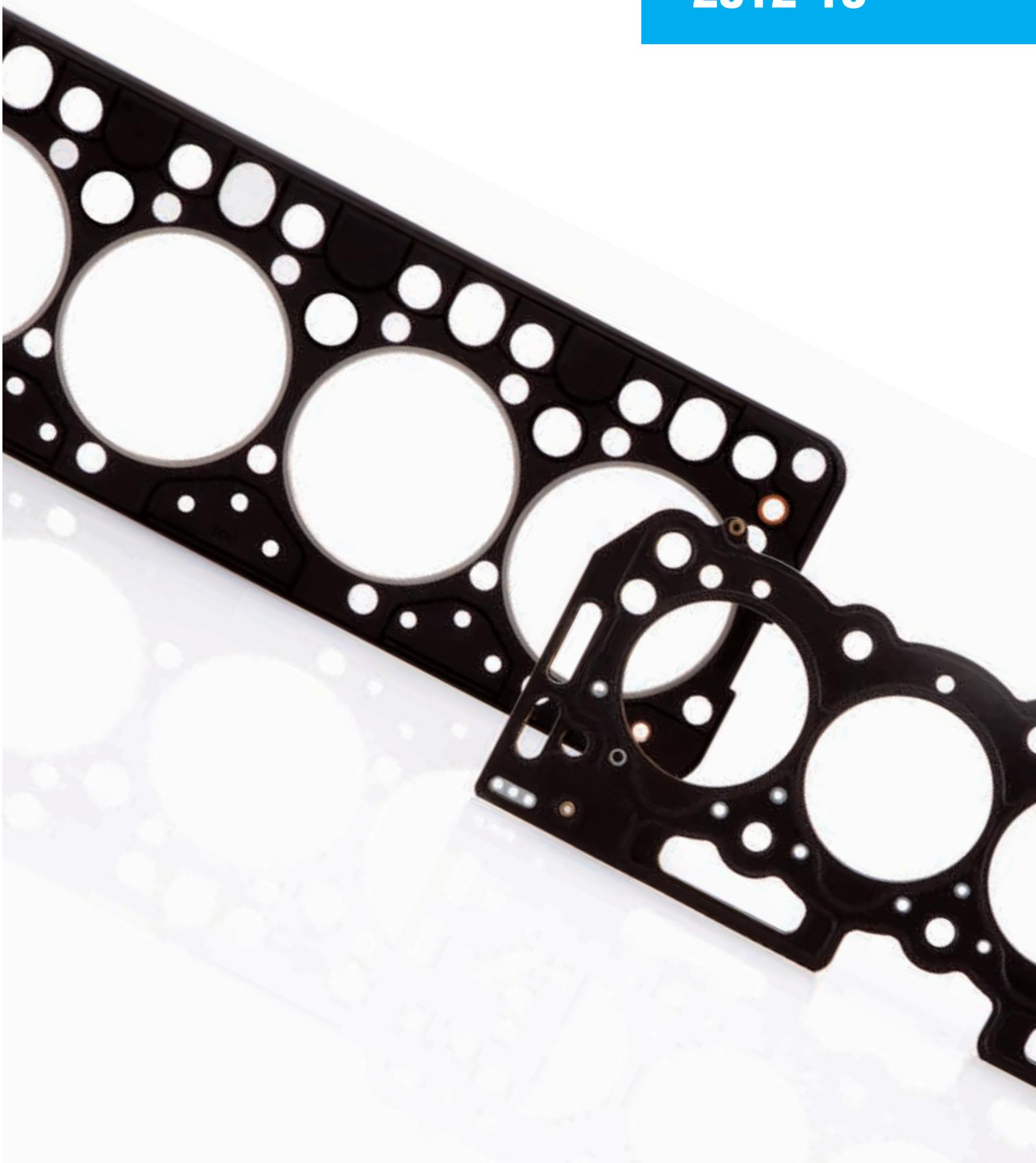


**VICTOR**

annual report

2012-13



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

**ANAND** 



# Victor Gaskets India Limited

## Board of Directors

Sunil Kaul  
Chairman

Satish Sekhri  
MK Goyal  
MS Shankar

## Vice-President & COO

Dilip Palve

## Financial Controller

Ashish Ashtekar

## Bank

Union Bank of India  
HSBC Ltd.

