

**VICTOR**



annual report

**2011-12**

**Victor Gaskets India Limited**  
COMPANY PROFILE AND FINANCIALS



# Victor Gaskets India Limited

## Board of Directors

Sunil Kaul  
Chairman

Satish Sekhri  
MK Goyal  
MS Shankar

**GM & COO**  
Dilip Palve

**Financial Controller**  
Ashish Ashtekar

## Bank

Union Bank of India  
HSBC Ltd.

## Auditors

BK Khare & Co.  
Chartered Accountants  
Mumbai

## Corporate Offices

1, Sri Aurobindo Marg  
New Delhi 110 016

Magnet House  
N M Marg  
Ballard Estate  
Mumbai 400 038

## Manufacturing Facility

152/223, Village Mahalunge  
Chakan Talegaon Road  
Tal. Khed  
Dist. Pune 410 501  
(Maharashtra)

## Registered Office

152/223, Village Mahalunge  
Chakan Talegaon Road  
Tal. Khed  
Dist. Pune 410 501  
(Maharashtra)  
Tel: (02135) 677300-301  
Fax: (02135) 677328



# Financial Highlights

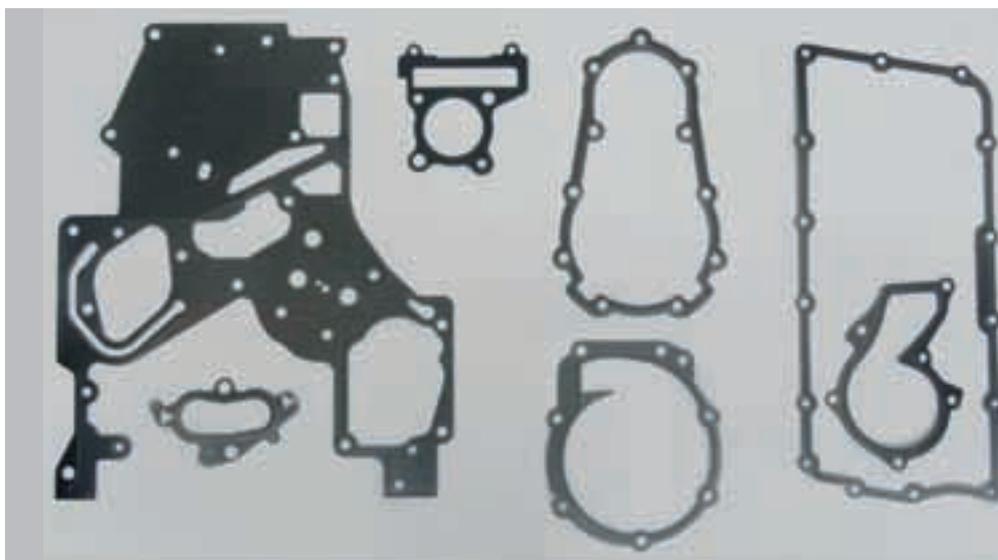
	Rs. Million	
	2011-12	2010-11
Sales	689.0	616.7
Exports	57.5	38.6
Profit Before Interest Depreciation & Tax (PBIDT)	91.6	89.2
Net Interest	1.8	4.4
Profit Before Tax	71.3	68.2
Profit After Tax	47.9	46.5
Net Worth	153.1	143.2
Dividend Payout	38.7	41.7
Export as a % to Sales	8.3	6.3
PBIDT as a % to Sales	13.3	14.5
PBT as a % to Sales	10.4	11.1
PAT as a % to Sales	7.1	7.5
Return on AVG. Net Worth %*	32.8	32.3
Dividend %	400.0	500.0
Dividend Cover	1.3	1.1
Earning Per Share (Rs.)	5.8	5.6
Book Value per Share** (Rs.)	17.8	17.3

## Notes :

\* Profit divided by average Net Worth

\*\* Average Net Worth divided by number of shares

# Company Highlights



- Sales Growth YOY 12.00%
- Profit (PBT) growth YOY 5.00%
- Earning per share Rs. 5.75
- Total Dividend 400%
  
- Received "Research & Development Centre" recognition from Department of Scientific and Industrial Research, Govt of India



## Company Profile

Victor Gaskets India, a market leader in sealing automotive engines, is an original equipment supplier to leading automotive manufacturers both within India as well as in the replacement and export markets.

The company provides a variety of sealing solutions - cylinder head gaskets, exhaust manifold gaskets, valve cover gaskets, oil pan gaskets, timing gear gaskets, and various secondary gaskets - from a 32 litre Cummins Stationary Diesel Engine to a

TOP: Victor Gaskets facility in Chakan, Pune

85 CC TVS 2-Wheeler Engine. These critical gaskets seal hot combustion gases, high temperature coolants, oils, and even heat and sound. They are used in diverse applications like automotive, industrial, agricultural, refrigeration, and stationary engines. Victor Gaskets is the first asbestos-free company of Indian origin. It pioneered the usage of non-asbestos based material in the replacement market.

## Awards

Victor Gaskets India received the 'Excellent Performance Award 2010' from Cummins ABO. The company achieved this honour for 100% Delivery, Zero PPM, excellent product development and quick response.



Mahindra & Mahindra recognized Victor Gaskets, India for 'Outstanding Performance of the year 2010-11'. Mahindra & Mahindra bestowed their prestigious 'Panchratna Award' upon Victor for 100% Delivery, Zero PPM and Victor's contribution to M&M's spare parts supply service.

TOP CENTRE: VGIL Receives Excellent Performance Award 2010 from Cummins ABO

(L to R) Vinit V. Date (DGM - Product Engg. & Sales OE VGIL), Anant Talaulicar (MD Cummins India, ABO & President Components Group, Cummins Inc.), Dilip Palve (COO VGIL), Ignacio Garcia (VP & Chief Manufacturing & Procurement Officer, Cummins Inc.), Raj Menon (COO, Cummins India ABO), Sandeep Balooja (President Business Development AA)

## Technology and Quality Systems

The company's focus on developing a new range of products resulted in various business wins. The Product Engineering team worked closely with customers to complete the development of heat shields, multi-layer steel cylinder head gaskets and specialty gaskets independent of any overseas technology support. The focus was on developing material, manufacturing methods, and raw material.

Victor Gaskets India has been certified by the ISO/TS 16949 model of quality systems, and the ISO 14001 model of the Environment Control System. The company has been recognized by leading OEMs for Zero PPM Supplies.

The range of applications for the servicing of engines and vehicles in the Indian Aftermarket was expanded with upgraded products for critical



BOTTOM RIGHT: Heat Shields

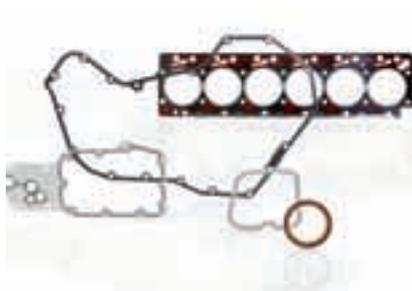
applications like cylinder head gaskets in the construction of graphite composites, rubber coated steels, multi-layered steel head gasket and secondary gaskets in metal carriers with molded edges, besides having improved the grades of non-asbestos materials.

## Marketing Strategy

The company has gained a competitive edge in its field by focusing on product development with upgraded technology, quality, and a customer-centric approach, resulting in an increase in market share. Additionally, the company's all-India distribution network, serviced by trained sales personnel, helps in identifying emerging opportunities, assessing customer preferences, and market potential.

Victor Gaskets added new customers like, Nissan Ashok Leyland, Piaggio and TBK to its existing list of customers.

Besides adding new customers, the



company executed supply contracts from customers of International repute - Cummins Inc., USA and Lister Petter Ltd., UK and USA.

## Exports

The company's efforts to afford a thrust to export sales have resulted in an increase of the overseas customer base. Victor Gaskets has established a strong presence in the global replacement market by building win-win relations with institutional customers. The company supplied gaskets to Audi plants in Slovakia and Germany and Lister Petter Ltd. plants in UK and USA, as part of the OEM supply chain.

## Shareholders

The company's commitment to maximise shareholder value is reflected in its consistent approach to achieve high performance. The company has developed strategies to

TOP: M&M Recognizes VGIL for Outstanding Performance of the year 2010-11

Lalit Verma (Head CDMM Auto), R. Shridhar, Shridhar Pathak (Head Manufacturing & Supply, FES), Deepak Malpure (Manager Sales OE, VGIL), Dilip Palve (COO VGIL), Rajan Wadhwa (CEO M&M), Hemant Sikka (Head Manufacturing Auto), Subhash Mago (Head Sourcing FES)

BOTTOM LEFT: Head Gaskets at Final Inspection



leverage the opportunity of growth as well as combat the situation of rising input costs. It takes a leading part in the Visionary Leaders of Small & Medium Enterprises Initiative - a joint effort of the Anand group, the Confederation of Indian Industry (CII) and the Japan International Co-operation Agency (JICA). This Initiative helps the company assist its key vendors in transforming into Lean Manufacturing Organisations, alongside the company. This methodology creates win-win relationships between Anand companies and the Small-Medium-Enterprises supply base.

The company organises annual visits of shareholders to the manufacturing facility and the operations.



BOTTOM RIGHT: Mr. A.D.Banerjee (Head Supply Chain) inaugurated Supermarket for TATA Spares at Victor Gaskets.



## People Orientation

Victor Gaskets believes that business is 90% people and proudly asserts its key asset to be its dedicated workforce. Keeping this in mind, Victor Gaskets provides various skill enhancement opportunities to employees at all levels. Specialised training programmes are conducted for employees to improve their knowledge and skills. Anand 'U' - the

technical and management institute of Anand conducts various programmes tailor-made to the company's requirements.

The implementation of the Anand Production System provides an increased level of empowerment to Operating Engineers, who work in teams to focus on raising the levels of Work Unit Excellence. Extensive training is provided to young engineers. Employees at all levels in the company are selected for specialised training and nurturing programmes, under initiatives such as Visionary Leaders For Manufacturing, Anand Leadership Initiative For Value Enhancement, APS, Lean Manufacturing Coach, and Young Talent.

The company organises Hub level cultural and sports activities and competitions to build a culture of friendship and camaraderie. The company also organises regular functions and activities involving families of employees to create a sense of belonging and trust.

## Corporate Social Responsibility

The company continues to attach importance to the pursuit of excellence as a responsible corporate citizen in its operations. The Company supports social initiatives through field level activities which help in fostering the 'spirit of giving' among other corporates/partners in the neighbourhood. SNS Foundation, supports such activities. Victor India organised a Blood Donation Camp in May 2011, where 65 donors contributed to the noble cause. The camp was supported by Sahyadri Hospitals.



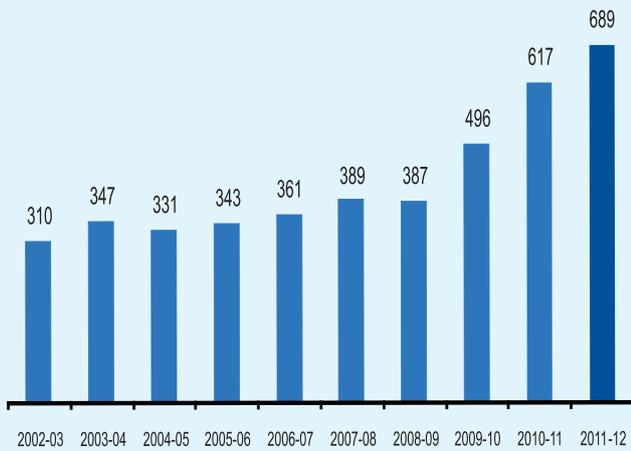
TOP: Members of the Anand Policy Committee & Co-Victor Gaskets, India with Innovation Leaders at the LIVE CONOURSE.

BOTTOM: VGIL team members and Sahyadri Hospital's volunteers at the Blood Donation Camp.

