual General Meeting of the Company in the calendar year 2017 at the ensuing AGM of the Company.

The Board of Directors of the Company appointed Mr. Rakesh Kapoor as an additional Director till the conclusion of forthcoming Annual General Meeting. Therefore in terms of Section 149 of the Companies Act, 2013, it has been proposed to appoint Mr. Rakesh Kapoor as Non Executive Independent Director for a period of 3 years up to the conclusion of 34th Annual General Meeting of the Company in the calendar year 2017 at the ensuing AGM of the Company.

The Company has received notice under Section 160 of the Companies Act, 2013 (Section 257 of the Companies Act 1956) from members of the Company proposing the candidature for the office of Director for the above Directors.

The brief description of the Directors proposed to be appointed is given in the Notice of calling the Annual General Meeting.



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 in the philosophy of that employees are its real strength and contribution of the participative management is the real force for growth and development of any organization.

During the year under review, the relationship between the Workers & Management has been very co-ordial. The Management has been taking effective steps to boost 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 raises morale of the workers.

The relevant information Pursuant to Sec. 217(2A) of the Companies Act, 1956 read with relevant rules and forming part of the Directors Report for the year ended 31st March, 2014 is enclosed the Annexure "A".

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 as Annexure "B" 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 and 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.

RECONCILIATION OF SHARE CAPITAL AUDIT

As per the directives of the Securities and Exchange Board of India (SEBI), M/s. K.K.Malhotra & Company, Company Secretaries, New Delhi, undertakes a Reconciliation of Share Capital 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 Reconciliation of Share Capital Audit Reports as furnished by the Auditor on quarterly basis was forwarded to the Bombay Stock Exchange, where the original shares of the Company are listed.

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 Pradeshia 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 : 31st July, 2014

Sd/-
(GURSHARAN SINGH)
Chairman and Managing
Director



ANNEXURE "A" TO THE DIRECTORS' REPORT

Information Pursuant to Section 217 (2A) of the Companies Act, 1956, read with Companies

(Particulars of Employees) Rules, 1975 as amended up to Date and Forming Part of the Directors' Report for the year ended 31st March, 2014

- A. Employed throughout the year ended 31st March, 2014 & were in receipt of Remuneration aggregating not less than Rs.60,00,000/- per annum - **NIL**
- B. Employed for the part of the year ended 31st March, 2014 & were in receipt of Remuneration aggregating not less than Rs.5,00,000/- per month - **NIL**

For and on behalf of Board
for RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Sd/-
Place : New Delhi (GURSHARAN SINGH)
Date : 31st July, 2014 Chairman and Managing
Director

ANNEXURE "B" 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:

Compressed Air Pipeline Replacement with corrosion less Aluminum Alloy Special Coated Pipe.

Power and Fuel Consumption :

	2013-14	2012-13
(a) Electricity		
(i) Purchased		
Units (in Lacs)	49.92	44.56
Total amount (Rs.in Lacs)	378.65	251.32
Rate per Unit (Rs.)	7.10	5.60
(ii) Own Generation		
(a) Through Diesel Generator		
Units (in Lacs)	7.57	8.01
Unit per Ltr of Diesel Oil	3.65	3.65
Cost Per Unit (Rs.)	15.33	11.69
(b) Through Steam Turbine/Generator	NIL	NIL
(b) Coal	NIL	NIL
(c) Furnace Fuel (LPG)		
Consumed (in MT)	755.80	760.29
Total Amount (Rs.in Lacs)	546.91	517.92
Average Rate per MT (Rs.in Lacs)	0.72	0.68
(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 Indian Market for domestic & Overseas Customers (Export). 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. Fully Automated Forging Press with robotic operation, loading/unloading and conveyor systems.
2. ACME make normalizing Furnace for forging plant.
3. KBG make induction heater for forging plant.
4. Fassler make gears Power honning machine, Model HMX 400.

c) Environment Friendly Company

Company has constructed a new production facility (Forging Unit). This has the following features:

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

The Company has been extremely careful about the concept of green building eco friendly and for a good & healthy working conditions on the process as that generates a lot of heat.

C. FOREIGN EXCHANGE INFLOW AND OUTGO

Expenses incurred in foreign exchange are as follows:

	2013-14 (₹in Lacs)	2012-13 (₹in Lacs)
- Foreign Travelling	19.87	16.85
- Purchase of Machineries & Spares (Including Advances)	530.35	231.22
Purchase of Raw Materials & Tools	204.65	124.13
Earnings in Foreign Exchange	4629.25	2878.12



CORPORATE GOVERNANCE REPORT

The information provided under Corporate Governance relates to the financial year 2013-14 ended on 31.03.2014 unless stated otherwise in compliance of Clause 49 of Listing Agreement as executed with Stock Exchange, Mumbai. RACL has implemented good Corporate Governance practice in true spirit. A report on the implementation of Corporate Governance Code is furnished as under:

RACL PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization. Good Corporate Governance leads to long-term shareholder welfare and enhances interest of all Stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and Shareholders value.

The Company's essential character is shaped by the values of transparency, customer satisfaction, integrity, Professionalism and Accountability. The Company continuously endeavors to improve on these aspects. The Board views corporate governance in its widest sense. The main objective is to create and adhere to a corporate culture of integrity and consciousness. Corporate Governance is a journey constantly improving sustainable value creation and is an upward moving target. The Company's philosophy on Corporate Governance is guided by the Company's Philosophy of knowledge, Action and care.

The Board of Directors fully supports and endorses corporate governance practices as enunciated in clause 49 of the Listing Agreement as applicable from time to time.

BOARD OF DIRECTORS

(A) COMPOSITION AND SIZE OF THE BOARD OF DIRECTORS

The present Board consists of 2 Executive Directors, 2 Nominee Directors, 3 Non-Executive Independent Directors and 1 Additional Director.

Name of Director	Designation/ Description	No. of Board Meetings attended (1.4.2013 to 31.3.2014)	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 1.4.2013 to 31.3.2014
Mr.Gursharan Singh	Chairman and MD	4	Yes	—	1	4776000/-
Mr.D.R.Arya	Director(F) & C.S.	4	Yes	—	1	2700000/-
Mr.Anil Sharma	Independent Director	4	Yes	—	3	1,00,000/-
Mr.Madan Lal	Independent Director	4	Yes	1	3	1,37,500/-
Mr. Raj Kumar Kapoor	Independent Director	4	Yes	2	2	1,00,000/-
Mr.Devender Singh	Nominee Director	4	No	1	—	40,000/-
Mr.Ashok Mishra	Nominee Director	Nil	No	—	—	Nil
Mr. Rakesh Kapoor	Additional Director	1	No	2	1	10,000/-

(B) NON EXECUTIVE DIRECTORS

Non executive/ Independent Directors play a key role in the decision making process of the Board and in shaping various strategic initiatives of the Company. These Directors are committed to act in what they believe to be in the best interest of the Company and its Stakeholders. These Directors are Professionals, with expertise and experience in general corporate management, science and innovation, public policy, finance and financial services and other allied fields. This wide knowledge of their respective fields of expertise and best in class Boardroom practices, helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

(C) Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting:

As required under Clause 49 of the Listing Agreement, the information or details pertaining to the Directors seeking Appointment/reappointment in the ensuing Annual General Meeting are furnished in the Explanatory statement annexed to the Notice of AGM.