## Auditors

BK Khare & Company  
Chartered Accountants  
Mumbai

## Corporate Offices

1, Sri Aurobindo Marg, New Delhi 110 016

Magnet House, N M Marg, Ballard Estate  
Mumbai 400 038

## Registered Office

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

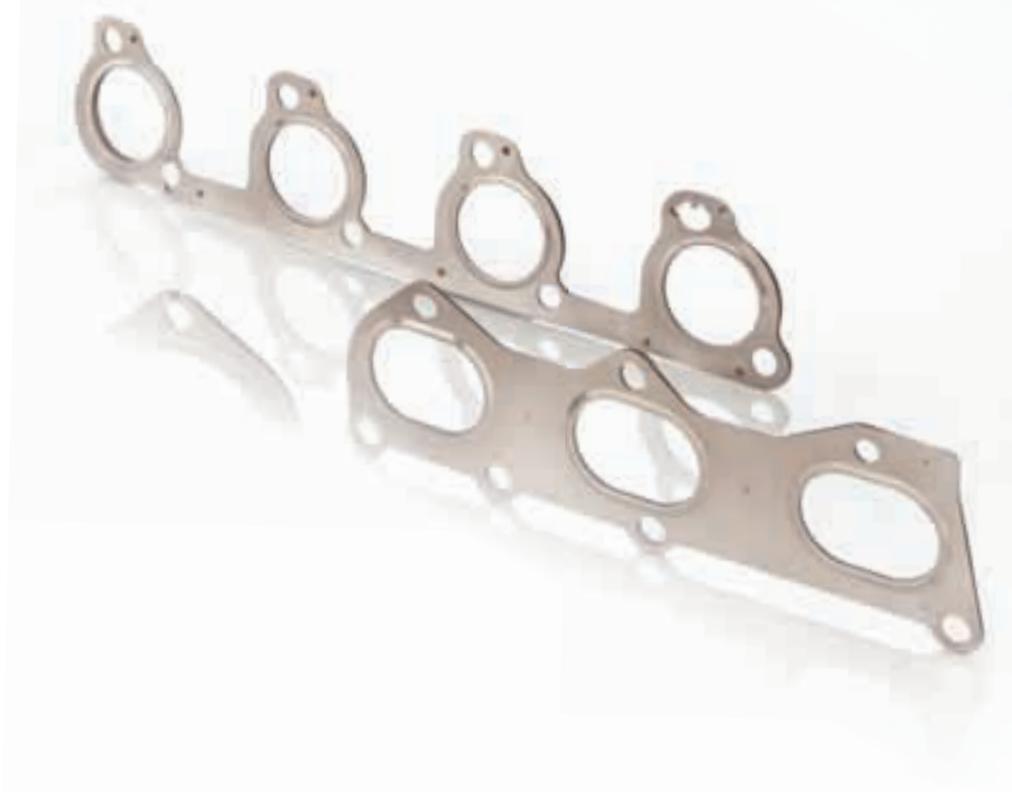
## Manufacturing Facility

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

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# Financial Highlights



	Rs Million	
	2012-13	2011-12
Sales	745.1	689.0
Exports	75.0	57.5
Profit Before Interest Depreciation & Tax (PBIDT)	75.9	91.6
Net Interest	3.9	1.8
Profit Before Tax	60.6	71.3
Profit After Tax	43.4	48.6
Net Worth	156.9	153.1
Dividend Payout	38.9	38.7
Export as a % to Sales	10.1	8.3
PBIDT as a % to Sales	10.2	13.3
PBT as a % to Sales	8.1	10.4
PAT as a % to Sales	5.8	7.1
Return on AVG. Net Worth %*	28.0	32.8
Dividend %	400.0	400.0
Dividend Cover	1.1	1.3
Earning Per Share (Rs.)	5.2	5.8
Book Value per Share** (Rs.)	18.6	17.8