# Working Results at a Glance

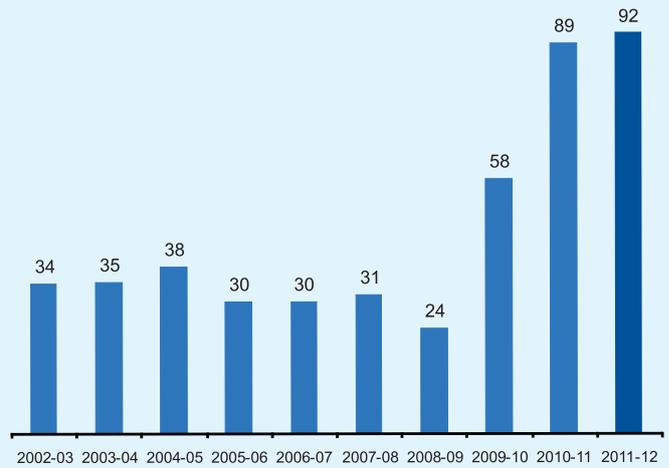
**Sales**

(Rs. Million)



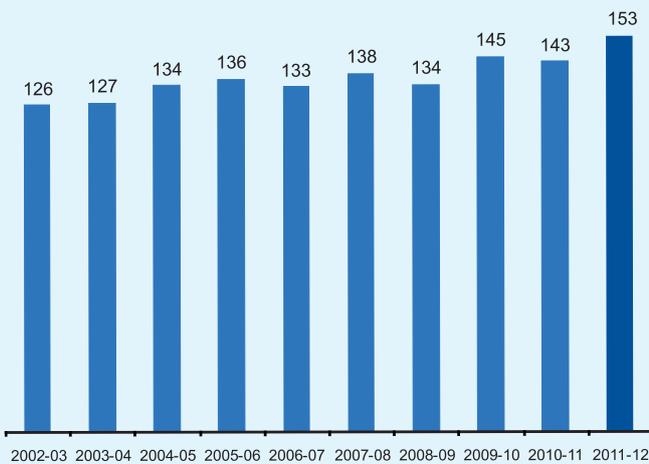
**Gross Profit**

(Rs. Million)



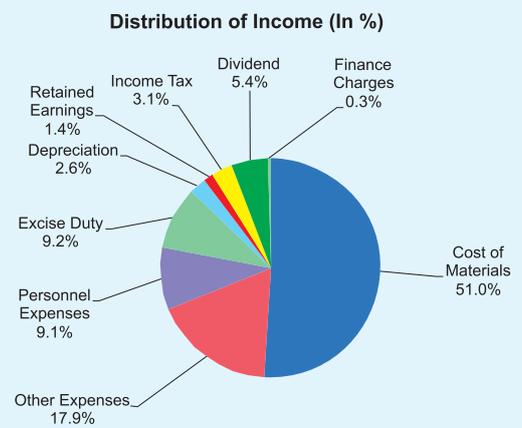
**Shareholder's Funds**

(Rs. Million)



**Distribution of Income**

(In %)



## Working Results at a Glance

	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
	<b>₹ Million</b>									
Shareholders' Fund	8	8	8	8	8	8	8	8	8	8
Reserves & Surplus	118	119	126	128	125	130	126	137	135	144
Shareholders' Fund	126	127	134	136	133	138	134	145	143	152
Loans	99	93	104	91	98	95	125	132	152	127
Deferred Tax Liability	13	15	15	15	13	12	10	7	4	5
<b>Funds Employed</b>	<b>238</b>	<b>235</b>	<b>253</b>	<b>242</b>	<b>244</b>	<b>245</b>	<b>269</b>	<b>284</b>	<b>299</b>	<b>284</b>
Fixed Assets (Gross)	239	243	251	260	264	267	269	285	299	320
Depreciation	69	82	98	113	126	141	152	177	188	206
Net Block	170	161	153	147	138	126	117	108	111	111
Net Current Assets	68	74	100	95	106	119	152	176	188	169
<b>Net Assets Employed</b>	<b>238</b>	<b>235</b>	<b>253</b>	<b>242</b>	<b>244</b>	<b>245</b>	<b>269</b>	<b>284</b>	<b>299</b>	<b>284</b>
	<b>₹ Million</b>									
Sales	310	347	331	343	361	389	387	496	617	689
Gross Profit	34	35	38	30	30	31	24	58	89	92
Interest	11	7	3	0	0	0	3	2	4	2
Depreciation	17	16	17	15	16	15	16	24	17	19
Profit/ (Loss) Before Tax	6	11	18	15	14	16	5	32	68	71
Tax	3	4	7	7	7	6	2	11	22	23
Profit/ (Loss) After Tax	3	7	11	8	7	10	3	21	47	49
	<b>₹</b>									
Dividend per Share *	0.3	0.5	0.6	0.6	0.6	0.6	0.6	1.0	5.0	4.0
Earning per Share *	0.4	0.8	1.4	1.0	0.8	1.2	0.3	2.5	5.6	5.8
	<b>Million Nos</b>									
<b>Production:</b>										
Gaskets	23	27	23	26	26	27	26	32	32	33

\*There is a split in the face value of share from ₹ 2.0 to ₹ 1.0 during the year 2004-05. The figures for the previous years have been calculated on the number of share after giving effect to the split.

# Notice

**NOTICE** is hereby given that the Eleventh Annual General Meeting of the Members of VICTOR GASKETS INDIA LIMITED will be held on Wednesday, July 25, 2012 at 2.30 P.M. at the Registered Office of the Company at 152/223, Mahalunge, Chakan Talegaon Road, Taluka Khed, Pune 410 501, Maharashtra to transact the following businesses:

## Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Statement of Profit & Loss for the year ended as on that date and the Reports of Directors and Auditors thereon.
2. To confirm interim dividend and declare final dividend on Equity Shares for the year ended March 31, 2012.
3. To appoint a Director in place of Mr. M K Goyal, who retires by rotation and being eligible, offers himself for re appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## Special Business:

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

**“RESOLVED THAT** Mr. M. S. Shankar, who was appointed as an Additional Director of the Company with effect from January 31, 2012 under Section 260 of the Companies Act 1956 and in respect of whom the Company has received a notice, in writing, from a Member under Section 257 of the Companies Act 1956, along with a deposit of Rs. 500/-, proposing the candidature of Mr. M.S. Shankar for the office of the Director be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.”

## Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing a Proxy, in order to be effective, must be duly filled, stamped and signed and must reach the Registered Office of the Company not less than forty eight hours before the commencement of the Annual General Meeting.

2. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. Record Date for the purpose of payment of final dividend has been fixed as Wednesday, July 18, 2012.
4. Members are requested to notify the change of their address, if any, to the Company's Registrar and Share Transfer Agent - Karvy Computershare Private Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081.
5. The Company has provided Electronic Clearing System (ECS) facility to the shareholders, whereby they can receive their dividend by direct electronic credit to their bank accounts. However, the Company has received a very poor response from shareholders for ECS facility. Shareholders are requested to fill in the form provided by the Company vide separate communication and send it to the Company's Registrar and Share Transfer Agent, in case of shares held in physical form and to the respective Depository Participant (DP), in case the shares are held in demat form.

6. a. Members are also requested to note that unclaimed deposits, interest on debentures and unclaimed/unpaid dividends up to the financial year ended March 31, 2004 and Interim Dividend for the financial year 2004-05, have been transferred to the Investor Education and Protection Fund pursuant to Section 205 A of the Companies Act, 1956.
- b. Pursuant to the provisions of Section 205 A(5) and 205(c) of the Companies Act, 1956, the amount of dividend for the financial year ended March 31, 2005 and Interim Dividend for the year financial year 2005-06, which remains unpaid or unclaimed will be due for transfer to the Investor Education and Protection Fund of the Central Government later this year. Members who have not encashed their dividend warrants in respect of above dividends or any subsequent years are requested to lodge their claim with the Company's Share Transfer Agents, Karvy Computershare Private Limited.

By Order of the Board

**Registered Office:**

152/223, Mahalunge  
Chakan Talegaon Road  
Tal. Khed, Pune 410 501

Place: Pune, Maharashtra

Date: May 21, 2012

Sunil Kaul  
Chairman

## Explanatory Statement Pursuant To Section 173(2) of the Companies Act, 1956.

### **ITEM NO 5:**

Mr. M S Shankar was appointed as an Additional Director by the Board of Directors of the Company with effect from January 31, 2012. Under Section 260 of the Companies Act, 1956, Mr. M S Shankar holds office up to the date of this meeting of the Company.

Notice has been received by the Company, along with requisite deposit, from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. M S Shankar as a candidate for the office of the Director.

Mr. M S Shankar is a Mechanical Engineer and a Member of the Institute of Cost & Works Accountants of India. Presently he is with Anand Automotive Ltd. as Director-Innovation. Mr. Shankar has a wide and varied experience in Engineering, Production, Innovation and general management and was hitherto the Chief Operating Officer of the Company.

Your Directors feel that the Company would benefit from the wide experience possessed by Mr. M S Shankar in the areas of Engineering, Production and Innovation and, therefore, recommend his appointment.

None of the Directors, except Mr. M S Shankar is interested in the resolution.

# Report of the Board of Directors

Your Directors are pleased to present the Eleventh Annual Report, together with the Audited Accounts for the year ended March 31, 2012.

<b>Financial Highlights</b>	<b>Year ended March 31, 2012 (Rs. in Million)</b>	<b>Year ended March 31, 2011 (Rs. in Million)</b>
Sales	<b>689.0</b>	616.7
Profit before Depreciation and Interest	<b>91.6</b>	89.2
Depreciation	<b>18.5</b>	16.6
Profit before Interest & Tax (EBIT)	<b>73.1</b>	72.6
Net Interest	<b>1.8</b>	4.4
Profit before Tax	<b>71.3</b>	68.2
Provision for Taxation	<b>23.4</b>	21.6
Profit after Tax	<b>47.9</b>	46.5
Balance Profit brought forward from Last Balance Sheet	<b>33.8</b>	42.7
Profit available for appropriation	<b>81.7</b>	89.2
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	<b>4.8</b>	7.0
Interim Dividend	<b>16.7</b>	8.3
Tax on Interim Dividend	<b>2.7</b>	1.4
Final Dividend	<b>16.7</b>	33.3
Tax on Final Dividend	<b>2.7</b>	5.4
Profit carried forward to Balance Sheet	<b>38.1</b>	33.8

## Analysis of Results for 2011-2012 Performance and Operations

Your Company registered a sales turnover of Rs. 689.0 Million, during the year under review, as compared to Rs. 616.7 Million in the previous year, which represents an increase of 11.7%. Profit before Depreciation, Interest and Tax was Rs. 91.6 Million, as compared to Rs. 89.2 Million in the previous year, which represents an increase of 2.8%. This was because of increase in sales, reduction in manufacturing overheads and finance costs. Profit before Tax was Rs.71.3 Million, as compared to Rs. 68.2 Million last year, which represents an increase of 4.5%. Profit after Tax was Rs.47.9 Million as compared to Rs.46.5 Million last year, which represent an increase of 4.5%.

Sluggish economic conditions in Europe and Greece coupled with depreciation in value of rupee against US dollar, increased the raw material cost. However, your Company could not pass on increase in raw material cost to the OE Customers due to increased competition. To offset the increase in raw material cost, your Company worked on value engineering by use of alternate grades, which resulted in some marginal relief.

## Dividend

Your Company has declared an interim dividend of Rs. 2.00 per equity share of Re. 1/- each during the financial year under review. Your Directors recommend final dividend of Rs. 2.00 per Equity Share of Re. 1/- each for the financial year under review, thus making total dividend to Rs. 4.00 per Equity Share, which is 400%.

## Transfer to General Reserve

Your Company has transferred Rs. 4.8 Million out of the profits to General Reserves during the financial year under review.

## Exports

Exports during the financial year under review amounted to Rs.57.5 million, as compared to Rs. 38.6 million in the previous year. Your Company has thus registered a growth of 48.9% in the exports segment during the financial year under review. Exiting from asbestos based material and your Company being certified as GREEN by Maharashtra Pollution Control Board has helped overseas customers make a preference for your Company. Exploring new opportunities, focus on few key customers and developing the entire range required by these customers are likely to take export sales to a new high in the coming years.

## Collaborators

Your Company has been in the process of developing rubber coated steel locally in India for both two wheeler gasoline engine and four wheeler diesel engines. Your Company has commenced laboratory level production. The learning will help derisk the investment plans for a series of production.

## Pollution And Environmental Control

During the financial year under review, your Company continued its efforts towards conservation of energy, with emphasis on adoption of new technology apart from elimination of waste, optimum utilisation of power and preventive maintenance of equipments and machineries to keep them in good condition.

Your Company is ISO 14001:2004 certified.

Safety and health of people working in and around the manufacturing facilities continues to receive utmost priority in your Company. During the financial year under review, your Company organized various training programmes for employees for providing safety and in usage of safety gadgets & equipments.

## Conservation of Energy, Technology Absorption and 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, information relating to the foregoing matters is given by way of an annexure to this Report.

## Fixed Deposits

Fixed deposits were not invited by the Company during the financial year under review. There are no unclaimed fixed deposits.