Following directors were duly appointed under The Companies Act, 1956 as Director & liable to retire by rotation. In Compliance with the requirements of the section 149 of The Companies Act, 2013 it is proposed that these Directors be appointed as Independent Directors under section 149 of the Act read with the amended Clause 49 of the Listing Agreement, to hold office for Three (3) consecutive years.

1. Mr. R. K. Kapoor.
2. Mr. Anil Sharma.
3. Mr. Madan Lal.
4. Mr. Rakesh Kapoor.

The necessary information pertaining to the Non Executive Independent Directors, Who are being appointed in terms of the provisions of Section 149 of the Companies Act, 2013, in the forthcoming Annual General Meeting are furnished in the Explanatory Statement annexed to the Notice of AGM.

INFORMATION SUPPLIED TO THE BOARD

The Board of RACL 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.

CONSTITUTION OF COMMITTEES (As on 31.3.2014)

In addition to functional Committees, your Board has constituted the following Committees under the mandatory requirements of the clause 49 of the Listing Agreement:

A. AUDIT COMMITTEE

The Audit committee comprises three Independent Directors, viz:

1. Mr.R.K.Kapoor.
2. Mr.Anil Sharma.
3. Mr.Madan Lal.

I. Constitution of the Committee

All the Members of the Committee have sound Knowledge of Finance, Accounts and Business management. The chairman of the committee, Mr. R. K. Kapoor has extensive accounting and related financial management expertise.

The Composition of this Committee is in Compliance with the requirements of section 177 of The Companies Act, 2013 and Clause 49 of the Listing Agreement. Mr. D. R. Arya Company Secretary is the Secretary to the Committee.

II. Terms of Reference

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audit of the Company's financial statements, the Appointment, independence and performance of the Statutory Auditors, the performance of Internal Auditors and the Company's risk Management policy.

Apart from the Matters provided in the Clause 49 of the Listing agreement and Section 292 (A) of the Companies Act, 1956, the committee reviews reports of the Internal Auditors and

Statutory Auditors and discusses their findings, suggestions, internal control systems, scope of audit and observations of the statutory Auditors.

The terms of reference of the Committee are in accordance with & aligned with the Companies Act, 2013 and the Companies (Meetings of Board and its powers) Rules, 2014.



III. Meetings Held and Attendances

The Committee met 4 times during the financial year 2013-14.

AUDIT COMMITTEE

Name of Director	Designation	Number of meetings attended during the year
Mr.R.K.Kapoor	Chairman	4
Mr.Anil Sharma	Member	4
Mr.Madan Lal	Member	4

The Statutory Auditors and Internal Auditors are integral part of the meeting and compulsorily to attend the meeting of the Committee. The Functional/ Business HOD also attend the meeting and provide such information and clarifications as required by the Committee, which gives a deeper insight into the respective business and functional areas of operations.

B. Nomination and Remuneration Committee

I. Constitution of the Committee

The Erstwhile Remuneration Committee has been redesigned as Nomination and Remuneration Committee. The Nomination & remuneration Committee presently comprises of three members.

1. Mr. Madan Lal.
2. Mr. Raj Kumar Kapoor.
3. Mr. Anil Sharma.

II. Terms of Reference

The Remuneration Committee reviews and makes recommendation on Annual salaries, performance, linked incentives, stock options perquisites and other employment conditions for executive Directors KMP's & Functional heads. The Committee also recommends induction of Independent Directors/ Executive Directors on the Board. The Committee takes into consideration remuneration practices followed by leading Companies while determining the overall remuneration package. The terms of reference of the Committee are in accordance with & aligned with the Companies Act, 2013 and the Companies (Meetings of Board and its powers) Rules, 2014.

III. Meetings Held and Attendances

REMUNERATION COMMITTEE

Name of Director	Designation	Number of meetings attended during the year
Mr.Madan Lal	Chairman	1
Mr.Raj Kumar Kapoor	Member	1
Mr.Anil Sharma	Member	1

C. Investor Grievances Committee/ Share Transfer Committee/Stakeholders Relationship Committee

Keeping in the mind the current requirements under section 178 (5) of the Companies Act, 2013 and proposed amendments to Clause 49 of the Listing Agreement which comes into effect from 1st October, 2014, the name of the Committee has been changed to " Stakeholders Relationship Committee."

I. Constitution of the Committee

The Committee presently comprises three members, as per details given below:

1. Mr. Madan Lal.
2. Mr. Gursharan Singh.
3. Mr. D. R. Arya

The Composition of this Committee is in Compliance with the requirements of section 178 of the Companies Act, 2013, the existing Clause 49 of the listing Agreement as well as with the proposed new clause 49 of the Listing Agreement.



II. Terms of Reference

The said Committees reviews and ensures the existence of a proper system for timely resolutions of grievances of the security holders of the Company including complaints related to transfer of shares, non receipt of Balance Sheet and non receipt of declared dividends. The terms of reference of the Committee have been aligned to the Companies Act, 2013.

III. Meetings Held and Attendances

The Committee met 13 times during the financial year 2013-14:

SHARE TRANSFER COMMITTEE

Name of Director	Designation	Number of meetings attended during the year
Mr.Madan Lal	Chairman	13
Mr.Gursharan Singh	Member	13
Mr.D.R.Arya	Member	13

Mr.D.R.Arya, Company Secretary is the Secretary to all the above Committees.

COMPLIANCE OFFICER

Mr D.R.Arya, Company Secretary, is the Compliance Officer of the Company.

CORRESPONDENCE

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

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.
2. 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.
3. To expedite the process of Share Transfers, Rematerialization and Dematerialization of Shares, the Board has delegated the power of Share Transfers to a Committee that attends to share transfer formalities and Demat/Remat Procedures. The Meetings of Share Transfer Committee are held frequently and shares received for transfer/dematerialization/rematerialization are returned within stipulated statutory period. The details Share transfers/ transmissions/dematerialization/rematerialization of shares approved by the Committee are placed at the next Board Meeting.

3. MEETING OF BOARD & AUDIT COMMITTEE (2013-2014)

BOARD MEETING			AUDIT COMMITTEE MEETING		
Date of Meeting	Place	No. of Directors present	Date of Meeting	Place	No. of Directors present
30 th May, 2013	Gajraula	6	30 th May, 2013	Gajraula	3
29 th July, 2013	New Delhi	6	29 th July, 2013	New Delhi	3
28 th Oct., 2013	New Delhi	6	28 th Oct., 2013	New Delhi	3
30 th Jan., 2014	New Delhi	7	30 th Jan., 2014	New Delhi	3

VIGIL MECHANISM

The Company has established an effective Vigil Mechanism which is available at the Company's website www.raunaqauto.com. The Mechanism has been appropriately communicated within the organization. The purpose of this Mechanism is to provide a framework to promote responsible whistle blowing by employees. It protects employees wishing to raise a concern about serious irregularities, unethical behavior, actual or suspected fraud within the company by reporting the same to the Audit Committee.



During the year, no unethical behavior has been reported. Further, the Company has not denied any personnel access to the Audit Committee and it will provide protection to Whistle Blower, if any, from adverse personnel action.