## Notes:

\* Profit divided by Average Net Worth

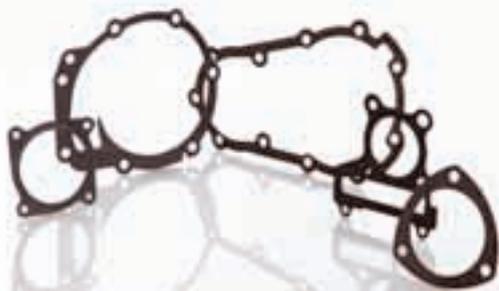
\*\* Average Net Worth divided by number of shares

# Company Highlights

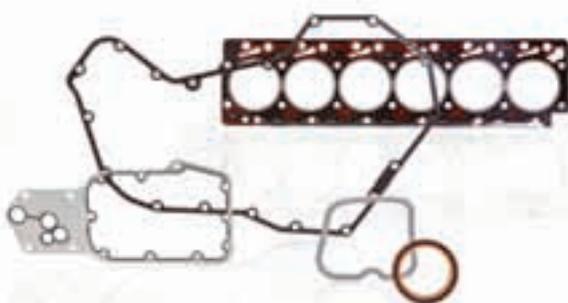
- Sales Growth YOY 8%
- Earning per share (Rs.) 5.20
- Total Dividend 400%
- Received 'Chairman's Award for Best Plant - 2012' for Lean Manufacturing and Heijunka Systems



Head Gaskets range for tractor applications



Gaskets range for oil and coolant applications



Overhaul kit for commercial vehicles

## Company Profile

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

The company provides a variety of sealing solutions - gaskets & heat shields. The range of gaskets includes cylinder head gaskets, exhaust manifold gaskets, valve cover gaskets, oil pan gaskets, timing gear gaskets, and numerous secondary gaskets catering to engines of wide range spanning from 0.085 litre to 32 litre Cummins stationary diesel engine.

The technologies employed include the latest MLS - Multi layer steel designs. These critical gaskets seal hot combustion gases, high temperature coolants, and oils. The heat shield range caters to various applications like exhaust manifold, mufflers, CatCon of DOC/DPF type etc. These heat shields are capable of sealing very high temperatures emitted by new generation engines and dampen the sound. These products are used in diverse applications like automotive, industrial, agricultural, refrigeration and stationary engines. The company is India's first Indian origin asbestos-free company. It pioneered the usage of non asbestos based material instead of asbestos based material in the replacement market.

## Awards & Recognition



### **CHAIRMAN'S AWARD FOR BEST PLANT - 2012**

Victor Gaskets India received the 'Chairman's Award for Best Plant - 2012' for implementing best practices of Lean Manufacturing and Heijunka Systems. The company was adjudged best amongst 49 manufacturing locations of Anand group.

### **KIRLOSKAR SUPPLIER QUALITY IMPROVEMENT AWARD**

Kirloskar Oil Engine Limited presented Victor Gaskets with second runner up award for 'Supplier Quality Improvement'.

*Mrs Anjali Singh, Chairperson, Anand Supervisory Board presenting 'Chairman's Award for Best Plant - 2012' to Victor Gaskets India Limited for implementation of Lean Manufacturing and Heijunka Systems*

## Technology & Quality Systems

The company's continued focus on developing a new range of materials, products and upfront design verification techniques resulted in various business wins. The product engineering team worked hand in hand with customers' engine research agencies to deliver the specialty gaskets and heat shields on time and first time right, independent of any overseas technology support. The focus was on delivering first time right products by use of reliable techniques, cost effective manufacturing methods and optimised raw materials. The company 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 recognised by leading OEMs as a supplier with Zero PPM Supplies.

The range of applications for the servicing of engines and vehicles in the Indian aftermarket was enhanced with additional as well as upgraded products for critical applications like cylinder head gaskets in the construction of graphite composites, multi layer rubber coated steels and secondary gaskets in metal carriers with molded edges, besides having improved the grades of non asbestos materials.