## Directors

In accordance with Article 142 of the Articles of Association, Mr. M K Goyal retires by rotation and being eligible, offers himself for re-appointment.

Mr M S Shankar was appointed as an Additional Director of the Company with effect from January 31, 2012. He holds office upto the date of ensuing Annual General Meeting. Your Company has received a notice, along with a deposit of Rs. 500 from a member of the Company, proposing his candidature for the office of a Director of the Company. In view of his expertise in the Company's line of business, your Directors feel that the Company would benefit from his association and, therefore, recommend his appointment.

## Compliance Certificate from Company Secretary In Whole Time Practice

Pursuant to proviso to Section 383A(1) of the Companies Act, 1956, your Company has obtained a Certificate of Compliance from the Company Secretary in Whole time Practice. The Certificate is annexed and forms part of this Report.

## Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently, and they have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and the Statement of the Profit and Loss for the year ended March 31, 2012;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

Your Company's Internal Auditors have conducted periodic audit to provide reasonable assurance that your Company's established policies and procedures have been consistently followed. The Members of the Audit Committee of the Board meet once in a quarter with the Internal Auditors to review internal control and financial reporting issues.

## Corporate Governance

Your Company is committed to good corporate governance practices. Your Company conforms to the norms of Corporate Governance. As a measure of good corporate governance, a report on the Corporate Governance is annexed and forms part of this Report.

## Auditors

M/s B K Khare & Co., Chartered Accountants, Auditors of the Company, retires at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a Certificate to the effect that their re-appointment, if made, will be in accordance with provisions of sub-section (1B) of Section 224 of the Companies Act, 1956.

## Employees Relation

Relation with employees at all levels was cordial and responsive during the year under review. Your Company attaches great importance and value to its human resources and their development.

Your Directors wish to express their appreciation to all the employees of the Company for their contribution to the operations of the Company during the year.

## Particulars of Employees

The information required under Section 217(2A) of the Companies Act, 1956 and the rules framed there under is annexed hereto and forms part of the report.

## Acknowledgement

Your Directors wish to sincerely thank government agencies, financial institutions, bankers, statutory auditors suppliers, esteemed customers, shareholders and employees for their continued support and co-operation.

For and on behalf of the Board

Place : Pune, Maharashtra  
Date : May 21, 2012

Sunil Kaul  
Chairman

# Annexure to Directors' Report

Information as per 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 and forming part of the Directors' Report for the year ended March 31, 2012.

## A) Conservation of Energy

- The electrical equipments used by your Company are constantly monitored to ensure that consumption of power is at peak efficiency level.
- Capacitors have been installed for improvement in variation of input voltage, which is resulting in optimum utilisation of power.
- The power factor is being maintained at maximum level which has resulted in considerable savings in energy bill.

## B) Technology Absorption

### (I) Research and Development (R&D)

1. Areas in which R&D has been carried out by the Company :
  - a) Development of three layers composite for heat shield application in diesel engine.
  - b) Development of three layer/four layer Multi Layered Steel Cylinder Head Gaskets for Diesel Engines.
  - c) Development of Elastomer on metal carrier for secondary gaskets of high power diesel engine.
2. Benefits derived as a result of the above R&D : Opportunity to increase sale to OE in India and branded spares customers, Recognition by OEs as technologically capable, Motivation to young engineers.
3. Future plan of action : Future R&D plans include :
  - a) Multi Layered Steel Cylinder Head Gaskets for gasoline engines and heavy duty diesel engines.
  - b) Edge Molded Construction for Cylinder Head and Secondary Gaskets.
  - c) Cylinder Head Gaskets for Two wheelers (4 stroke engines)
  - d) Heat Shields in aluminum.

Emphasis is also laid on creating upfront capability for design reliability by way of using virtual tools.

4. Expenditure on R&D : Rs. in Million
  - (a) Capital : 3.7
  - (b) Recurring : 7.3
  - (c) Total : 11.0
  - (d) Total R&D Expenditure as percentage of total turnover : 1.6

- (II) Technology Absorption, Adaptation and Innovation : Your Company has a technical assistance agreement with Hamamatsu Gaskets Corporation of Japan.
- The benefits derived are continuous up-gradation of technology, quality, cost reduction, import substitution and it has helped the Company to achieve the following:
- Capability to develop head gaskets with coated steel independent of technology partner and specialty material supplier
  - Development of new range of Gaskets
- (a) Technology Assistance : Technical Assistance Agreement for coating fluoroelastomer rubber on stainless steel sheet.
- (b) Year of Import : September 2005
- (c) Has technology been fully absorbed ? : Technology of coating has been absorbed fully to the extent of manufacturing prototypes in house. Bulk production would commence on making requisite investment in Capital Equipments on receipt of LOI from customers, which is likely to happen in the current financial year.
- (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action. : Your Company is in the process of negotiating business where the basic technology can be used to develop higher performance characteristic required by diesel engines.

## C) Foreign Exchange Earnings and Outgo

- (a) Activities relating to exports initiatives taken to increase exports; development of new export markets for products export service; and export plans. : Your Company is giving emphasis on activities to increase exports and on developing of new markets for exports. During the year under review your Company's senior executives travelled to various countries to explore new market for its products.
- With the continued thrust on exports, it is expected that exports will form significant proportion of Company's revenues in coming years.
- (b) Total foreign exchange used and earned : Earnings: Rs. 56.8 million. (Previous Year: Rs. 38.0 million)  
Outgo: Rs. 136.6 million. (Previous Year: Rs. 127.3 million)

For and on behalf of the Board

Place : Pune, Maharashtra  
Date : May 21, 2012

Sunil Kaul  
Chairman

## Annexure to Directors' Report

Information required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2012.

Name	Age (Years)	Remuneration (Rs. in Million)	Designation	Nature of Duties	Qualification	Experience (Years)	Date of Joining	Last Employment Designation	Held Name of Employer
Mr. Sandeep Balooja	54	7.15	Business Director	On deputation to group company	B.Com, MBA	33	September 1979	-	-

- Notes:**
- (1) The nature of employment is contractual.
  - (2) Remuneration as shown above includes Salary, Allowances, Bonus, Leave Travel Allowance, Company's Contribution to Provident Fund and Superannuation Fund, expenditure incurred by the Company on accommodation, Transport, Insurance, Medical, Club Membership, Contribution to Gratuity Fund on the basis of actuarial valuation as separate figures are not available. Wherever the actual costs are not ascertainable, the monetary value of the perquisites as per Income Tax Rules 1962 has been considered.

# Report on Corporate Governance

As a measure of good corporate governance, a report on corporate governance is given below:

## A. MANDATORY REQUIREMENTS

### 1. Company's philosophy on Code of Governance

Your Company strongly believes that good Corporate Governance is essential for enhancing value to stake holders. Your Company has always striven to incorporate appropriate standards for good corporate governance. Your Company's business philosophy and beliefs are aimed at attaining leadership in technology, developing excellence in people, distribution, manufacturing and environment, transparency in all dealings and clear communication of information regularly to all stakeholders, adequate return on investments and to provide better value for money to customers.

### 2. Board of Directors

The present strength of the Board is 4 Non Executive Directors.

The information on the composition of the Board during the year, category of Directors, attendance at the Board Meetings held during the year and at the last Annual General Meeting, Directorships in other public companies and Committees of other public companies of which the Director is the Chairman / Member is as under:

Director	Category	Attendance Particulars		No. of other Directorships and Committee Memberships/Chairmanships held		
		Board Meetings	Last AGM	Director-ships	Committee Memberships (including Chairmanships)	Committee Chairmanships
Mr. Sunil Kaul	Chairman N.E.D., I	4	Yes	4	3	1
Mr. M K Goyal	N.E.D., I	3	Yes	7	6	1
Mr. Satish Sekhri	N.E.D., I	4	Yes	4	2	-
Mr. M S Shankar*	N.E.D., I	2	NA	-	-	-

\*Appointed as an Additional Director on 8th November 2011 and resigned thereafter and again appointed on January 31, 2012.

N.E.D - Non Executive Director

I - Independent Director

The Directorships held by the directors, as mentioned above; do not include the directorships held in Foreign Companies, private limited companies and companies under Section 25 of the Companies Act, 1956.

Membership/ Chairmanship of only the Audit Committee and Shareholders'/Investors' Grievance Committee of public companies has been considered.

During the financial year 2011-12, four Board Meetings were held on 19th May 2011, 20th July 2011, 8th November 2011 and 31st January 2012.

#### Information presented to the Board:

- Annual operating plans, budgets and any update therein;
- Capital budgets and any updates therein;
- Quarterly results of the Company;
- Minutes of meetings of Audit Committee and other Committees of the Board;
- Information on recruitment /remuneration of senior officers just below the Board level;
- Material Show cause, demand, prosecution notices and penalty notices, if any;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any;
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company;

- Any issue, which involves possible public or product liability claims of substantial nature, if any;

**Code of Conduct:**

The Board has laid down a Code of Conduct for all directors and senior management staff of the Company, which is also available on the website of the Company [www.victorgasketsindia.com](http://www.victorgasketsindia.com). All directors and members of senior management, that includes executives who report directly to the Chairman, have affirmed their compliance with the said Code. A declaration signed by the Chief Operating Officer of the Company to this effect is appended as Annexure A at the end of the report. Employees of the Company also confirm compliance with the Code of Conduct that is applicable for all employees.

**3. Audit Committee**

The terms of reference of the Audit Committee include inter-alia the following:

- Review of the Company's financial reporting process and its financial statements.
- Review of accounting and financial policies and practices.
- Review of the internal control and internal audit system.
- Review of risk management and policies and practices.

**Meetings and the Attendance during the year:**

Mr. Sunil Kaul, is the Chairman of Audit Committee of the Board of Directors of the Company and, M/s M K Goyal and Satish Sekhri are other members of the Committee. During the financial year under review, four meetings of the Audit Committee were held on 19th May 2011, 20th July 2011, 8th November 2011 and 31st January 2012.

Mr. Sunil Kaul and Mr. Satish Sekhri attended all the four meetings held during the financial year under review and Mr. M K Goyal attended three meetings.

The Audit Committee Meetings are also attended by the representatives of Internal Auditors, Statutory Auditors, Finance and Operation Heads.

**4. Remuneration to Directors:**

**A) Remuneration Committee:**

The Remuneration Committee functions under the Chairmanship of Mr. Sunil Kaul, Non Executive Director. Mr. M K Goyal is the other member.

Committee did not hold any meeting during the financial year under review.

The broad terms of reference of the Remuneration Committee include recommendation to the Board of the salary, perquisites, commission and retirement benefits payable to the Company's Executive Director(s).

- B) The Non Executive Directors are entitled to Commission of an amount up to 1% of the Net Profit of the Company as decided by the Board from financial year 2009-10. Non Executive Directors have foregone the receipt of sitting fees.

**5. Details of Shareholders'/Investors' Complaints / Requests for action (such as change of address, revalidation of warrants etc.)**

Number received during the year	20
Number resolved	20
Number pending	Nil
Number pending transfers as on 31/3/2012	Nil

Your Company has attended to most of the investors' grievances/ correspondence within a period of 10 days from the date of receipt of the same. All the rest were attended to within maximum period of 30 days. All transfers were completed within 30 days from the date of receipt of the same.

## 6. General Body Meetings:

Details of location of the last three AGMs and the details of the resolution passed or to be passed by postal ballot.

8 <sup>th</sup> Annual General Meeting	152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Dist. Pune 410 501	July 27, 2009 at 2.30 p.m.
9 <sup>th</sup> Annual General Meeting	152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Dist. Pune 410 501	July 27, 2010 at 2.30 p.m.
10 <sup>th</sup> Annual General Meeting	152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Dist. Pune 410 501	July 20, 2011 at 2.30 p.m.

All the resolutions set out in the respective notices were passed by the Members.

### Details of Special Resolutions Passed:

Date of Annual General Meeting	Particulars of Resolution
27 <sup>th</sup> July 2009	Approval of inter company transactions in which directors were interested, which could not be approved in the Board Meetings, due to lack of disinterested quorum.
27 <sup>th</sup> July 2010	<ol style="list-style-type: none"><li>1. Confirmation of extension of Corporate Guarantee on behalf of Asia Investments Private Limited and approval for inter corporate deposits and investments, in excess of limits prescribed under Section 372A of the Companies Act, 1956.</li><li>2. Approval for payment of Commission to Non Executive Director(s) of the Company of an amount up to 1% of the net profit for a period of five years, effective from financial year 2009-10.</li></ol>
20 <sup>th</sup> July 2011	<ol style="list-style-type: none"><li>1. Confirmation of extension of Corporate Guarantee on behalf of Asia Investments Private Limited and approval for inter corporate deposits and investments, in excess of limits prescribed under Section 372A of the Companies Act, 1956.</li><li>2. Approval of inter company transactions entered into by the Company during the financial year ended March 31, 2011, which could not be approved by the Board of Directors in their meetings held during the year due to lack of disinterested quorum.</li></ol>

No resolution requiring postal ballot has been placed for members' approval at the meeting.