CODE OF CONDUCT FOR INSIDER TRADING

The Company has a comprehensive Code of Conduct for its Management, staff and Directors for prevention of insider trading in compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) amendment Regulations, 2011. The code lays down the guidelines and procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautioning them on the consequences of non-compliances. The places of the price sensitive information are disseminated to the Stock Exchanges timely, adequately and promptly on continuous basis for prevention of Insider Trading. The Company Secretary has been appointed as Compliance Officer and is responsible for adherence to code for prevention of Insider Trading. A copy of same has been posted at the official website of the Company.

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).
- In compliance of the various Provisions of the Companies Act, 2013 the website of the Company has been broad based and any information as required by law is made available at the site of the Company and is available to members of the Company as well as public at large.

SHAREHOLDERS INFORMATION

1. Annual General Meeting

Date : 30th September, 2014
 Venue : Shivam Garden, Bawana Road, Narela, Delhi - 110 040
 Time : 11.00 A.M.

Details of last three AGMs held

YEAR	DATE	TIME	VENUE	BOOK CLOSURE
2010-2011	30.09.2011	10.00 AM	New Delhi	24.09.2011 to 30.09.2011
2011-2012	28.09.2012	10.30 AM	New Delhi	24.09.2012 to 28.09.2012
2012-2013	30.09.2013	11.00 AM	New Delhi	26.09.2013 to 30.09.2013

2. Financial Calendar :

Financial Period: 1st April, 2013 to 31st March, 2014

For the Financial Year 1st April, 2013 to 31st March, 2014 Unaudited Quarterly Financial Results were announced on:

- 29th July, 2013.
- 28th Oct., 2013.
- 30th Jan., 2014.

For the Financial Year 1st April, 2013 to 31st March, 2014 Audited Financial Results were announced on:

- 30th May, 2014.

3. Book Closure :

The dates of book closure are from 23.09.2014 to 30.09.2014 (both days inclusive).

4. Listing :

The company's shares are listed and traded on the The BSE Ltd., Mumbai.

The ISIN Number of RAUNAQ on both the NSDL and CDSL is INE704B01017.

The Company has already paid the Listing Fee for the Current Year to The BSE Ltd., Mumbai.



5. Investor Services (Investor Grievances Committee)

- 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
- Letters received during the year 2013-14

Nature of Letters	Received	Cleared
Enquires relating to Transfer Transmission, Demat etc.	01	01

6. Stock Market Price Data for the year 2013-14

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,2013	17.50	14.00
May	18.70	14.30
June	20.00	17.10
July	19.00	15.80
Aug	17.90	11.15
Sept	12.15	10.62
Oct	10.95	9.51
Nov	10.50	9.75
Dec	10.80	9.98
Jan,2014	11.44	8.41
Feb	11.20	9.32
Mar	10.22	8.11

7. Categories of Shareholders as on 31st March, 2014

Shareholding Pattern

Category	No. of shares	% of Paid up capital
A Promoters' Holding		
1. Promoters		
a) Indian Promoters		
- PICUP	1503300	16.83
- REWT	3398687	38.05
b) Foreign Promoters	—	—
2. Persons acting in concert	98036	1.10
Sub Total (A)	5000023	55.98
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	0.01
c. Foreign Institutional Investor	—	—
4. Others		
a. Private Corporate Bodies	250509	2.81
b. Indian Public	2637168	29.52
c. Non Resident Indians/Overseas	1043400	11.68
Sub Total (B)	3931577	44.02
G.TOTAL (A+B)	8931600	100.00



8. Distribution of shareholding as on 31st March, 2014

Distribution (No. of shares)	No. of Share holders	% of Shareholders	No of shares	% of Shareholding
Up to 500	6150	91.355	989216	11.075
501 - 1000	322	4.783	275289	3.082
1001 - 2000	106	1.575	166623	1.866
2001 - 3000	59	0.876	151092	1.692
3001 - 4000	24	0.357	88117	0.987
4001 - 5000	15	0.223	72826	0.815
5001 - 10000	21	0.312	150162	1.681
10001 & Above	35	0.52	7038275	78.802
TOTAL	6732	100.000	8931600	100.000

9. Shares held in physical and dematerialized form

As on 31st March, 2014, 79.54% of RACL's shares were held in dematerialized form and the remaining 20.46% in physical form.

Break up of physical and dematerialized shares as on 31st March, 2014

	No. of Folios (Physical)	No. of Folios (Demat)	No. of Shares (Physical)	No. of Shares (Demat)	Total Folios	Total Shares
RACL	3818	2940	1827399	7104201	6758	8931600

26 Shareholders are Common in DEMAT & PHYSICAL.

- 10. PLANT LOCATION :**
- UNIT-I : Raunaq Automotive Components Limited
A-3, Industrial Area, Gajraula
Distt. Amroha - 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) Mr. D.R.Arya
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, Phase-II
New Delhi - 110 020
Tel : (011) 26387281/ 82 / 83
Fax : (011) 26387384



13. Website

The Company's website www.raunaqauto.com contains a separate dedicated section for investors where Shareholders information is available. Quarterly Results, Annual Reports, Code of Conduct and Ethics, Shareholding Pattern and other details also available on the website in a user friendly and downloadable form.

14. Company Registration details

The Company is registered in the State of Delhi, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L34300DL1983PLC016136.

15. Share Transfer System (In physical Segment)

For administrative convenience and to facilitate speedy approvals, authority has been delegated to the Share Transfer Agents (RTA) for preparation and also to Directors of the Company to approve Share Transfers/ Transmissions as prepared by the RTA and approved by the authorized Directors of the company are placed at the Board meeting from time to time.

In case of shares in electronic form the Transfers are processed by NSDL/CDSL through respective Depository participants.

In case Shares held in Physical Form, all Transfers are completed within stipulated Time from the Date of receipt of complete documents. As at March 31, 2014 there were no Equity Shares pending for Transfer. Also, there were no DEMAT requests pending as on March 31, 2014.

The Company obtains necessary certificate of Compliance with the share transfer formalities from a Company Secretary in practice as required under Clause 47(C) of the Listing Agreement with the Stock Exchange and files a Copy of the same with the Stock Exchange.

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 which is already available on the website 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 31.03.2014. The Annual Report of the Company contains a Certificate duly signed by the CMD in this regard.

DISCLOSURES BY THE COMPANY:

- 1) There is no related party transaction that has 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 Nomination and Remuneration committee which reviews the managerial remunerations payable to Directors and other senior level employee.
- 4) Receipt from Public Issues, Rights Issues, Preferential Issues.

During the year under review (01.04.2013 to 31.03.2014), the Company has not issued any share capital by way of Public Issue, Rights Issue & Preferential Issue.

COMPLIANCES WITH MANDATORY/NON MANDATORY REQUIREMENTS

1. The Company has complied with all the applicable mandatory requirements of Clause 49 of the Listing Agreement.
2. The Company has also adopted the non mandatory requirements as specified in Annexure 1D to Clause 49 of the Listing Agreement regarding constitution of the Remuneration committee.



CEO & CFO CERTIFICATION:

The CEO (CMD) and the Chief Financial Officer [Director (F)] 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.