# Marketing Overview

The company gained a competitive edge in the industry by focusing on product development with upgraded technology, quality and a customer oriented 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. The company has started focusing on strategic engagement with the customers through initiatives like holding Technology Days under Anand umbrella.

Besides adding new customers, the company executed supply contracts from customers of international repute like Cummins Inc. USA, Lister Peter Limited, UK and USA and Audi, Slovakia.



*Glimpse of Victor Gaskets participation in the Technology Day organised by Anand Group at Maruti Suzuki India Limited*

# 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 leverage the opportunity of growth as well as combat the situation of rising input costs. It takes a leading part in the 'Visionary leader of small and medium enterprise' (VSME) 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 to assist its key vendors in transforming into lean manufacturing organisations, along side the company. This methodology creates win-win relationships between Anand companies and the small - medium enterprises supply base. The strategy also includes focus on innovation methodology through which break through results are achieved on important issues of customers and company. The company organises annual visits of shareholders to the manufacturing facility.

# 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 manufacturing units of Audi in Slovakia and Germany, Lister Peter in UK and USA as part of the OEM supply chain.



*Annual General Meeting 2012*



*Prof. Fujimoto & Research Team at Victor Gaskets for review of Lean Manufacturing Implementation*

## People Practices

Victor Gaskets believes that business is 90% people and that an efficient and dedicated workforce proves to be more productive. 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 Management under the guidance of corporate leadership has embarked upon journey of driving & embedding culture of innovation. During the journey, the focus is placed on percolating this culture throughout the hierarchy. The focus of this journey is to transform the mindset which will ensure readiness to accept any challenges thrown by the dynamic market scenario.

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 work unit levels. Employees at all levels in the company were selected for specialised training to nurture their talent by initiatives such as Visionary Leaders for Manufacturing (VLFM), Anand Leadership Development Programme (ALDP), Anand Heijunka Production System (AHPS), Lean manufacturing coach, Young talent initiative and Innovation.

The company organises hub level cultural and sports activities and competitions to build a culture of friendship and camaraderie. Regular meets and activities are also organised to involve families of employees and create a sense of belonging and mutual trust.



Employees recognised as 'Fire-Starters' in the innovation journey at Victor Gaskets

## 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 by organising field level activities in association with SNS Foundation. These initiatives have helped in fostering the 'spirit of giving' among other corporate/partners in the neighbourhood.



Victor Gaskets employees creating road safety awareness by organising a rally

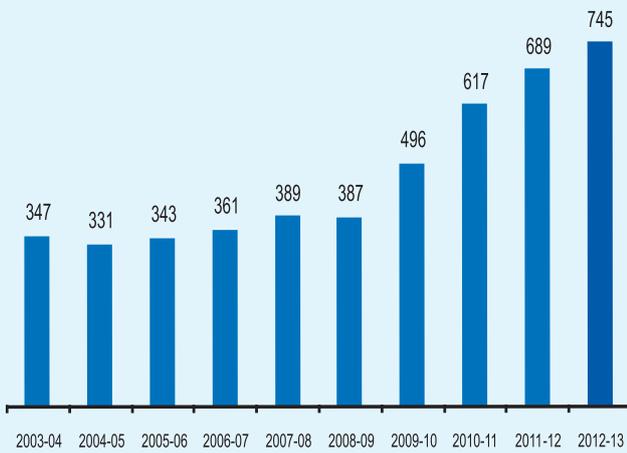


Glimpse of Victor Gaskets participation in the 'Innovation Live Concourse 2013'