## 7. Notes on Directors seeking appointment / re-appointment:

**Mr. M S Shankar:** Mr. M S Shankar is a Mechanical Engineer and a Member of the Institute of Cost & Works Accountants of India. Presently he is Director-Innovation, Anand Automotive Ltd.. Mr. Shankar has a wide and varied experience in Engineering, Production, Innovation and general management and has rich experience in the Company's line of business and was hitherto the Chief Operating Officer of the Company.

**Mr. M K Goyal:** Mr. M K Goyal is a Chartered Accountant and Company Secretary and is having wide and varied experience in Finance, Taxation and Corporate Laws. Presently he is Group CFO & Managing Director of Anand Automotive Ltd.

## 8. Disclosures:

- **Disclosure on materially significant related party transactions** i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

The related party transactions have been disclosed under Note 38, forming part of the Accounts.

- **Details of non-compliance by the Company,** penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.  
Company's shares are not listed on any of the stock exchanges.
- **Public funding during last three years:**  
Company has not obtained any public funding during last three years.
- **Disclosure of accounting treatment:**  
There is no deviation in following the treatments prescribed in any Accounting Standard (AS) in the preparation of financial statements of the Company.
- **CEO and CFO Certification:**  
Certificate duly signed by the Chief Operating Officer and Financial Controller has been given to the Board and the same is annexed as Annexure B.

#### 9. Means of Communication:

Quarterly results and half yearly reports are not sent to each household of shareholders. Annual Report containing Management Discussion and Analysis is sent to shareholders and is also available on Company's website.

Half-yearly report sent to each household of shareholders?	No
Quarterly Results.	No
Whether it also displays official news released and an presentations made to Institutional Investors or to Analysts?	No
Whether Management Discussion & Analysis is a part of Annual Report or not.	Yes, Management Discussion and Analysis forms part of Annual Report and is appended.

#### 10. General Shareholder Information:

AGM: Date, Time and Venue	25th July 2012 at 2:30 p.m. at 152/223. Mahalunge, Chakan Talegaon Road, Tal: Khed, Dist: Pune 410 501.
Financial Calendar	
a) Financial Year	April 1 to March 31.
b) Quarterly Results	Quarterly unaudited results are reviewed by the Board, in the first meeting held after the end of the respective quarter.
c) Results for the year ending March 31, 2013.	Audited Financial results are taken on record by the Board, within two months of the end of the financial year.
Record date for payment of dividend.	18 <sup>th</sup> July 2012
Dividend Payment date(s)	Before 20 <sup>th</sup> August 2012
Listing on Stock Exchange	The Company's shares are not listed on Stock Exchanges.
Market Price Data: High, Low during each month in the last financial year.	Not Applicable.
Registrar and Transfer Agent.	Karvy Computershare Private Limited. Plot No 17 to 24 Vittalrao Nagar, Madhapur Hyderabad 500 034
Share Transfer System.	All the transfer requests, received are processed and approved by the Share Transfer Committee which normally meets twice in a month.

Distribution of Shareholding and Share holding pattern as on 31.03.2012.

Details are given below

Dematerialisation of Shares

The Company's shares can be converted in demat form.

Outstanding GDRs/ADRs/

The Company has not issued any GDR/ADR or convertible instruments.

Plant Location

The Company's plant is located at Chakan, Pune.

Address for correspondence

Shareholders' correspondence should be addressed to the Registrar & Transfer Agent at the address given above.

**Distribution of Shareholdings as on 31.3.2012:**

S No	Category	No. of Cases	% of Cases	No. of Shares	% of amount
1	1 - 5000	3349	99.58	536606	6.44
2	5001 - 10000	2	0.06	13780	0.17
3	10001 - 20000	2	0.06	29956	0.36
4	20001 - 30000	3	0.09	84369	1.01
5	40001 - 50000	4	0.12	184800	2.22
6	100001 & Above	3	0.09	7484632	89.81
Grand Total:		3363	100.00	8334142	100.00
1	No. of Shareholders in Physical Mode	1861	55.34	316982	5.57
2	No. of Shareholders in Electronic Mode	1502	44.66	8017160	94.43
Total		3363	100.00	8334142	100.00

**Shareholding pattern as on 31.03.2012:**

Category	No. of shareholders	No. of shares	%
Indian Promoters & Associates	10	7706512	92.47
Insurance Cos and Banks, Trusts and Clearing Members	6	1300	0.02
Mutual Funds & UTI	2	700	0.01
FII's & NRIs	20	13308	0.16
Domestic Companies	44	72260	0.87
Resident Individuals	3281	540062	6.48
Total	3363	8334142	100

**B. NON-MANDATORY REQUIREMENTS**

**a) Chairman of the Board**

Whether Chairman of the Board is entitled to maintain a Chairman's Office at the Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties?

The Chairman does not have a separate office for the Company. Expenses incurred by the Chairman on Official duties for the Company are met/ reimbursed by the Company.

**b) Remuneration Committee**

The Committee did not hold any meeting during the year

**c) Shareholder Rights**

The half yearly/ quarterly declarations on financial performance including summary of the significant events in last six months should be sent to each household of shareholders.

Same are not sent to shareholders

**d) Postal Ballot**

The Company has not made any use of Postal Ballot yet.

## Annexure A

### Declaration

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and the senior management and the same is available on the Company's website.

I confirm that the Company has in respect of financial year ended March 31, 2012, received from the senior management team of the Company and the members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

May 17, 2012

Dilip Palve  
Chief Operating Officer

## Annexure B

### Chief Operating Officer(COO)/Chief Financial Officer (CFO) Certification

We hereby certify that:

- a) We have reviewed the financial statements for the year ended March 31, 2012 and that to the best of our knowledge and belief: -
  - i) these statements do not contain any materially untrue statement or omit 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 our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee -
  - i) significant changes in internal control during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For Victor Gaskets India Limited.

May 17, 2012

Ashish Ashtekar  
Financial Controller

Dilip Palve  
Chief Operating Officer

# Management Discussion and Analysis

## Industry Structure and Development

The Automobile industry in India had a year of mixed opportunities. The industry which was coming out of the previous year's recessionary trend came under pressure of increase in price of petrol. Further increase in interest rates had driven down the sentiments. The Automotive Industry came with new, trendy models and next generation vehicles which helped generate buyer's interest to some extent. Two wheeler segment showed little growth. Growth in Passenger Cars, Utility Vehicles, Heavy Commercial Vehicles segment was lesser than the previous year. The light commercial segment showed some stability.

The Original Equipment Manufacturers continued their drive to reduce costs of purchased parts through various programs including exploring new suppliers.

The Aftermarket continued to show higher consumption, in the wake of increased inflation.

## Sustainable growth opportunities

Company's focus on development of gaskets for new introduction of engines during the previous year, paid dividends, when automotive manufacturers in the small and medium commenced sealing of in line with the global trends. The partial postponement by OEMs of development in previous year was brought on track thus giving new opportunities.

Your Company maintained the classification as GREEN by the Maharashtra Pollution Control Board, in recognition of the transformation by exiting out of asbestos in the year 2008, as also efforts to reduce pollutants, waste and consumption of water.

This, in turn, helps your Company to be a preferred choice of global OEMs who have identified the Company in their Indian Sourcing Programs.

Your Company is part of the Initiative of Visionary Small and Medium Enterprises, a joint effort of the Confederation of Indian Industry, Japan International Co-Operation Agency and the Anand Group, which focuses on helping our Tier 2 suppliers-small and medium enterprises- to transform into Lean Manufacturing Units. The uniqueness of this initiative is first transform a model line in the Company, share the process with the vendor and then work closely with vendor. This initiative shall help your Company implement Lean Manufacturing Concepts during the years to come. The company has also started initiative on changing culture towards Innovation. The engineers trained in methodology of Innovation are challenging the areas of constraints and finding solution to achieve multi fold improvements.

## Business Outlook:

Your Company continued its vigorous efforts to win new business from overseas customers. The upward trend of exports is likely to continue because of the developments completed during the year under review.

The forecasts for the first quarter predict a healthy growth during the current year. Barring unforeseen circumstances, the performance for the current year is expected to show significant improvement over the performance of the year under review.

## Cost control / Cost management:

Your Company maintains an adequate and effective internal control system commensurate with its size and complexity. We believe that these internal control systems provide among other things, a reasonable assurance that transactions are executed with Management authorisation and are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that assets of the Company are adequately safe-guarded against any mis-use or loss.

An independent internal audit function is an important element of the Company's internal control system. The internal control systems are supplemented through extensive review by the Audit Committee about the adequacy and effectiveness of the internal control environment and monitored implementation of audit recommendations. It is also actively engaged in overseeing financial disclosures and risk management policies.

Your company worked with special focus on the project of "reduction in Cost of Poor Quality", which aims at reducing waste at each stage of the manufacturing of the product – from receipt of raw material to acceptance of product at the customer

end. Every employee in the company had extra responsibility to various costs, which were reviewed at frequent intervals of a week and a month.

### **Risks and Concerns**

The Company is a manufacturer of automotive components. Its well being is largely dependent on the growth of the domestic automotive market. Global auto component manufacturers have set up wholly owned companies to meet expectations of auto majors in India of both Indian and Overseas origin. Thus competition is now not restricted only to Indian gasket companies. It extends to global gasket majors as well. Your Company has put in place various strategic action plans and R & D activities to develop products, materials and processes in house to become self sufficient. The new manufacturing line to manufacture the Multi Layer Steel Cylinder Head Gaskets in under installation and will become operational very soon.

The gasket business is a material oriented business. Cost of raw material is a major contributor to the cost of gaskets which compels the Management to keep the other costs at minimum level to protect margins. The weakening of Indian Rupee is also increasing the raw material costs.

A major portion of gasket replacement business in India is with the unorganised sector. Due to lower cost of production, there is huge difference in pricing of gaskets between organised and unorganised sector.

### **Human Resources/Industrial Relations**

Your Company has a total strength of 260 employees as on March 31, 2012, consisting of employees well qualified in technical and managerial skills and having the requisite competence required for their tasks. The Company's HR processes ensure availability of a competent and motivated team of employees, who are encouraged to enrich and update their competency by attending regular training programmes, both external and in-house. Your Company follows a philosophy of fair compensation to its employees. In addition, to recognize and reward good performance, your Company has a performance based variable compensation structure, which ensures proper reward for those employees who excel in relation to their performance targets.

The employee relations during the year under review were harmonious, and the productivity has improved in all areas.

### **Cautionary Statement**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual result could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations, include, among others, economic conditions affecting demand/supply and price conditions in the domestic market in which Company operates mainly, changes in Government regulations, tax laws and other statute and incidental factors.