For Raunaq Automotive Components Limited

Place : New Delhi
Date : 31st July, 2014

Sd/-
GURSHARAN SINGH
Chairman and Managing Director

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

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, 2014 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 above mentioned 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 : 31st July, 2014

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.

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, 2014.

For Raunaq Automotive Components Limited

Place : New Delhi
Date : 31st July, 2014

Sd/-
GURSHARAN SINGH
Chairman and Managing Director



INDEPENDENT AUDITORS' REPORT

To,
The Members,
RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of **Raunaq Automotive Components Limited**, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the financial year ended on that date annexed thereto and its summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and the regulatory requirements :

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.



2. As required by section 227(3) of the Act, 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 proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss and cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and cash now statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956, read with the general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - c) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31, 2014, from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For A SACHDEV & Co.
Chartered Accountants
FRN 001307C

Place : GAJRAULA
Date : 30th May, 2014

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



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 hold, 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 terns & 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, 2014. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding Financial year.
- 11 In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the Financial Institutions / Banks.
- 12 Since the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the order is not applicable.
- 13 As the Company is not a nidhi / mutual benefit fund / society, paragraph 4(xiii) of the order is not applicable.
- 14 Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the order is not applicable.
- 15 Since the Company has not given any guarantee for loans taken by others from bank / Financial Institutions, paragraph 4(xv) of the order is not applicable.
- 16 As per records of the Company the Term Loans / Corporate Loans obtained by it during the period covered under audit have been applied for the purpose for which they were obtained.
- 17 According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not used any funds raised on short-term basis for long-term investments.
- 18 According to the records of the Company and the information and explanations provided by the management, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19 Since the Company has neither issued any debentures nor has created any securities during the year, Paragraph 4 (xix) of the order is not applicable.
- 20 The Company has not raised any money by Public issues during the period covered under audit.
- 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
FRN 001307C

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

Place : GAJRAULA
Date : 30th May, 2014



BALANCE SHEET AS AT 31ST MARCH 2014

(₹ in Lacs)

Particulars	Notes No.	As At 31st March, 2014	As At 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share capital	1	893.16	893.16
Reserves and surplus	2	2,662.03	2,474.69
Non-current liabilities			
Long-term borrowings	3	1,643.35	1,547.13
Deferred tax liabilities (Net)	4	551.59	402.25
Other Long term liabilities	5	—	58.59
Long-term provisions	6	289.51	279.89
Current liabilities			
Short-term borrowings	7	2,287.03	1,689.25
Trade payables	8	1,841.13	1,892.74
Other current liabilities	9	761.31	1,034.99
Short-term provisions	10	131.59	139.38
TOTAL		11,060.70	10,412.07
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	6,155.68	5205.15
Intangible assets		—	—
Capital work-in-progress	11	117.43	492.13
Intangible assets under development		—	—
Non-current investments		—	—
Deferred tax assets (net)		—	—
Long-term loans and advances	12	275.62	204.53
Other non-current assets			
Misc expenditure	13	213.45	190.22
Current assets			
Current investments		—	—
Inventories	14	2,101.61	2,050.52
Trade receivables	15	1,564.95	1,774.69
Cash and cash equivalents	16	96.83	87.55
Short-term loans and advances	17	66.18	78.41
Other current assets	18	468.95	328.87
TOTAL		11,060.70	10,412.07

Significant Accounting Policies & notes to accounts are forming integral part of Balance sheet.
As per our separate report of even date

For A. SACHDEV & CO

Chartered Accountants

Firm Registration No. 001307C

Sd/-

B. K. AGARWAL

(Partner)

Membership No. 90771

Sd/-

GURSHARAN SINGH

(CMD)

Sd/-

MADAN LAL

(Director)

Sd/-

ANIL SHARMA

(Director)

Sd/-

RAKESH KAPOOR

(Director)

Sd/-

D. R. ARYA

(Director & C.S.)

Place : Gajraula

Date : 30th May, 2014



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2014

(₹ in Lacs)

Particulars	Refer Note No.	2013-14	2012-13
I. Revenue from operations	20	10,294.57	9,505.07
II. Other income	21	136.48	187.17
III. Total Revenue (I + II)		10,431.05	9,692.24
IV. Expenses:			
Cost of materials consumed	22	4,129.42	4,332.53
Purchases of Stock-in-Trade			
Changes in inventories of finished goods			
work-in-progress and Stock-in-Trade	23	38.89	(8.90)
Employee benefits expense	24	1,420.40	1,238.53
Finance costs	25	645.87	594.82
Depreciation and amortization expense	26	386.35	332.35
Other expenses	27	3,469.54	2,957.10
Total expenses		10,090.47	9,446.43
V. Profit before exceptional and extraordinary items and tax (III-IV)		340.58	245.81
VI. Exceptional items		—	—
VII. Profit before extraordinary items and tax (V - VI)		340.58	245.81
VIII. Extraordinary Items		—	—
IX. Profit before tax (VII- VIII)		340.58	245.81
X Tax expense:			
(1) Current tax			
Mat payable		72.04	50.08
Less: Mat credit entitlement		68.14	23.42
		(3.90)	(26.66)
(2) Deferred tax		(149.34)	(61.83)
XI Profit (Loss) for the period from continuing operations (VII-VIII)		187.34	157.32
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)		187.34	157.32
XVI Earnings per equity share:			
(1) Basic	28	2.10	1.76
(2) Diluted			

Significant Accounting Policies & notes to accounts are forming integral part of Profit & Loss Account.
As per our separate report of even date

For A. SACHDEV & CO

Chartered Accountants

Firm Registration No. 001307C

Sd/-

B. K. AGARWAL

(Partner)

Membership No. 90771

Sd/-

GURSHARAN SINGH

(CMD)

Sd/-

MADAN LAL

(Director)

Sd/-

ANIL SHARMA

(Director)

Sd/-

RAKESH KAPOOR

(Director)

Sd/-

D. R. ARYA

(Director & C.S.)

Place : Gajraula

Date : 30th May, 2014



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, except land which has been revalued during the year

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 31.03.2014 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 2014

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 2014		As at 31 March 2013	
		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	9,940,000	994.00
	Paid up				
	Preference shares	—	—	—	—
	Equity Shares of ₹ 10/- each	8,931,600	893.16	8,931,600	893.16
	Subscribed but not fully Paid up				
	Preference shares	—	—	—	—
	Equity Shares of ₹ 10/-each, not fully paid up	—	—	—	—
	Total	8,931,600	893.16	8,931,600	893.16

1.2	Particulars	Number Equity Shares		Number Preference Shares	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Shares outstanding at the beginning of the year	8,931,600	8,931,600	—	—
	Shares Issued during the year	—	—	—	—
	Shares bought back during the year	—	—	—	—
	Shares outstanding at the end of the year	8,931,600	8,931,600	—	—

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

Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RACL Employee Welfare Trust	3,398,687	38.05	3,398,687	38.05
PICUP	1,503,300	16.83	1,503,300	16.83
Middleware Development Limited	1,000,000	11.19	1,000,000	11.19