# Working Results at a Glance

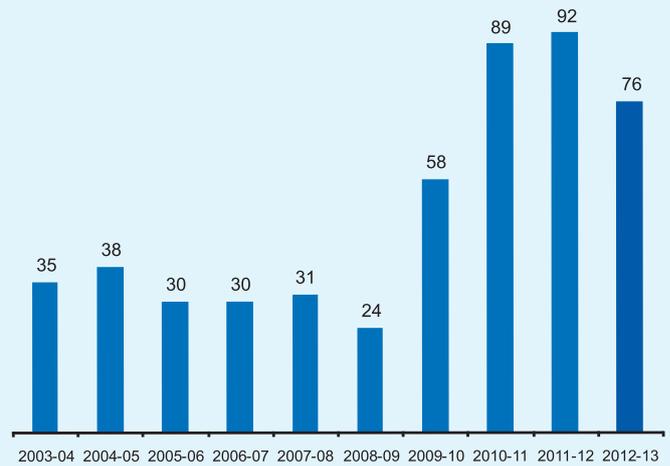
**Sales**

(Rs. Million)



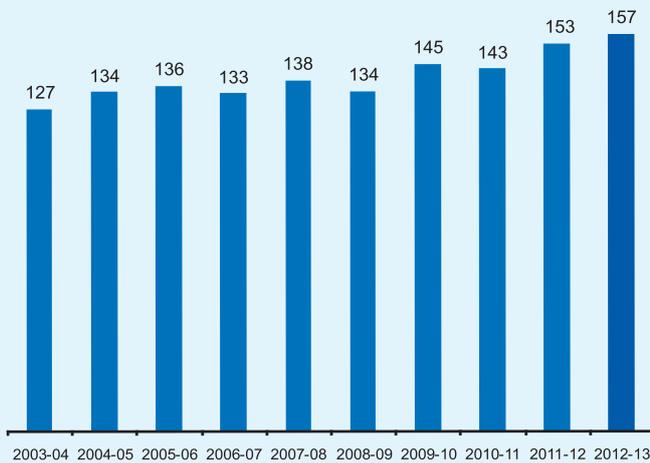
**Gross Profit**

(Rs. Million)



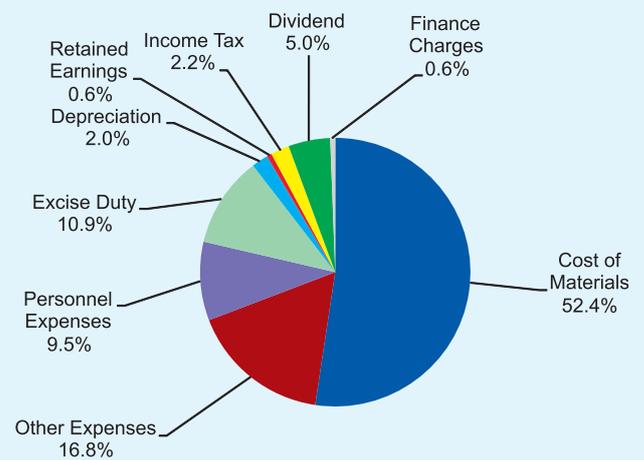
**Shareholder's Funds**

(Rs. Million)



**Distribution of Income**

(In %)



## Working Results at a Glance

	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
	<b>₹ Million</b>									
Share Capital	8	8	8	8	8	8	8	8	8	8
Reserves & Surplus	119	126	128	125	130	126	137	135	145	149
Shareholders' Fund	127	134	136	133	138	134	145	143	153	157
Loans	93	104	91	98	95	125	132	152	127	145
Deferred Tax Liability	15	15	15	13	12	10	7	4	5	7
<b>Funds Employed</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>285</b>	<b>309</b>
Fixed Assets (Gross)	243	251	260	264	267	269	285	299	320	342
Depreciation	82	98	113	126	141	152	177	188	206	220
Net Block	161	153	147	138	126	117	108	111	114	122
Net Current Assets	74	100	95	106	119	152	176	188	170	187
<b>Net Assets Employed</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>285</b>	<b>309</b>
	<b>₹ Million</b>									
Sales	347	331	343	361	389	387	496	617	689	745
Gross Profit	35	38	30	30	31	24	58	89	92	76
Interest	7	3	0	0	0	3	2	4	2	4
Depreciation	16	17	15	16	15	16	24	17	19	15
Profit/ (Loss) Before Tax	11	18	15	14	16	5	32	68	71	61
Tax	4	7	7	7	6	2	11	22	23	17
Profit/ (Loss) After Tax	7	11	8	7	10	3	21	47	49	43
	<b>₹</b>									
Dividend per Share *	0.5	0.6	0.6	0.6	0.6	0.6	1.0	5.0	4.0	4.0
Earning per Share *	0.8	1.4	1.0	0.8	1.2	0.3	2.5	5.6	5.8	5.2
	<b>Million Nos</b>									
<b>Production:</b>										
Gaskets	27	23	26	26	27	26	32	32	33	35