For and on behalf of the Board

Place : Pune, Maharashtra  
Date : May 17, 2012

Dillip Palve  
Chief Operating Officer

## Compliance Certificate Under Sec 383 A of the Companies Act, 1956

Company No. U 29117PN2001PLC018092

Nominal Capital Rs 1,50,00,000/-

To  
The Members of Victor Gaskets India Limited  
152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Dist. Pune 410 501

We have examined the registers, records, books and papers of Victor Gaskets India Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time mentioned in the said Annexure.
3. The Company being a public limited Company, comments that a Private Limited Company has minimum prescribed capital, maximum number of members, invitation to public to subscribe for shares and acceptance of deposits from persons other than its members, directors or their relatives, are not required.
4. The Board of Directors met 4 (Four) times on 19.05.2011, 20.07.2011, 08.11.2011 and on 31.01.2012 in respect of which meetings notices were generally given and the proceedings were recorded and signed including minutes of the committees and the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members and Share transfer books during the year. However, the Company had fixed 20<sup>th</sup> July 2011 and 11<sup>th</sup> November, 2011 as record date for the purpose of payment of dividend and interim dividend respectively.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2011 was held on 20<sup>th</sup> July 2011 after giving notice to the members of the Company and the resolutions passed thereat were recorded in the Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in Section 295 of the Act during the financial year.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act during the financial year, the Company has not obtained any approvals from the Board of Directors, members or the previous approval of the Central Government.
12. The Committee of Directors has approved the issue of duplicate share certificates.
13. (i) The Company has delivered all the certificates on lodgment of securities for transfer/ transmission or any other purpose in accordance with the provisions of the Act. There was no allotment of securities during the financial year.  
(ii) The Company has deposited the amount of final dividend and interim dividend declared in a separate bank account on 22.07.2011 & on 12.11.2011 which is within five days from the respective dates of declaration of such dividends.  
(iii) The Company has posted warrants for final dividends and interim dividends to all the members on 01.08.2011 and 01.12.2011 respectively which is within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Axis Bank Chakan Branch, Pune on 25.08.2011 and on 13.12.2011 respectively  
(iv) The company has transferred the amounts in Unpaid dividend account, matured debentures and interest on debentures and public deposits which have remained unclaimed or unpaid for a period of seven years to Investors Education and Protection Fund.  
(v) The company has complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies has been duly made.
15. The Company has not appointed any Managing Director/Whole Time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the financial year.
18. All the directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company did not issue any debentures or preference shares and hence the question of its redemption does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted/renewed any deposits falling within the purview of Section 58A during the financial year.
24. The amounts borrowed by the Company from financial institutions, banks and others during the financial year ended 31.03.2012 are within the borrowing limits of the Company and that necessary resolutions as per section 293 (1) (d) of the Act have been passed in the duly convened annual general meeting.
25. The company has made loans and given guarantees or provided securities to other bodies corporate in compliance with the provisions of Section 372A of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. We are informed that there were no prosecutions initiated against the Company or show cause notices received by the Company for alleged offences under the Act during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has generally deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For **Parikh Parekh & Associates**

Place : Mumbai  
Date : May 17, 2012

**J. U. Poojari**  
Practicing Company Secretary  
Partner  
C. P No 8187

## Annexure 'A' to the Compliance Certificate

### Statutory Registers as maintained by the Company:

1. Register of charges u/s 143 of the Act.
2. Register of Members u/s 150 and Index of Members u/s 151 of the Act.
3. Register of Debenture holders and Index of Debenture holders u/s 152 of the Act.
4. Minutes Book of Board Meetings u/s 193 of the Act.
5. Minutes Book of General Meetings u/s 193 of the Act.
6. Minutes Book of Audit Committee Meetings.
7. Minutes Book of Shareholders Grievance Committee Meetings.
8. Minutes Book of Share Transfer Committee Meetings.
9. Books of Accounts u/s 209 of the Act are being audited by the Statutory Auditors of the Company.
10. Register of Contracts u/s 301 of the Act.
11. Register of disclosure of interest u/s 301 of the Act.
12. Register of Particulars of Directors etc. u/s 303 of the Act.
13. Register of Directors' Shareholding u/s 307 of the Act.
14. Register of loans/ Investments u/s 372A of the Act.

### Other Registers:

1. Register of transfers, transmission of shares & issue of Duplicate Share certificates.
2. Attendance Register of Board Meetings.
3. Attendance Register of General Meetings.
4. Attendance Register of Audit Committee Meetings.
5. Attendance Register of Shareholders Grievance Committee Meetings.

For **Parikh Parekh & Associates**

Place : Mumbai  
Date : May 17, 2012

**J. U. Poojari**  
Practicing Company Secretary  
Partner  
C. P No 8187

## Annexure 'B' to the Compliance Certificate

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31<sup>st</sup> March 2012.

Sr. No.	Form No/ Return/Document	Filed Under Section	For	Date of Filing	Whether filed within prescribed time	If delay in filing, whether requisite additional fee paid
1.	Form 8	125	Creation of charge on 16.2.2011 in favour of Hongkong Shanghai Banking Corporation Ltd.	15.04.2011	No	Yes
2	Form 23	192	Registration of Resolutions passed by in AGM held on 20.07.2011	29.07.2011	Yes	NA
3	Form 66	383A	Compliance certificate for financial year 2010-2011	29.07.2011	Yes	NA
4	Form 1 INV.	205A	Details of Unpaid Interest on Debentures transferred to IEPF	29.08.2011	Yes	NA
5	Form 1 INV.	205A	Details of Unpaid Dividend for the year 2003-2004	07.09.2011	Yes	NA
6	Form 23AC & 23ACA for 31.03.2011	220	Balance Sheet (31.3.2011) adopted by Shareholders at the AGM held on 20.07.2011	19.08.2011	Yes	NA
7	Form 20B for 31.03.2011	159	Annual Return made upto 20.07.2011	11.09.2011	Yes	NA
8	Form 1 INV.	205A	Details of Unpaid Debenture and Interest transferred to IEPF Account	04.10.2011	Yes	NA
9	Form 32	303(2)	Appointment of Mr. M S Shankar as Additional Director of company w.e.f 08.11.2011	07.12.2011	Yes	NA
10	Form 1 INV.	205A	Details of Unpaid Interim Dividend 2004-2005 transferred to IEPF Account	29.12.2011	Yes	N.A
11	Form 32	303(2)	Resignation of Mr. M S Shankar as Additional Director w.e.f 09.11.2011	01.03.2012	No	Yes
12	Form 32	303(2)	Appointment of Mr. M S Shankar as Additional Director of company w.e.f. 31.01.2012	01.03.2012	Yes	N.A.

For **Parikh Parekh & Associates**

Place : Mumbai  
Date : May 17, 2012

**J. U. Poojari**  
Practicing Company Secretary  
Partner  
C. P No 8187

# Auditors' Report

## TO THE MEMBERS OF VICTOR GASKETS INDIA LIMITED,

1. We have audited the attached Balance Sheet of Victor Gaskets India Limited as at 31<sup>st</sup> March 2012 and the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, on the said date.
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as Directors in terms of clause (g) of sub section (1) of Section 274 of the Companies, 1956, on the said date.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Company's Accounting Policies and the Notes thereon give the information required by the Companies Act, 1956, in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012,
    - ii) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date, and
    - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**B K Khare & Company**  
*Chartered Accountants*  
Firm Reg. No. 105102W

**Devdatta Mainkar**  
*Partner*  
M No. 109795

Place : New Delhi  
Dated : May 17, 2012

## Annexure to the Auditors' Report

(Referred to in paragraph 1 of our Report of even date)

- i. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) Fixed Assets have not been physically verified by the management during the year. However, there is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on last physical verification of fixed assets as compared to book records were not material and have been properly dealt with in the books of account.

(c) During the year, Company has not disposed of any substantial/major part of fixed assets.
- ii. (a) As explained to us, the inventory has been physically verified during the year by the management. Confirmations have been obtained in respect of inventories lying with third parties. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The system of maintaining records for work in progress needs to be strengthened.

(c) The discrepancies noticed on physical verification of inventory as compared to the book records are not material and have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us and to the best of our knowledge, the Company has neither granted nor taken any loans, whether secured or unsecured to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- v. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956,

  - (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements have been entered in the register required to be maintained under Section 301.
  - (b) According to the information given to us and excluding certain transactions in pursuance of contracts or arrangements mentioned above of purchase of services of specialised nature for which alternate quotations are not available, in our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956.
- vii. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company relating to the manufacture of Gaskets pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been

maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- ix.** (a) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service-Tax, Customs Duty, Excise Duty, cess and other material statutory dues with the appropriate authorities during the year. According to information and explanations given to us, there are no arrears of outstanding statutory dues as mentioned above as at 31st March 2012 for a period of more than six months from the date they became payable.
- (b) As on 31<sup>st</sup> March 2012, according to the records of the Company and information and explanations given to us, following are particulars of disputed dues on account of Sales Tax and Income tax that have not been deposited

Name of statute	Nature of dues	Amount in Rs. Lacs	Period to which amount relates	Forum where pending
Bombay Sales Tax Act	Tax, Interest thereon	6.82	2002-03	Jt. Commissioner of Sales Tax (Appeal)
Central Sales Tax Act	Tax, Interest thereon	7.69	2002-03	
Central Sales Tax Act	Tax, Interest thereon	9.48	2003-04	
Central Sales Tax Act	Tax, Interest thereon	1.75	2004-05	
Bombay Sales Tax Act	Tax, Interest thereon	8.48	2004-05	

- x.** The Company does not have accumulated losses, as at the end of the year. The company has not incurred cash losses in the current year and the immediately preceding financial year.
- xi.** Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
- xii.** According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii.** In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies.
- xiv.** The company is not dealing or trading in shares, securities or any other investments. Accordingly the provisions of clause 4(xiv) are not applicable to the company.
- xv.** The Company has given guarantees for loans taken by its holding company from financial institutions. Based on the information and explanations given to us and representations made to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- xvi.** To the best of our knowledge and belief and according to the information and explanation given to us, company has not raised any term loan during the year.
- xvii.** According to information and explanation given to us, on an overall examination of the balance sheet and the Cash Flow Statement of the company, we report that funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii.** The Company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year and the question of whether the price at which the shares have been issued is prejudicial to the interest of the company does not arise.
- xix.** According to the information and explanations given to us, there are no debentures outstanding during the year and hence provisions of clause xix are not applicable.

- xx.** The Company has not raised money by making any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- xxi.** To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **B K Khare & Co.**  
*Chartered Accountants*  
Firm Reg No. 105102W

Place : New Delhi  
Date : May 17, 2012

**Devdatta Mainkar**  
*Partner*  
Membership No. 109795

# Balance Sheet as at 31st March, 2012

Particulars	Note No	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	83,34	83,34
(b) Reserves and Surplus	3	14,40,80	13,48,77
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	8,25,49	8,81,47
(b) Deferred tax liabilities (Net)	24	52,14	44,07
(c) Long-term provisions	5	43,11	47,11
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	6	4,41,93	6,36,79
(b) Trade payables	7	8,63,27	5,11,36
(c) Other current liabilities	8	3,82,10	2,65,40
(d) Short-term provisions	9	4,32,32	6,31,56
<b>Total</b>		<b>45,64,51</b>	<b>44,49,87</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	11,13,12	10,58,85
(ii) Intangible assets	10	22,97	29,74
(iii) Capital work-in-progress	10	-	3,63
(b) Deferred tax assets (net)		-	-
(c) Long term loans and advances	11	3,76,93	55,81
<b>(2) Current assets</b>			
(a) Inventories	12	8,28,03	8,40,54
(b) Trade receivables	13	11,66,02	8,99,43
(c) Cash and cash equivalents	14	2,78,79	1,26,09
(d) Short-term loans and advances	15	5,98,85	13,33,42
(e) Other current assets	16	1,79,80	1,02,38
<b>Total</b>		<b>45,64,51</b>	<b>44,49,87</b>
Statement of Significant Accounting Policies	1		

Notes referred to above form an integral part of the Balance Sheet

As per our report of even date.

**For B K Khare & Company**  
Chartered Accountants  
Firm Reg. No. 105102W

**Devdatta Mainkar**  
Partner  
Membership No : 109795  
New Delhi, May 17, 2012

**DILIP PALVE**  
GM & COO

**ASHISH ASHTEKAR**  
Financial Controller

New Delhi, May 17, 2012

**SUNIL KAUL**  
Chairman

**SATISH SEKHRI**  
**MK GOYAL**  
**MS SHANKAR**

Directors

# Statement of Profit and Loss for the year ended 31st March, 2012

Particulars	Note No	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
I. Revenue from operations (Gross)	17	68,89,91	61,66,65
Less: Excise Duty	17	(6,68,09)	(6,07,07)
<b>Revenue from operations (Net)</b>		<b>62,21,82</b>	<b>55,59,58</b>
II. Other Operating Income	17	1,62,98	1,14,27
III. Other Income	18	1,73,46	2,99,55
IV. <b>Total Revenue</b>		<b>65,58,26</b>	<b>59,73,41</b>
V. <b>Expenses:</b>			
Cost of materials consumed	19	36,33,01	33,81,55
Changes in inventories of work-in-progress and finished goods	19A	52,10	(1,21,77)
Employee benefit expense	20	6,58,98	6,63,55
Financial costs	21	24,76	46,57
Depreciation and amortization expense	10	1,85,22	1,65,52
Other expenses	22	12,91,07	11,56,27
<b>Total Expenses</b>		<b>58,45,13</b>	<b>52,91,69</b>
VI. Profit before exceptional and extraordinary items and tax (IV - V)		7,13,13	6,81,72
VII. Exceptional Items		-	-
VIII. Profit before Extraordinary Items and tax (VI - VII)		7,13,13	6,81,72
IX. Extraordinary Items		-	-
X. Profit before tax (VII - VIII)		7,13,13	6,81,72
XI. Tax expense:			
(1) Current tax		2,25,57	2,41,23
(2) Deferred tax		8,08	(25,02)
XII. Profit/(Loss) for the period from continuing operations (X - XI)		4,79,48	4,65,51
XIII. Profit/(Loss) from discontinuing operations		-	-
XIV. Tax expense of discounting operations		-	-
XV. Profit/(Loss) from Discontinuing operations (XIII - XIV)		-	-
XVI. Profit/(Loss) for the period (XII + XV)		4,79,48	4,65,51
XVII. Earning per equity share:			
(1) Basic	28	5.75	5.59
(2) Diluted	28	5.75	5.59
Statement of Significant Accounting Policies	1		

Notes referred to above form an integral part of the Statement of Profit and Loss

As per our report of even date.