1.4 No buyback of shares undertaken during the year. NIL

1.5 Unpaid Calls		₹
By Directors	NIL	NIL
By Officers	NIL	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 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 2014	As at 31 March 2013
	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	81.50	81.50
	Add : Securities premium credited on Share issue	—	—
	<u>Less : Premium Utilised for various reasons</u>	—	—
	Premium on Redemption of Debentures	—	—
	For Issuing Bonus Shares	—	—
	Closing Balance	81.50	81.50
	d. Debenture Redemption Reserve		
	Opening Balance	—	—
	(+) Current Year Transfer	—	—
	(-) Written Back in Current Year	—	—
	Closing Balance	—	—
	e. Revaluation Reserve		
	Opening Balance	1,102.69	1,102.69
	(+) Current Year Transfer (on land)	—	—
	(-) Written Back in Current Year	—	—
	Closing Balance	1,102.69	1,102.69
	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	41.95	41.95
	h. Surplus		
	Opening balance	1,246.55	1,089.23
	(+) Net Profit for the current year	187.34	157.32
	(+) Transfer from Reserves	—	—
	(-) Proposed Dividends	—	—
	(-) Interim Dividends	—	—
	(-) Transfer to Reserves	—	—
	Closing Balance	1,433.89	1,246.55
	Total	2,662.03	2,474.69



(₹ in lacs)

3	Long Term Borrowings	As at 31 March 2014	As at 31 March 2013
	Secured		
	(a) Bonds/debentures	—	—
	(b) Term loans		
	from banks	837.06	1,153.95
	(c) Deferred payment liabilities		
	Interest free sales tax loan from PICUP	108.00	194.77
	(d) Deposits	—	—
	(e) Loans and advances from related parties	—	—
	(f) Long term maturities of finance lease obligations		
	Car loan	16.59	—
		961.65	1,348.72
	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)	681.70	198.41
		681.70	198.41
	Total	1,643.35	1,547.13

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:

	2015-16 1 st year	2016-17 2 nd year	2017-18 3 rd year	2018-19 4 th year	2019-20 5 th year
Term loans from bank (Secured)/Unsecured	717.52	499.60	91	91	46

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. 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 Pradeshia 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 2014	As at 31 March 2013
	Deferred tax liabilities on		
	Accelerated depreciation	588.94	433.22
	Bank & other charges	—	—
	Development Expenses	65.58	58.41
		654.52	491.63
	Less :		
	Deferred Tax assets on		
	Provision for gratuity & leave encashment	102.93	88.94
	Provision for Doubtful debts and advances	—	0.44
	Provision on Profit & loss on sale of Fixed Assets		
		102.93	89.38
	Net deferred tax liabilities	551.59	402.25
5	Other Long Term Liabilities		
	(a) Trade Payables	—	—
	(b) Others	—	58.59
	Total	—	58.59
6	Long Term Provisions		
	(a) Provision for employee benefits (Refer note no 24.1)		
	Superannuation (unfunded)	—	—
	Gratuity (unfunded)	221.07	213.57
	Leave Encashment (unfunded)	68.44	66.33
	ESOP / ESOS	—	—
	(b) Others (Specify nature)	—	—
	Total	289.51	279.89



(₹ in lacs)

7	Short Term Borrowings	As at 31 March 2014	As at 31 March 2013
	Secured		
	(a) Loans repayable on demand from banks	2,287.03	1,689.25
	(b) Loans and advances from related parties	—	—
	(c) Deposits	—	—
	(d) Other loans and advances (specify nature)	—	—
		2,287.03	1,689.25
	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	2,287.03	1,689.25

7.1 The cash credit limit from Bank of India are secured by way of hypothecation & first charge on inventories ,book debts and other recievables 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 2014	As at 31 March 2013
	Due to SSIs	—	—
	Due to MSME	—	—
	Due to other than SSIs/MSME	1,841.13	1,892.74
		1,841.13	1,892.74



(₹ in lacs)

9	Other Current Liabilities	As at 31 March 2014	As at 31 March 2013
	(a) Current maturities of long-term debt	561.51	615.27
	(b) Current maturities of finance lease obligations	—	—
	(c) Interest accrued but not due on borrowings	—	—
	(d) Interest accrued and due on borrowings	4.08	5.57
	(e) Income received in advance	15.37	50.08
	(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	180.35	364.07
	Total	761.31	1,034.99
10	Short Term Provisions		
	(a) Provision for employee benefits		
	Salary & Reimbursements	95.87	91.36
	Contribution to PF	—	—
	Gratuity (Funded)	19.05	—
	Leave Encashment (funded)	16.67	—
	Superannuation (funded)	—	—
	ESOP/ESOS	—	—
	(b) Others (Taxes payable)	—	48.02
	Total	131.59	139.38

11. Fixed Assets

Particulars		Gross Block					Accumulated Depreciation				Net Block		
		Balance as at 1 April 2013	Additions	Disposals	Revaluations/ (Impairments)	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31 March 2014	Balance as at 1 April 2014	Balance as at 31 March 2013
a	Tangible Assets												
	Land	1,144.37	—	—		1,144.37	—	—	—	—	1,144.37	1,144.37	
	Buildings	830.53	88.88	—	—	919.41	206.28	26.94	—	—	686.19	624.25	
	Plant and Equipment	5,519.62	1,203.37	39.54	—	6,683.45	2,241.75	337.19	18.55	18.55	4,123.06	3,277.87	
	Furniture and Fixtures	33.57	1.41		—	34.98	26.61	1.36	—	—	7.01	6.96	
	Vehicles	81.08	30.00		—	111.08	44.91	8.31	—	—	57.86	28.86	
	Office equipment	181.68	6.40		—	188.08	123.86	7.18	—	—	57.04	57.82	
	Electrical Installation	131.16	20.52	—	—	151.68	66.15	5.38	—	—	80.15	65.01	
	Total	7,914.70	1,350.58	39.54	—	9,233.05	2,709.56	386.36	18.55	18.55	6,155.68	5,205.14	
	Intangible Assets	—	—	—	—	—	—	—	—	—	—	—	
	Capital Work In Progress	492.14	803.76	1,178.47	—	117.43	—	—	—	—	117.43	492.14	
	Total	492.14	803.76	1,178.47	—	117.43	—	—	—	—	117.43	492.14	
	Intangible assets under Development												
	Total	8,406.84	2,154.34	1,218.01	—	9,350.48	2,709.56	386.36	18.55	18.55	6,273.11	5,697.28	

An amount of Rs.204.31 lacs has been capitalised in plant & machinery due to exchange rate fluctuation on foreign currency loan as on 31.03.2014



(₹ in lacs)

12	Long Term Loans and Advances	As at 31 March 2014	As at 31 March 2013
	a. Capital Advances	—	—
		—	—
	b. Security Deposits		
	Secured, considered good	47.16	44.21
	Unsecured, considered good	—	—
	Doubtful	—	—
	Less: Provision for doubtful deposits		
		47.16	44.21
	c. Loans and advances to related parties (refer Note 2)	—	—
		—	—
	d. Other loans and advances MAT		
	Secured, considered good	228.46	160.32
	Unsecured, considered good	—	—
	Doubtful	—	—
	Less: Provision for	—	—
		228.46	160.32
	Total	275.62	204.53
	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 WRITTN OFF/BACK		
	Development Expenses	213.45	190.22
14	Inventories		
	a. Raw Materials and components (Valued at Cost)	193.24	223.86
	Goods-in transit		
		193.24	223.86
	b. Work-in-progress (Valued at Factory Cost)	397.19	407.78
	Goods-in transit		
		397.19	407.78
	c. Finished goods (Valued at cost or net realizable valu whichever lower)	145.5	173.96
	Goods-in transit		
		145.50	173.96
	d. Stock-in-trade (Valued at _____)	—	—
	Goods-in transit		
		—	—