\*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 Twelfth Annual General Meeting of the Members of VICTOR GASKETS INDIA LIMITED will be held on Wednesday, July 24, 2013, at 2:30 P.M at the Registered Office of the Company at 152/223, Mahalunge, Chakan Talegaon Road, Taluka Khed, Pune 410501, Maharashtra to transact the following businesses:

## Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 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, 2013.
3. To appoint a Director in place of Mr.Satish Sekhri, who retires by rotation and being eligible, offers him 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 an Special Resolution:  
“**RESOLVED THAT** pursuant to Section 372A of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with approval of the Board of Directors given at their meeting held on 25th July 2012, members of the Company do hereby confirm extension of negative lien on behalf of Anand Automotive Limited,(AAL) in favour of Tata Capital Financial Services Limited of an amount aggregating to Rs 125 Million for the purpose of enabling AAL to secure Term Loan from Tata Capital Financial Services Limited.

## 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 July 24, 2013.
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 respective Depository Participant (DP) in case the shares are held in demat form.

6. a. Members are also requested to note that, unclaimed/unpaid dividends up to the financial year ended March 31, 2005 and Interim Dividend for the financial year 2005-06, 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, 2006 and Interim Dividend for the year financial year 2006-07, 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, Hyderabad.
- c. Pursuant to Investor Education & Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules 2012 dated 10th May 2012, Company has uploaded details of unpaid and unclaimed amounts lying with the Company as on July 25, 2012, on website of MCA .Further Company will be filing information regarding unpaid and unclaimed amounts lying with Company as on date of ensuing Annual General Meeting on website of MCA, before 25th August 2013. Members are requested to ascertain the position of their unclaimed dividends if any, and contact Company or Company's Share Transfer Agents, Karvy Computershare Private Limited, Hyderabad for encashing the same.

By Order of the Board

**Registered Office:**

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

Place: Pune, Maharashtra  
Date: May 21, 2013

Sunil Kaul  
Chairman

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

### ITEM NO 5:

In the Annual General Meeting held on 20th July 2011, Members of the Company, by way of Special Resolution had approved Company's placing of deposits with Anfilco Limited, extending Corporate guarantee and/or security by way of mortgage of its properties at Pune on behalf of Asia Investments Private Limited (AIPL), towards the financial limits to be availed by AIPL from any bank or financial institutions provided that the aggregate amount of such loans/investments/deposits or guarantees made or security provided by the Company, together with the existing loans/investments/deposits/ or guarantee or security so far made to all other bodies corporate shall not exceed Rs 1600 Million notwithstanding that such inter corporate loans and investments would be in excess of the limits prescribed under Section 372 A of the Companies Act.

During the year, with approval of the Board of Directors in their meeting held on 25th July 2012, the Company had extended negative lien of an amount of Rs 125 Million in favour of Tata Capital Financial Services Limited,(TCFSL) on behalf of Anand Automotive Limited to enable it to secure a term loan from TCFSL. Since providing guarantees or security on behalf of Anand Automotive Limited, is outside the scope of the special resolution passed by the members in the Annual General Meeting held on 20th July 2011 mentioned above, it required prior approval of the members. Anand Automotive Limited required this negative lien to raise funds for its business needs. Keeping in view the exceptional circumstance and the urgency with which Anand Automotive Limited required the loan, the Board decided to obtain confirmation of members in the ensuing Annual General Meeting. Hence this resolution.

Directors recommend passing of the above resolution as a Special Resolution.