**For B K Khare & Company**  
Chartered Accountants  
Firm Reg. No. 105102W

**Devdatta Mainkar**  
Partner  
Membership No : 109795  
New Delhi, May 17, 2012

**DILIP PALVE**  
GM & COO

**ASHISH ASHTEKAR**  
Financial Controller

New Delhi, May 17, 2012

**SUNIL KAUL**  
Chairman

**SATISH SEKHRI**  
**MK GOYAL**  
**MS SHANKAR**

Directors

# Notes to Accounts for the year ended March 31, 2012

## Note No. 1 : Significant Accounting Policies

### 1.1 Accounting Convention:

The financial statements have been prepared in accordance with applicable Accounting Standards notified under the Companies Act, 1956, relevant provisions of the said Act and in accordance with historical cost convention.

All assets & liabilities have been classified as current & non - current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current & non - current classification of assets & liabilities.

### 1.2 Fixed Assets and Depreciation:

- a) Fixed Assets are stated at their original cost (net of refundable Taxes and Duties wherever applicable) including freight, duties, customs and other incidental expenses relating to acquisition and installation. Interest and other finance charges paid on loans for the acquisition of fixed assets are apportioned to the cost of fixed assets till they are ready for use.
- b) The cost of assets that are not ready for intended use as at the Balance sheet date is carried forward as capital work-in-progress, and on completion the costs are allocated to the respective fixed assets.
- c) Foreign exchange fluctuations on payment / restatement of long term liabilities related to fixed assets are adjusted to profit and loss account.
- d) Depreciation is charged at the following rates based on following estimates of useful lives of asset.

Assets Class	Useful Life	Depreciation Rate Used By The Company	Depreciation Rate Prescribed in Sch. XIV
Road	30 Years	3.34%	1.63%
Furniture & Fixtures	7 Years	14.29%	6.33%
Office Equipments	7 Years	14.29%	4.75%
Vehicles	5 Years	20.00%	9.50%
Software & Data processing Unit	3 Years	33.33%	16.21%
Tools & Dies	7 Years	14.29%	11.31%
Measuring Equipment	3 Years	33.33%	7.42%
Technical Knowhow	5 Years	20.00%	16.67%
Plant & Machinery, Electrical Installation	13.5 Years	7.42%	7.42%
Factory Building	30 Years	3.34%	3.34%

- e) Impairment: Management periodically assesses using external and internal sources whether there is an indication that an asset can be impaired. Impairment occurs where the carrying value exceed the present value of future cash flows expected to arise from the continuing use of the asset or its eventual disposal. The impairment loss to be expensed as determined as the excess of the carrying amount over the higher of the assets net sale price or present value as determined above.

### 1.3 Investments

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any.

Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

### 1.4 Valuation of Inventories:

Raw Material and Stores and Spares are valued at weighted average cost, due allowance being made for obsolete and non moving items.

WIP is valued at cost, which includes raw material cost and applicable manufacturing overheads.

Finished Goods are valued at lower of cost or net realisable value. Costs include material costs and applicable manufacturing overheads.

### 1.5 Revenue Recognition:

Sales of products are recognised when the products are delivered which coincide with transfer of risk and rewards.

### 1.6 Export Incentive

Export Incentive in respect of exports made under the Duty Drawback Scheme, as per the Import Export Policy, is recognized on accrual basis and to the extent of certainty of realisation of ultimate collection.

**1.7 Foreign Currency Transaction:**

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of transaction. Gain/Loss arising out of fluctuation in rate between transaction date and settlement date are recognised in the Profit and Loss Account.

In respect of forward contract, the difference between the forward contract rate and the exchange rate on the date of transaction is spread over the life of the contract.

Foreign currency assets and liabilities other than those covered by forward contract are restated at the exchange rate prevailing at the year end and the overall net gain/loss is adjusted to the Profit and Loss Account.

**1.8 Retirement Benefits:**

**(i) Defined Contribution Plans**

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund are recognised in the Profit and Loss Account.

**(ii) Defined Benefit Plan**

Liability towards gratuity and leave encashment is accrued based on actuarial valuation carried out by an independent actuary by using the projected unit credit method. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

**1.9 Borrowing Costs:**

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. Interest on working capital is charged to revenue accounts.

**1.10 Accounting for Taxes on Income**

Tax expense (tax benefit) is the aggregate of current year tax, deferred tax and fringe benefit tax charged (or credited) to the Profit and Loss Account for the year. Deferred Tax is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet Date.

**(a) Current Year Charge**

The provision for taxation is based on assessable profits of the Company as determined under the Income Tax Act, 1961. Provisions are recorded as considered appropriate for matters under appeal due to disallowances or for other reasons.

**(b) Deferred Tax**

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**1.11 Provisions and contingent Liabilities:**

Liabilities: Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

# Notes forming part of the Balance Sheet as at March 31, 2012

## Note No. 2 : Share Capital

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Authorised Shares</b>		
15,000,000 (Previous Year: 15,000,000) equity shares of Rs. 1/- each	<u>1,50,00</u>	<u>1,50,00</u>
<b>Issued, Subscribed &amp; Fully Paid Up Shares</b>		
83,34,142 (Previous Year: 83,34,142) equity shares of Rs. 1/- each	<u>83,34</u>	<u>83,34</u>
<b>Total</b>	<u>83,34</u>	<u>83,34</u>
<b>a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period</b>		
<b>Particulars</b>	<b>Equity Shares Number</b>	<b>Amount Rs.</b>
Shares outstanding at the beginning of the year	<b>83,34,142</b>	83,34,142
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	<b>83,34,142</b>	83,34,142
<b>b. Terms/rights attached to the Equity Shares</b>		
The company has one class of equity shares having a par value of Rs. 1 per equity share.		
Each shareholder is eligible for one vote per share		
If any dividend is proposed by the board of directors, then the same is subject to approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend.		
In the unlikely event of the liquidation of the company the equity shareholders are eligible to receive the residual value of assets of the company if any after all secured and unsecured creditors of the company are paid off, in the proportion of their shareholding in the company.		
<b>c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates</b>		
	March 31, 2012	March 31, 2011
Asia Investments Pvt. Ltd. (Holding Company)	<b>72,58,352</b>	72,58,352
	<b>87.09%</b>	87.09%
<b>d. Details of shareholders holding more than 5% shares in the company</b>		
	March 31, 2012	March 31, 2011
Asia Investments Pvt. Ltd. (Holding Company)	<b>72,58,352</b>	72,58,352
	<b>87.09%</b>	87.09%

### Note No. 3 : Reserves and Surplus

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Securities Premium Reserves</b>		
Balance as per the last financials statements	3,75,32	3,75,32
<b>General Reserve</b>		
Balance as per the last financials statements	6,35,90	5,66,01
Add: Amount transferred from surplus balance in the statement of profit and loss	47,95	69,89
<b>Closing Balance</b>	<b>6,83,85</b>	<b>6,35,90</b>
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Balance as per the last financials statements	3,37,55	4,26,56
Profit for the year	4,79,48	4,65,51
Less: Appropriations:		
Transferred to General Reserve	47,95	69,89
Interim Equity Dividend	1,66,68	83,34
Tax on Interim Equity Dividend	27,04	13,84
Proposed Final Equity Dividend	1,66,68	3,33,37
Tax on proposed Final Equity Dividend	27,04	54,08
<b>Net Surplus in the statement of profit and loss</b>	<b>3,81,64</b>	<b>3,37,55</b>
<b>Total</b>	<b>14,40,80</b>	<b>13,48,77</b>

### Note No. 4 : Long-term borrowings

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Long term maturities of finance lease obligations</b>		
Vehicle Lease Payable (Secured)	6,86	9,01
<b>Deferred payment liabilities</b>		
Deferred Sales tax liabilities (Unsecured)	8,18,63	8,72,45
<b>Total</b>	<b>8,25,49</b>	<b>8,81,47</b>

*Finance lease obligation is secured by hypothecation of vehicle taken on lease.*

*Deferred sales tax liability is interest free and payable in March annually till Year 2020-21*

### Note No. 5 : Long-term provisions

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
Provision for Leave Encashment	43,11	47,11
<b>Total</b>	<b>43,11</b>	<b>47,11</b>

## Note No. 6 : Short-term borrowing

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Loans repayable on demand (Secured)</b>		
Cash Credit From Banks	3,21,37	6,03,35
Buyers Credit From Banks	78,77	-
<b>Deposits from Customers</b>	41,79	33,44
<b>Total</b>	<b>4,41,93</b>	<b>6,36,79</b>

Cash Credit and Buyers Credit from banks are secured by hypothecation of Company's inventories, receivables and movable Plant & Machinery. Cash credit is repayable on demand and carries interest @ 13.50% to 13.95% p.a. whereas buyer's credit has a credit period of 90 days payable @ LIBOR+2% to 2.65%

## Note No. 7 : Trade Payables

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
Payable to Micro & Small Enterprises (refer Note No 23)	-	-
Payable to Others	8,63,27	5,11,36
<b>Total</b>	<b>8,63,27</b>	<b>5,11,36</b>

## Note No. 8 : Other current liabilities

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Current maturities of finance lease obligation</b>		
Vehicle Lease Payable (Secured)	2,16	1,87
Deferred Sales tax liabilities (Unsecured)	53,82	20,76
Unpaid dividends	13,11	6,07
Unpaid Debenutres	-	36
<b>Others</b>		
Service tax payable	-	9
TDS and TCS payable	5,91	14,03
Sales tax Payable	28,87	23,00
Excise duty payable	21,26	25,44
Profession tax payable	24	37
Contribution to providend fund payable	2,45	5,40
Creditors for capital goods	71,25	5,71
Acceptances from Debtors	13,26	9,83
Payable to Employees	22,27	-
Other payables	1,47,50	1,52,47
<b>Total</b>	<b>3,82,10</b>	<b>2,65,40</b>

## Note No. 9 : Short-term provisions

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Provision for employee benefits</b>		
Provision for leave encashment	1,51	68
<b>Others</b>		
Provision for proposed equity dividend	1,66,68	3,33,37
Provision for tax on proposed equity dividend	27,04	54,08
Provision for current employee benefits	58,81	45,89
Others - Provision for Discounts & Coupons	1,78,28	1,97,54
<b>Total</b>	<b>4,32,32</b>	<b>6,31,56</b>

**Note No. 10 : Fixed Assets**

(Rs '000)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 31.03.2012	WDV as on 31.03.2011
<b>I Tangible Assets</b>											
1	Land	65,04	-	-	65,04	-	-	-	-	65,04	65,04
2	Building	7,57,63	17,19	-	7,74,81	2,89,49	49,49	3,38,98	4,35,84	4,68,14	4,68,14
3	Plant and Equipment	17,58,77	2,03,69	-	19,62,47	12,86,30	1,13,02	13,99,32	5,63,14	4,72,47	4,72,47
4	Furnitures & Fixtures	97,46	12,21	-	1,09,67	79,40	4,16	83,56	26,10	18,06	18,06
5	Vehicles	67,46	-	8,87	58,59	44,70	9,13	45,40	13,19	22,77	22,77
6	Vehicle on Lease	12,82	-	-	12,82	45	2,56	3,01	9,80	12,37	12,37
	<b>SUB TOTAL (A)</b>	<b>27,59,18</b>	<b>2,33,09</b>	<b>8,87</b>	<b>29,83,39</b>	<b>17,00,34</b>	<b>1,78,37</b>	<b>18,70,28</b>	<b>11,13,12</b>	<b>10,58,85</b>	<b>10,58,85</b>
<b>II Intangible Assets</b>											
1	Technical Know how	1,11,62	-	-	1,11,62	97,22	2,55	99,76	11,85	14,40	14,40
2	Software	1,01,39	8	-	1,01,47	86,05	4,30	90,35	11,12	15,34	15,34
	<b>SUB TOTAL (B)</b>	<b>2,13,01</b>	<b>8</b>	<b>-</b>	<b>2,13,09</b>	<b>1,83,27</b>	<b>6,85</b>	<b>1,90,12</b>	<b>22,97</b>	<b>29,74</b>	<b>29,74</b>
<b>III Capital Work-in-progress</b>											
	Capital Work-in-progress	-	3,63	-	-	-	-	-	-	3,63	-
	<b>SUB TOTAL (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IV Intangible Assets Under Development</b>											
	<b>SUB TOTAL (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total [A + B + C + D]</b>	<b>29,72,19</b>	<b>2,33,17</b>	<b>8,87</b>	<b>31,96,48</b>	<b>18,83,60</b>	<b>1,85,22</b>	<b>20,60,39</b>	<b>11,36,09</b>	<b>10,92,21</b>	<b>10,92,21</b>
	Current Year	28,31,52	1,95,97	55,30	29,72,19	17,68,63	1,65,52	18,83,60	10,92,21	10,79,07	10,79,07
	(Previous Year)										