(₹ in lacs)

	As at 31 March 2014	As at 31 March 2013
e. Stores and spares (Valued at cost or net realizable value whichever is lower)	263.44	268.48
Goods-in transit	263.44	268.48
f. Loose Tools (Valued at cost or net realizable value whichever is lower)	853.85	780.98
Goods-in transit	853.85	780.98
g. Scrap	0.73	0.57
h. Jigs & fixtures	247.66	194.89
	248.39	195.46
Total	2,101.61	2,050.52
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	1492.42	1731.99
Unsecured, considered doubtful		
Less: Provision for doubtful debts	(1.44)	(1.44)
	1,490.98	1,730.55
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good		
Unsecured, considered good	73.97	44.14
Unsecured, considered doubtful		
Less: Provision for doubtful debts	—	—
	73.97	44.14
Total	1,564.95	1,774.69
The Company has taken an advance of Rs.1176.49 lacs(unsecured) from IFCI Factors Ltd against trade receivable.The above figures are exclusive of IFCI Factors Ltd advances.		
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 2014	As at 31 March 2013
	a. Balances with banks*	32.41	29.15
	This includes:		
	Earmarked Balances	—	—
	(eg/- unpaid dividend accounts)		
	Margin money	60.23	55.10
	Security against borrowings	—	—
	Guarantees	—	—
	Other Commitments	—	—
	Bank deposits with more than 12 months maturity	—	—
	b. Cheques, drafts on hand		
	c. Cash on hand*	4.19	3.30
	d. Others (specify nature)	—	—
		96.83	87.55

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 2014	As at 31 March 2013
	a. Loans and advances to related parties	—	—
		—	—
	b. Others (specify nature)		
	Capital Advances	—	—
	Balances with excise authorities	—	—
	Secured, considered good	66.18	78.41
	Unsecured, considered good	—	—
	Doubtful	—	—
	Less: Provision for _____	—	—
		66.18	78.41
		—	—
	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	468.95	328.87



(₹ in lacs)

19	Contingent liabilities and commitments (to the extent not provided for)	As at 31 March 2014	As at 31 March 2013
	(i) Contingent Liabilities		
	(a) Claims against the Company not acknowledged as debt	—	—
	(b) Guarantees	—	—
	(c) Outstanding amount of letter of Credit	—	—
		—	—
	(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	—	—

20 Revenue from operations (₹ in lacs)

	2013-14	2012-13
Particulars		
Sale of products-Domestic	6,139.87	7,305.91
Sale of products-Export	4,743.25	2,945.60
Sale of services		
Other operating revenues	121.60	90.69
Less:		
Excise duty	(710.15)	(837.13)
Total	10,294.57	9,505.07
21 Other Income		
Interest on deposits	6.38	9.52
Dividend Income		
Net gain/loss on sale of investments		
Other non-operating income (net of expenses directly attributable to such income)	130.10	177.65
Total	136.48	187.17
22 Cost of Material consumed		
Opening stock	223.86	176.77
Add: Purchases	4,098.81	4,379.62
Less: Closing stock	(193.25)	(223.86)
Total	4,129.42	4,332.53



23 Change in inventories

(₹ in lacs)

Particulars	2013-14	2012-13
Closing Stock		
Finished stock	145.50	173.96
Material in transit	—	—
Work in progress	397.19	407.78
Scrap	0.73	0.57
	543.42	582.31
Less:		
Opening Stock		
Finished stock	173.96	191.26
Material in transit	—	—
Work in progress	407.78	377.57
Scrap	0.57	4.58
	582.31	573.41
(Inc)/dec in stock	38.89	(8.90)
24 Employee Benefits Expense		
(a) Salaries and incentives	1,249.49	1,086.92
(b) Contributions to -		
(i) Provident fund	40.13	34.03
(ii) Superannuation scheme	—	—
(c) Gratuity fund contributions	57.54	47.28
(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	73.24	70.30
Total	1,420.40	1,238.53

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 31.3.2014	Gratuity	Leave Encashment
Present value of Funded Obligations	240.12	85.11
Fair Value of Plan Assets	—	—
Net Assets / (Liability)	(240.12)	(85.11)

Reconciliation of Opening and Closing Balances of obligation

Change in defined Benefit Obligation

Obligation as at 01.04.2013	213.57	66.33
Current Service Cost	12.52	3.68
Interest Cost	20.42	6.81
Actuarial Losses / (Gain)	1.79	11.64
Benefit Paid	(8.18)	(3.35)
Obligation as at 31.3.2014	240.12	85.11



Expenditure to be recognized during the year

(₹ in lacs)

Particulars	2013-14	2012-13
Current Service Cost	12.52	3.68
Interest Cost	20.42	6.81
Expected Return on Plan Assets	—	—
Net Actuarial Losses/(Gain) Recognized during the year	1.79	11.64
Total expenditure included in "Employees Emoluments"	34.73	22.13

Assumptions

Discount Rate (per annum)	8.25%	8.25%
Expected Rate of Return on Assets (per annum)	0.00%	0.00%
Salary Escalation Rate	5.00%	5.00%

25 Finance cost		
Interest expense	292.41	348.12
Other borrowing costs	353.46	246.70
Applicable net gain/loss on foreign currency transactions and translation	—	—
Total	645.87	594.82
26 Depreciation and Amortisation		
Depreciation	386.35	332.35
Less: Transferred from revaluation reserve	—	—
	386.35	332.35
27 MANUFACTURING EXPENSES		
Stores & Spares consumed	222.14	179.77
Loose Tools consumed	398.54	320.1
Power, Oil & Lubricants & LPG for furnace	1204.38	971.24
Repairs & Maint. (Plant & Machinery)	99.52	66.27
Outside vendoring	798.18	805.85
Others	121.97	150.19
	2,844.73	2,493.42
Less: Transfer to Development Expenses	(32.77)	(77.35)
	2,811.96	2,416.07
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Travelling & Conveyance	43.87	43.47
Vehicle running & maintenance	70.33	62.78
Telephone, Telex & Communication	27.32	16.22
Repairs & Maintenance :		
- Building	8.02	2.32
- Others	1.26	—
Freight & Forwarding	94.73	94.35
Rent	38.83	32.97
Printing & Stationery	13.27	10.34
Discount on sales/Warranty claims	14.59	27.03
Electricity & Water	6.58	6.02
Auditors Remuneration	1.25	1.25
Directors Remuneration	74.76	74.76
Misc. Expenses	224.73	141.37
Misc. Expenses written off	38.04	28.15
	657.58	541.03
TOTAL	3,469.54	2,957.10



28 Earning Per Share

(₹ in lacs)