### Note No. 11 : Long Term Loans and Advances

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Unsecured considered good</b>		
Capital Advances	21,41	15,45
Security Deposits	3,58,95	8,35
Advance Income Tax (net of Provision for Taxation)	(3,44)	32,01
<b>Total</b>	<b>3,76,93</b>	<b>55,81</b>

### Note No. 12 : Inventories

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
Raw materials	3,75,16	3,33,28
Work in progress	1,43,97	1,24,61
Finished goods	3,08,91	3,82,65
<b>Total</b>	<b>8,28,03</b>	<b>8,40,54</b>

*Inventories valued at lower of cost and net realisable value.*

### Note No. 13 : Trade receivables & Other receivables

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Trade Receivables outstanding for less than six months</b>		
Unsecured, considered good	11,52,16	8,84,90
Unsecured, considered doubtful	-	-
Less: Allowance for trade receivables	-	-
	<u>11,52,16</u>	<u>8,84,90</u>
<b>Trade Receivables outstanding for more than six months</b>		
Unsecured, considered good	13,87	14,53
Doubtful	10,97	9,73
Less: Allowance for trade receivables	(10,97)	(9,73)
	<u>13,87</u>	<u>14,53</u>
<b>Total</b>	<b>11,66,02</b>	<b>8,99,43</b>

### Note No. 14 : Cash and Cash equivalents

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Balances with banks:</b>		
On current account	69,83	74,59
On unpaid dividend account	13,11	6,07
On margin money deposits	1,95,49	43,55
Cash on hand	36	1,87
<b>Total</b>	<b>2,78,79</b>	<b>1,26,09</b>

Out of margin money deposit, Rs. 43,00,288 is lodged with banker for issuing bank guarantees which matures annually. Margin Money Deposit with Union Bank of India is of Rs.1,52,40,638 carrying interest rate of 9.61% maturing on 24.04.2012.

**Note No. 15 : Short term loans and advances**

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
Security Deposits (Unsecured, considered good)	2,31	2,31
<b>Sub Total-A</b>	<b>2,31</b>	<b>2,31</b>
Intercompany Deposit (Unsecured, considered good)	3,00,23	11,54,98
<b>Sub Total-B</b>	<b>3,00,23</b>	<b>11,54,98</b>
<b>Other loans and advances</b>		
Advance income tax (net of provision for taxation)	47,72	22,34
Prepaid expenses	14,00	91
Loan to employees	27,03	18,93
Balance with Statutory/Government Authorities	78,71	50,40
Prepaid gratuity	29,85	(16,61)
Gratuity receivable from LIC	4,51	-
Advance paid for Materials	93,77	98,43
Tender Deposits	73	1,73
<b>Sub Total-C</b>	<b>2,96,31</b>	<b>1,76,13</b>
<b>Total</b>	<b>5,98,85</b>	<b>13,33,42</b>

**Note No. 16 : Other Current Assets**

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
Accrued Interest on FD	-	19,56
DEPB in Hand	19,27	20,06
Duty Drawback receivable	7,07	-
Other Receivables	1,53,46	62,76
	<b>1,79,80</b>	<b>1,02,38</b>

**Note No. 17 : Revenue from Operations (for companies other than a finance company)**

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Revenue from Operations</b>		
Sale of finished goods	68,89,91	61,66,65
Less: Excise Duty	(6,68,09)	(6,07,07)
Net Sales	<b>62,21,82</b>	<b>55,59,58</b>
<b>Other operating revenues</b>		
Scrap Sales	1,26,11	84,15
Export Incentives	36,87	30,13
	<b>1,62,98</b>	<b>1,14,27</b>
<b>Revenue from operations (Net)</b>	<b>63,94,80</b>	<b>56,73,86</b>

# Notes forming part of the Profit and Loss Account for the year ended March 31, 2012

## Note No. 18 : Other Income

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Interest income on</b>		
Bank deposits	5,41	3,39
Intercompany Deposits	65,88	1,33,26
Others	9,36	3,79
<b>Other non-operating income</b>		
Misc Income	23,73	19,72
Balances in respect of earlier years written back	62,27	85,45
Profit / (Loss) on Sales of Fixed Assets	22	(2,20)
Others	6,60	56,15
<b>Total</b>	<b>1,73,46</b>	<b>2,99,55</b>

## Note No. 19 : Cost of Material consumed

	March 31, 2012		March 31, 2011	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
<b>Cost of raw material and components consumed</b>				
Inventory at the beginning of the year	3,33,28		3,23,67	
Add: Purchases	36,74,89		33,91,16	
Less: Inventory at the end of the year	3,75,16		3,33,28	
Cost of raw material and components consumed		36,33,01		33,81,55
<b>Changes in work-in-progress and finished goods</b>				
<u>Inventory at the end of the year</u>				
Work-in-progress	1,43,97		1,24,61	
Finished goods	3,08,91		3,82,65	
	4,52,87		5,07,26	
<u>Inventory at the beginning of the year</u>				
Work-in-progress	1,24,61		1,22,49	
Finished goods	3,82,65		2,50,38	
	5,07,26		3,72,87	
Increase/(decrease) in work-in-progress and finished goods		(54,39)		1,34,39
Increase / (Decrease) of Excise Duty on Closing Stock		(2,28)		12,61
Increase/(decrease) in work-in-progress and finished goods (A)		(52,10)		1,21,77
<b>Total</b>		<b>36,85,11</b>		<b>32,59,77</b>

## Note No. 20 : Employee Benefits Expense

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
Salaries, wages and bonus	5,36,70	5,16,45
Contribution to provident, Gratuity and other funds	7,94	31,64
Other employment benefit expenses	5,92	3,67
Staff welfare expenses	1,08,41	1,11,79
<b>Total</b>	<b>6,58,98</b>	<b>6,63,55</b>

**Note No. 21 : Financial Costs**

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
<b>Interest expenses</b>		
Interest on Cash Credit	13,45	42,10
Interest on Buyers Credit	1,83	-
Interest on Others	2,27	1,90
Bank Processing Fees	7,21	2,57
<b>Total</b>	<b>24,76</b>	<b>46,57</b>

**Note No. 22 : Other Expenses**

	March 31, 2012 (Rs. '000)	March 31, 2011 (Rs. '000)
Consumption of stores and spare parts	20,09	12,95
Processing charges	2,64,34	2,37,34
Tooling expense	45,64	51,87
Advertisement & Publicity	1,05,10	1,36,15
Power and fuel	57,38	52,50
Bank Charges	19,66	10,85
Rent	11,27	8,36
Repairs to buildings	19,14	9,32
Repairs to machinery	27,65	30,28
Repairs to others	63,68	68,70
Insurance	3,13	6,65
Communication expense	15,75	13,38
Printing & stationery	9,72	11,33
Packing & Forwarding Charges	82,95	75,16
Travelling	61,23	49,87
Research & Development Expenses	12,90	3,83
Legal & Professional Fees	2,37,29	1,94,23
Payment to auditors	7,75	6,50
Security expense	12,45	10,29
Bad Debts	-	1,65
Provision for Doubtful Debts	1,24	4,94
Discount on sales	1,44,17	1,32,35
Rates and Taxes, excluding taxes on income	13,26	16,95
Tooling Loss	6,71	49
Foreign Exchange Loss / (Gain)	22,86	(20,18)
Miscellaneous expenses	25,69	30,47
<b>Total</b>	<b>12,91,07</b>	<b>11,56,27</b>

23. Suppliers covered under Micro, Small & Medium Enterprises Development Act, 2006, have not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this, information required under Section 22 of the said Act is not given.

**24. Deferred Tax working**

The Company estimates deferred tax charge / (credit) using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The net deferred tax liability as at March 31, 2012 is given below:

(Rs. '000)

	31 March, 2012		31 March, 2011	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Timing Differences on account of:				
Depreciation		84,91		83,68
Expenses allowable as and when paid	29,21		36,38	
Provision for Doubtful Debts	3,56		3,23	
	<b>32,77</b>	<b>84,91</b>	39,62	83,68
<b>Net Deferred Tax Liability</b>		<b>52,14</b>		44,07

**25. Segmental Reporting:**

**a) Primary Segment:**

The Company operates only in one business segment viz. Auto Components and Parts.

**b) Secondary Segment (by Geographical Segment)**

(Rs. '000)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Revenue (Net of Excise)		
Exports	5,74,90	3,86,40
Domestic	56,46,92	51,73,18
Total	<b>62,21,82</b>	55,59,58
Debtors		
Exports	1,83,95	81,77
Domestic	9,82,07	8,17,66
Total	<b>11,66,02</b>	8,99,43

Note : Assets of the Company except sundry debtors are not identified with the geographical segment as these are used interchangeably and are located in India.

**26. Capital commitment (Rs.)** **84,46,824** 65,44,195

**27. Contingent Liability**

(in Rs.)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
(i) Bank Guarantees:	1,00,603	1,25,483
(ii) Service Tax	8,01,419	8,01,419
(iii) Sales Tax Claims Against which Company has preferred an appeal	34,22,459	34,22,459
(iv) Corporate Guarantee extended in favour of Tata Capital Ltd, on behalf of Asia Investment Pvt Ltd,- Holding Company	<b>665,700,000</b>	665,700,000

**28. Earnings per Share:**

		2011-2012	2010-2011
Total number of equity shares outstanding during the year	(a)	<b>83,34,142</b>	83,34,142
Net Profit for the year as reported (Rs. '000)	(b)	<b>4,79,48</b>	4,65,51
Earning per Share (Rs.)			
Basic / Diluted	(b/a)	<b>5.75</b>	5.59
Nominal Value of Shares (Rs.)		<b>1</b>	1

**29. Retirement Benefits:**

**(a) Defined Benefit Plan -**

		Leave Encashment Rs. '000
Expense recognised during the period ended March 31, 2012 (Included in Note 20 - Employee Benefit Expenses)		
1	Current Service cost	7,01
2	Interest Cost	3,78
3	Expected return on plan assets	
4	Actuarial (Losses)/ Gains	(9,48)
5	Total expense	1,32
Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the period ended March 31,2012		
1	Net Asset/(Liability) at beginning of period	(47,79)
2	Employee Expense	(1,32)
3	Contributions Paid	4,49
4	Net Asset/(Liability) at the end of the period	(44,62)
5	Actual Return on plan assets	Not Readily available with the Company
	Actuarial Assumptions **	As at March 31 2012
1	Discount Rate	8.5% per annum
2	Expected rate of return on plan assets	7% per annum (Gratuity)
3	Mortality Table	LIC (1994-96) ULTIMATE
4	Salary Increase	7%

**Gratuity**

Expense recognised during the period ended March 31,2012 (Included in Note 20 - Employee Benefit Expenses)						
	2012	2011	2010	2009	2008	
1	Current Service cost	<b>9,97</b>	9,93	7,85	6,74	5,49
2	Interest Cost	<b>8,01</b>	6,28	5,10	4,20	3,65
3	Expected return on plan assets	<b>(7,55)</b>	(6,10)	(5,12)	(4,68)	(3,47)
4	Actuarial (Losses)/ Gains	<b>(31,27)</b>	6,23	5,31	7,05	5,00
5	Total expense	<b>(20,85)</b>	16,34	13,14	13,31	10,67

Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the period ended March 31,2012						
	2012	2011	2010	2009	2008	
1	Net Asset/(Liability) at beginning of period	<b>(16,61)</b>	(24,78)	(13,51)	(10,48)	(22,58)
2	Employee Expense	<b>20,85</b>	(16,34)	(13,14)	(13,30)	(10,67)
3	Contributions Paid	<b>25,61</b>	24,51	1,87	10,28	22,76
4	Net Asset/(Liability) at the end of the period	<b>29,85</b>	(16,61)	(24,78)	(13,50)	(10,49)

Actuarial Assumptions

1	Discount Rate	<b>8.50%</b>	8.30%	8 % p.a	7.5 % p a	7.5% pa
2	Expected Rate of Return on Plan Assets	<b>7 % pa</b>	7 % pa	7 % pa	7.9 % pa	7.9 % pa
3	Mortality Table				LIC (1994-96)	

**(b) Defined Contribution Plans –**

Amount recognized as an expense and included in the Note No. 20 “Contribution to Provident and other funds” of Employee Benefit Expenses, of Rs. 23.75 Lakhs.

**30 . Lease Commitment :-**

**Finance Lease:**

The Company has acquired Honda Civic Vehicle under lease finance agreement on January 29, 2011, for a period of 4 Years. The future minimum lease payment under the lease as of March 31, 2012 is given below.

Particulars	Due Within 12 Months Rs. ('000)	Due Between 12-60 Months Rs. ('000)	Due for more than 60 Months Rs. ('000)	Total Amount Due Rs.(000)
Minimum Lease	3,31	5,80	-	9,11
Less: Amount representing Interest	1,16	1,20	-	2,36
Present value of Minimum Lease	2,16	4,60	-	6,75

**31. Information pursuant to the provisions of paragraph (viii) of General Instructions for preparation of Statement of Profit and Loss of Schedule VI to the Companies Act, 1956**

(a) Opening Stock and Closing Stock of Goods manufactured

Product	Unit	Year	OPENING STOCK		CLOSING STOCK	
			Qty.	Value in Rs. ('000)	Qty.	Value in Rs. ('000)
Gaskets	Nos.	2011-2012	29,61,523	3,82,66	23,14,860	3,08,91
	Nos.	2010-2011	25,16,603	2,52,56	29,61,523	3,82,66

(b) Turnover

Gaskets	Unit	Year	Turnover	
			Qty	Value in Rs. ('000)
2011-2012	Nos.		3,34,76,501	62,21,82
2010-2011	Nos.		3,24,90,303	55,59,58

(c) Consumption of Raw Materials, Components and Packing Material

Particulars	Unit	2011-2012		2010-2011	
		Qty	Value in Rs.(000)	Qty	Value in Rs.(000)
Cork Materials	Sheets	15,557	24,74	17,755	25,27
Cork frames/gaskets	Nos.	6,04,689	1,08,86	685,903	1,09,70
Tin	Kgs	3,64,038	2,21,81	383,790	2,25,22
Copper	Kgs	6,800	39,68	9,386	36,99
Steel	Kgs	3,96,584	6,49,33	394,040	5,41,53
Betaflex/Flexoid	Sq.mtrs	46,685	41,27	53,897	39,92
Semi-Finished Gaskets	Nos.	31,04,415	5,40,75	2,871,173	4,90,78
Moulded Rubber Gaskets	Nos.	13,58,466	1,20,53	1,451,592	1,13,83
Non-Asbestos	Kgs	5,06,573	13,08,48	475,608	12,44,42
Others			5,77,56	-	5,53,89
			<b>36,33,01</b>		<b>33,81,55</b>

**32. Value of Imported and Indigenous Raw Materials, Packing Materials and Components and Spares Consumed**

	2011-2012				2010-2011			
	Raw Materials and Packing Materials		Spares		Raw Materials and Packing Materials		Spares	
	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
Imported	14,68,34	40.4%	-	0.0%	13,84,48	40.9%	67	5.2%
Indigenous	21,64,67	59.6%	20,09	100.0%	19,97,07	59.1%	12,28	94.8%
	<b>36,33,01</b>	<b>100.0%</b>	<b>20,09</b>	<b>100.0%</b>	<b>33,81,55</b>	<b>100.0%</b>	<b>12,95</b>	<b>100.0%</b>

**33. Auditor's Remuneration**

	2011-2012 Rs. ('000)	2010-2011 Rs. ('000)
Audit Fees	6,50	5,50
Tax Audit Fees	1,25	1,00

**34. Value of Imports on CIF Basis**

	2011-2012 Rs. ('000)	2010-2011 Rs. ('000)
Raw Materials	13,55,80	12,61,46
Machinery/ Spares	3,85	54

**35. Expenditure in foreign Currency**

	2011-2012 Rs. ('000)	2010-2011 Rs. ('000)
Travelling Expenses	6,81	6,66

**36. Earning in Foreign Currency**

	2011-2012 Rs. ('000)	2010-2011 Rs. ('000)
FOB Value	5,68,84	3,79,91

**37. Additional disclosure in terms of DSIR requirements in respect of Capital Expenditure and Revenue Expenditure incurred at Chakan, unit recognised by the DSIR in the current year.**

	(Rs. In '000)
	2011-12
Capital Expenditure	36,76
Revenue Expenditure :	45,93
Materials	-
Utilities	-
Personnel	45,93
Depreciation	-
Others	-
Total Revenue Expenditure	45,93
Total Capital & Revenue Expenditure	82,69

**38. Related Party Disclosures**

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

Names of Related parties\* and description of relationships:

Holding Company	1	Asia Investments Private Limited.
Fellow Subsidiaries	1	Anand Automotive Limited.
	2	Anchemco Limited
	3	Chang Yun India Limited
	4	Gabriel India Limited
	5	Perfect Circle India Limited

(Rs. In '000)

Nature of Transaction	Financial Year	Holding Company	Fellow Subsidiaries	Total
Amount receivable as at year end.	2011-12	<b>30,82</b>	<b>31,88</b>	<b>62,70</b>
	2010-11	-	29,76	29,76
Amount payable as at year end	2011-12	-	<b>13,81</b>	<b>13,81</b>
	2010-11	-	20,98	20,98
Deposit for Services as at year end	2011-12	-	<b>3,50,00</b>	<b>3,50,00</b>
	2010-11	-	-	-
Marketing Services rendered	2011-12	-	<b>2,19,31</b>	<b>2,19,31</b>
	2010-11	-	2,13,76	2,13,76
Advisory Services Received	2011-12	-	<b>1,99,93</b>	<b>1,99,93</b>
	2010-11	-	1,79,94	1,79,94
Others	2011-12	-	<b>1,11,43</b>	<b>1,11,43</b>
	2010-11	17,84	46,87	64,71
Reimbursement of expenses received (Cost of Deputation)	2011-12	-	<b>1,71,61</b>	<b>1,71,61</b>
	2010-11	-	90,44	90,44
Sale of Products	2011-12	-	<b>7,55</b>	<b>7,55</b>
	2010-11	-	-	-
Corporate Guarantee extended*	2011-12	-	-	-
	2010-11	66,65,70	-	66,65,70
Dividend Paid	2011-12	<b>4,35,50</b>	-	<b>4,35,50</b>
	2010-11	1,07,80	-	1,07,80

\* Corporate Guarantee extended in the previous year continues to exist in the current year.

39. Depreciation includes an amount of Rs. 29,67,045 on buildings and plant & machinery pertaining to earlier years.
40. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements.
41. Previous Years figures have been regrouped and re classification wherever necessary to correspond with the current year's classification.

# Cash Flow Statement

Prepared Pursuant to Accounting Standard (AS) - 3 issued by the Institute of Chartered Accountants of India for the year ended March 31, 2012

	March 31, 2012		March 31, 2011	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
<b>A. Cash Flow from Operating Activities</b>				
Net (Loss)/Profit before Tax but after exceptional /extraordinary items		7,13,13		6,81,72
Adjustment for :				
Depreciation	1,85,22		1,65,52	
Finance Costs	24,76		44,00	
Interest Income	(80,66)		(1,40,43)	
Foreign Exchange Loss	26,73		(1,70)	
Excess provision written back	(62,27)		(85,45)	
Tool Development Income	6,71		-	
DEBP Gain	(10,00)		-	
Profit/Loss on Fixed Assets sold	(22)		2,20	
Bad Debts	-		1,65	
Provision for Doubtful debts	1,24	91,52	4,94	(9,27)
<b>Operating profit before working capital changes</b>		<b>8,04,65</b>		<b>6,72,45</b>
Adjustments for changes in working capital :				
- (Increase)/Decrease in Sundry Debtors	(2,65,36)		(1,59,89)	
- (Increase)/Decrease in Other Receivables	(7,54,35)		(32,43)	
- (Increase)/Decrease in inventories	12,51		(1,44,00)	
- Increase/(Decrease) in trade and other payables	82,32	(9,24,88)	(4,25)	(3,40,56)
<b>Cash generated from Operations</b>		<b>(1,20,23)</b>		<b>3,31,89</b>
- Income Taxes and Wealth Tax Paid	10,06	10,06	(1,86,67)	(1,86,67)
<b>Net Cash from Operating activities</b>		<b>(1,10,17)</b>		<b>1,45,22</b>
<b>B. Cash Flow from Investing activities</b>				
Purchase of Fixed Assets	(2,29,10)		(1,98,86)	
Profit from Sale of Fixed Assets	66		2,55	
Intercompany deposit given	(3,00,00)		3,50,00	
Intercompany deposit received	11,54,98		(4,53,78)	
Interest received (Revenue)	80,66	7,07,20	1,37,73	(1,62,35)
<b>Net Cash used in Investing activities</b>				
<b>C. Cash Flow from Financing activities</b>				
Proceeds from Term Borrowings (Net)	(22,63)		9,87	
Proceeds From Working Capital Facilities (Net)	(2,03,21)		1,75,27	
Interest paid	(24,76)		(44,00)	
Dividend / Dividend Tax Paid	(1,93,72)	(4,44,33)	(1,45,94)	(4,79)
<b>Net Cash used in/from Financing activities</b>				
<b>Net Increase/ (Decrease) in cash and cash equivalents</b>		<b>1,52,71</b>		<b>(21,93)</b>
<b>Cash and Cash Equivalents opening balance</b>		<b>1,26,09</b>		<b>1,48,01</b>
<b>Cash and Cash Equivalents closing balance</b>		<b>2,78,79</b>		<b>1,26,09</b>
<b>Cash and Cash Equivalents comprises</b>				
Cash In Hand		36		1,87
Balance with Scheduled Banks		2,78,43		1,24,22

**Notes to the Cash Flow Statement for the year ended March 31, 2012**

- 1 The above cash flow has been prepared under the indirect method setout in AS-3 issued by the Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outgo.
- 3 Previous Year figures have been regrouped and recast wherever necessary to confirm to the current year's classification.

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As per our report of even date.

**For B K Khare & Company**

*Chartered Accountants*

Firm Reg. No. 105102W

**Devdatta Mainkar**

*Partner*

Membership No : 109795

New Delhi, May 17, 2012

**DILIP PALVE**

*GM & COO*

**ASHISH ASHTEKAR**

*Financial Controller*

New Delhi, May 17, 2012

**SUNIL KAUL**

*Chairman*

**SATISH SEKHRI**

**MK GOYAL**

**MS SHANKAR**

*Directors*

## NOTES

## NOTES

**ATTENDANCE SLIP**

# Victor Gaskets India Limited

Registered Office :  
152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Pune 410 501, Maharashtra  
(To be handed over at the entrance of the Meeting Hall)

Name of the Member (in Block Letters)		Member's Folio Number
Name of the Proxy (in Block Letters) (To be filled in if the Proxy attends instead of the Member)		

No. of shares held.....

I hereby record my presence at the 11th Annual General Meeting on Wednesday, July 25, 2012 at 152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Pune 410 501, Maharashtra.

Member's/Proxy's Signature

To be signed at the time of handing over this slip

# Victor Gaskets India Limited

## PROXY

I/We .....of .....  
being a Member of Victor Gaskets India Limited, hereby appoint .....  
..... of ..... or failing him  
..... of .....

as my/our proxy to attend and vote for me/us and on my/our behalf at the 11th Annual General Meeting of the Company to be held on Wednesday, July 25, 2012 and at any adjournment thereof.

As witness my/our hand (s) this ..... day of ..... 2012

Signed by the said.....

Affix  
Re. 1.00  
Revenue  
Stamp







Victor Gaskets India Limited  
152/223, Village Mahalunge, Chakan Talegaon Road, Tal. Khed,  
Dist. Pune - 410 501, Maharashtra (India) | [www.victorgasketsindia.com](http://www.victorgasketsindia.com)

***VICTOR***