Particulars	2013-14	2013-14
Net profit after tax as per statement of Profit & Loss attributable to Equity Shareholder	187.33	157.32
Weighted average no of shares	8931600	8931600
Nominal Value of Shares	10.00	10.00
Basic Earning Per Share	2.10	1.76
29 Expenditure in Foreign currency		
Raw Material /Tools	204.65	124.13
foreign Travelling	19.87	16.85
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	4629.25	2878.12

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 2014		As at 31 March 2013	
	Nos	Value	Nos	Value
		(₹ in Lacs)		(₹ in Lacs)
Forging (Bought Out)	4,991,497.00	3,933.46	5,292,826	4,526.10
Steel (Bought Out) (In Kgs)	367,600.59	210.13	—	—
Forging (On job work basis)			271	—
38 CIF Value of Imported Machines/Spares				
Machine/Spare Part		530.35		231.22



- 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 31-03-2014, none of the Directors is interested in any of the related party transactions.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year ended 31st Mar, 2014 (Rs.in Lacs)	Year ended 31st Mar, 2013 (Rs.in Lacs)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	340.57	245.81
Adjustments for:		
Depreciation	386.35	332.35
Miscellaneous expenses written off	38.04	28.15
Interest	645.87	594.82
Operating Profit before Working Capital Changes	1,410.83	1,201.13
Changes in Working Capital		
Decrease/(Increase) in Inventories	(51.09)	(305.81)
Decrease/(Increase) in Sundry Debtors	209.74	(542.37)
Decrease/(Increase) in Loan & Advances	(204.07)	(132.88)
(Decrease)/Increase in Current Liabilities	(131.96)	(1.71)
Cash Generated From Operations	1,233.45	218.36
Interest paid	(645.87)	(594.81)
Cash Flow before Extraordinary Items	587.58	(376.45)
Extraordinary Items(Prior Year Income/(Expenditure)		
Tax paid during the Year	(68.14)	(48.02)
Tax paid (previous year)	(3.90)	(2.06)
Others	68.14	23.42
Net Cash Flow from Operating Activities	583.68	(403.11)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Inflow/(Out flow)		
Purchase of Fixed Assets	(962.18)	(564.54)
Development Expenses	(61.27)	(93.32)
Net Cash Flow from investing Activities	(1,023.45)	(657.86)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow/(Outflow)		
Repayment of Long Term Borrowings		
(Decrease)/Increase in Term Loan from bank	(356.42)	(43.95)
Increase/(Decrease) fresh share issued	—	—
Increase/(Decrease) in Cash Credit Utilisation	619.78	960.38
Increase/(Decrease) loan from others	341.24	233.75
Increase/(Decrease) in long term liabilities	45.34	30.10
Loan from Car finance Co	18.89	(10.51)
Interest Free Sales Tax Loan	(224.91)	(97.24)
Net cash flow from financing activities	443.92	1,072.53



	Year ended 31st Mar, 2014 (Rs.in Lacs)	Year ended 31st Mar, 2013 (Rs.in Lacs)
D. NET INC./(DEC.) IN CASH AND CASH EQUIVALENT:(A+B+C)	4.15	11.56
Opening Balance of Cash and Cash Equivalents	32.45	20.89
Closing Balance of Cash and Cash Equivalents	36.60	32.45

We have verified the above cash flow statement of RAUNAQ AUTOMOTIVE COMPONENTS LTD. derived from Audited Financial Statements for the year ended 31st March, 2014 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

Sd/-

B. K. AGARWAL

(Partner)

Membership No. 90771

Sd/-

GURSHARAN SINGH

(CMD)

Sd/-

MADAN LAL

(Director)

Sd/-

ANIL SHARMA

(Director)

Sd/-

RAKESH KAPOOR

(Director)

Sd/-

D. R. ARYA

(Director & C.S.)

Place : Gajraula

Date : 30th May, 2014

RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Head Office & Regd. Office:

15TH FLOOR, CHIRANJIV TOWER - 43, NEHRU PLACE, NEW DELHI - 110019

PHONES : 91-11-26418622, 26418633, 26418655 FAX NO.: 91-11-26448962

E-mail: enquiries@raunaqauto.com Website: www.raunaqauto.com

CIN NO.: L34300DL1983PLC016136

Date : 22-08-2014

Dear Shareholder,

SUB : Registration / Updation of E-mail address for receipt of communication / documents through electronic mode

We draw your attention to our earlier communications requesting you to register your email address with the Company / Depository Participant (DP) so that the Annual Reports, Financial Statements, Notices and any communication can be sent to you through electronic mode. We notice from our records that you are yet to register your email address with the company.

We once again request you to register / update your email address in the manner explained below and support the 'Green Initiative' launched by the Ministry of Corporate Affairs, The same will be deemed to be your registered email address for serving notices/financial statements / annual reports / documents and any other correspondence including those covered under Sections 134 and 136 of the Companies Act, 2013.

If you hold shares in:

- a) Electronic form - Please intimate / update your email address to your Depository Participant (DP).
- b) Physical form - Please intimate / update your email address by sending a duly signed letter quoting the name of first / sole holder and folio no.(s) to the Company's Investor Relations Department/RTA at the address given hereunder:

M/s. RAUNAQ AUTOMOTIVE COMPONENTS LTD.

Investor Relations,
Secretarial Department,
15th Floor, Chiranjiv Tower,
43, Nehru Place,
New Delhi - 110019.

REGISTRAR & SHARE TRANSFER AGENTS

MAS Services Ltd.
T-34, 2nd Floor,
Okhla Industrial Area-II, New Delhi - 110020.
Ph: 011-26387281/82/83, Fax : 011-26387384
E-mail : info@masserv.com; Website : www.masserv.com

We would like to clarify that even after registering your email address as above, you may still request for a physical copy of above referred communication and the same will be sent to you free of cost. Also, all such documents will also be available on the Company's website www.raunaqauto.com

In view of the many benefits of holding securities in electronic form, we urge you to dematerialize your shares, in case you hold the same in physical form, by approaching the Depository Participant of your choice.

Yours sincerely,

For Raunaq Automotive Components Limited

Sd/-

(D. R. ARYA)

Company Secretary

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RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Head Office & Regd. Office:

15TH FLOOR, CHIRANJIV TOWER - 43, NEHRU PLACE, NEW DELHI - 110019

PHONES : 91-11-26418622, 26418633, 26418655 FAX NO.: 91-11-26448962

E-mail: enquiries@raunaqauto.com Website: www.raunaqauto.com

CIN NO.: L34300DL1983PLC016136

FORM NO. MGT-11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules 2014)

Name of the member(s):	
Registered address:	
E-mail I.D.:	
Folio No./Client ID:	
DP ID;	

I/We, being the member(s) of _____ shares of the above named Company, hereby appoint.

- Name : _____. Address: _____.
E-mail ID: _____. Signautre: _____ or failing him
- Name : _____. Address: _____.
E-mail ID: _____. Signautre: _____ or failing him
- Name : _____. Address: _____.
E-mail ID: _____. Signautre: _____ or failing him

As my /our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on the Tuesday the 30th September, 2014 at 11.00 a.m. at Shivam Garden, Bawana Road, Narela, Delhi - 110040 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description	Type of Resolution	No. of Shares held by me	I/We assent to the Resolution (For)	I/We dissent to the Resolution (Against)
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on March 31, 2014 together with Reports of the Board of Directors and Auditors thereon.	Ordinary			
2.	Re-appointment of Mr. Devender Singh, who retires by rotation and being eligible, offers himself for re-appointment.	Ordinary			

Item No.	Description	Type of Resolution	No. of Shares held by me	I/We assent to the Resolution (For)	I/We dissent to the Resolution (Against)
3.	Re-appointment M/s. A. Sachdev & Co. Chartered Accountants as Statutory Auditors of the Company and fixation of their remuneration.	Ordinary			
4.	Appointment of Mr. R.K.Kapoor, as an Independent Director	Ordinary			
5.	Appointment of Mr. Anil Sharma, as an Independent Director	Ordinary			
6.	Appointment of Mr. Madan Lal, as an Independent Director	Ordinary			
7.	Appointment of Mr. Rakesh Kapoor, as an Independent Director	Ordinary			
8.	Issue of Equity Shares on Preferential Basis	Special			
9.	Resolution under Section 180(1) (c) of the Companies Act, 2013 for approval of borrowing limit.	Special			

Signed this day of 2014.

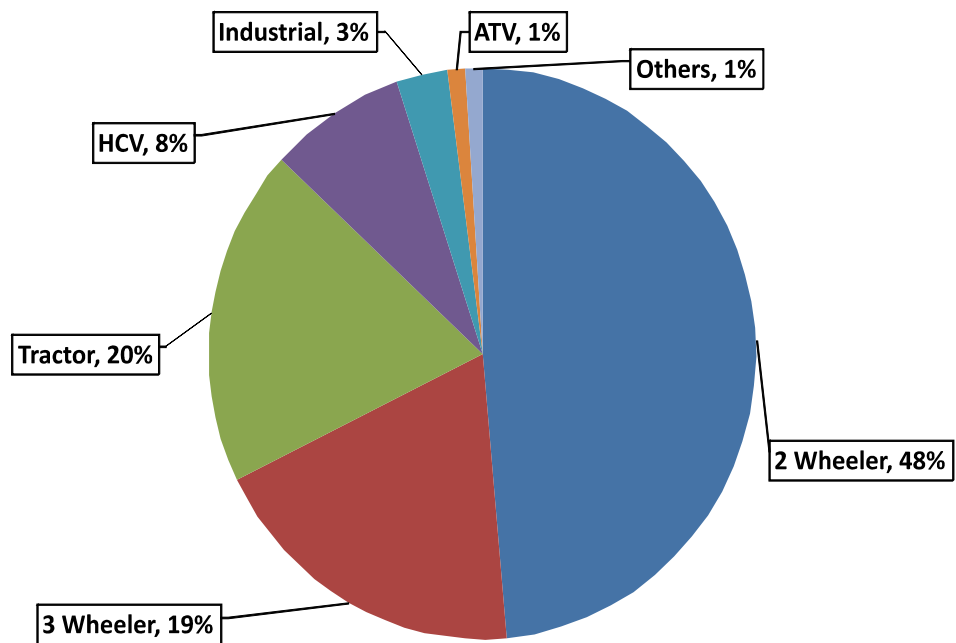
Signature of shareholder.....

Signature of Proxy holder(s)

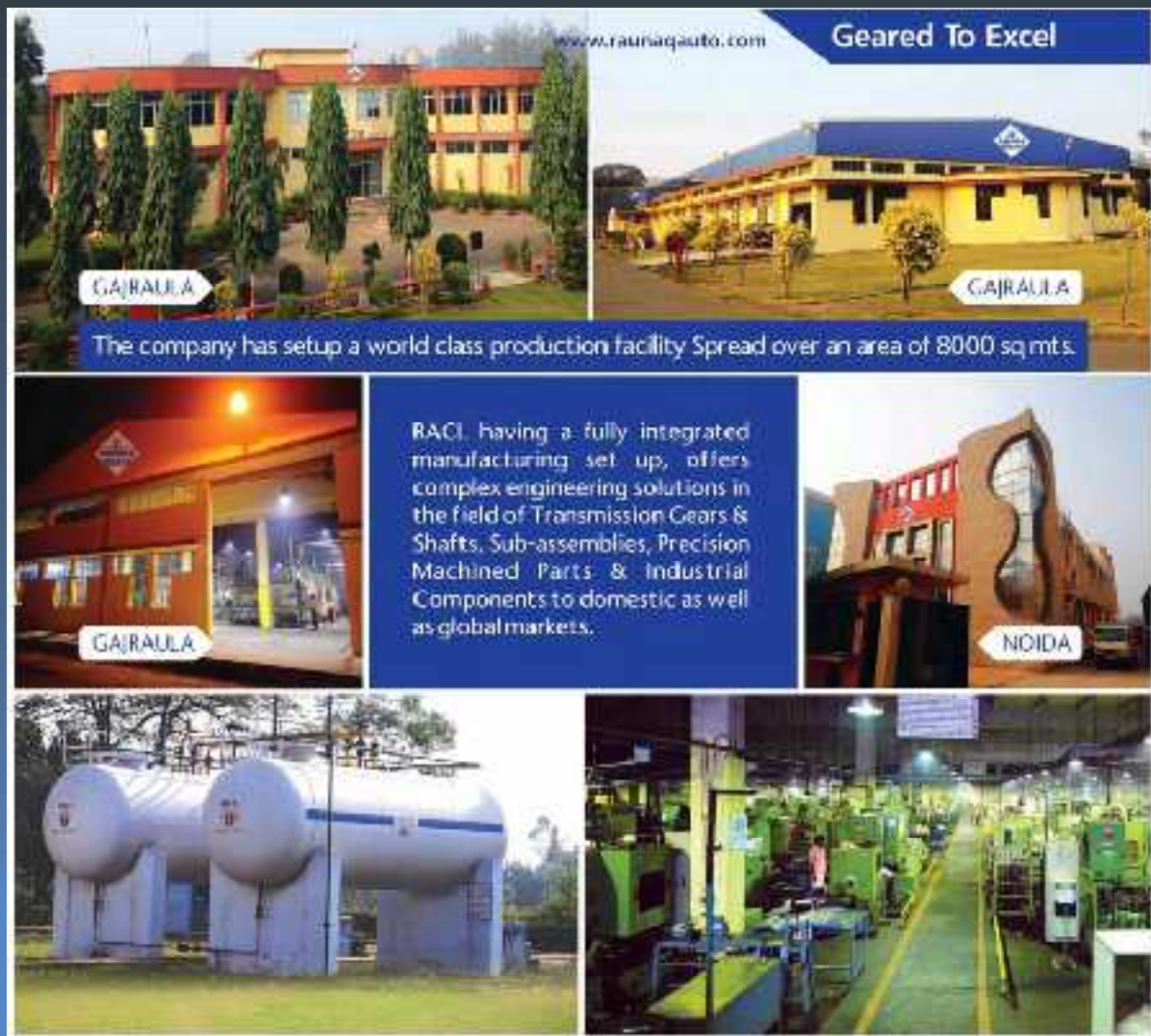
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.

PRODUCT WISE BUSINESS SHARE (F.Y. 13~14)



Registered Post



If undelivered please return to :

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