Details and documents in respect of negative lien extended will be available at the Registered Office of the Company till the date of forthcoming Annual General Meeting. Any member desirous of inspecting such details can do so during the official working hours of the Company.

None of the Directors, except Mr. M K Goyal is interested in the resolution.

# Report of the Board of Directors

Your Directors are pleased to present the Twelfth Annual Report, together with the Audited Accounts for the year ended March 31, 2013.

<b>Financial Highlights</b>	<b>Year ended March 31, 2013 (Rs. in Million)</b>	<b>Year ended March 31, 2012 (Rs. in Million)</b>
Sales	<b>745.1</b>	689.0
Profit before Depreciation & Interest	<b>79.7</b>	91.6
Depreciation	<b>15.3</b>	18.5
Profit before Interest & Tax	<b>64.4</b>	73.1
Net Interest	<b>3.9</b>	1.8
Profit before Tax	<b>60.6</b>	71.3
Provision for Taxation	<b>17.1</b>	23.4
Profit after Tax	<b>43.6</b>	47.9
Balance Profit brought forward from Last Balance Sheet	<b>38.2</b>	33.8
Profit available for appropriation	<b>81.8</b>	81.7
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	<b>4.3</b>	4.8
Interim Dividend	<b>16.7</b>	16.7
Tax on Interim Dividend	<b>2.7</b>	2.7
Final Dividend	<b>16.7</b>	16.7
Tax on Final Dividend	<b>2.8</b>	2.7

## Analysis of Results for 2012-2013 Performance and Operations

Your Company registered sales turnover during the year at Rs. 745.1 Million as compared to Rs. 688.9 Million in the previous year, which represents an increase of 8.1%. Profit before Depreciation, Interest and Taxation was Rs. 79.7 Million as compared to Rs. 91.6 Million in the previous year. This was because of increase in raw material cost, employee cost and finance costs. Profit before Tax was Rs.60.6 Million, as compared to Rs. 71.3 Million last year. Profit after Tax was Rs.43.6 Mil as compared to Rs.47.9 Million last year.

Sluggish economic conditions in Europe and Greek coupled with accelerating depreciation in value of rupee against US \$, increased the raw material cost. However Company could not pass on increase in raw material cost to the After Market Customers due to increased competition & recession. To offset the increase in raw material cost, Company worked on value engineering by use of alternate grades, which resulted in some marginal relief.

## Transfer to Reserve

Company has transferred Rs.4.3 Million to General Reserves.

## Dividend

Your Company had declared an interim dividend of Rs. 2.00 per equity share during the financial year under review. Your Directors recommend final dividend of Rs 2.00 per Equity Share for the financial year 2012-13, making total dividend to Rs.4.00 per Equity Share, which is 400%.

## Exports

Exports during the financial year under review amounted to Rs.75.0 million as compared to Rs. 57.5 million in the previous year. Your Company has thus registered a growth of 30% in the exports segment during the financial year under review. Exiting out of asbestos based material and the company being certified as GREEN by Maharashtra pollution control board has helped overseas customers make a preference for the company. The rupee value depreciating against US dollar has also supported increase in export value. 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. Company has commenced laboratory level production. The learning will help derisk the investments planned for series production.

## Pollution And Environmental Control

During the financial year under review, your Company continued its efforts towards conservation of energy, laying 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 a 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 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 year. There are no unclaimed fixed deposits.

## Directors

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

## Compliance Certificate from Company Secretary In Whole Time Practice

Pursuant to proviso to Section 383 A (1) of the Companies Act, 1956, the 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, 2013 and of the Statement of Profit and Loss for the year ended March 31, 2013;
- (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. The Company conforms with 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, 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, 2013

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, 2013.

## 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 single & multi layer Dimpled Construction for heat shield application in gasoline as well as diesel engines.
  - b) Development of Single (Mono) Layer, three layer/four layer Multi Layered Steel Cylinder Head Gaskets with Selective Rubber Deposition for Diesel Engines.
  - c) Capability to offer Products Designs in Virtual Formats by using 3D Solid Models.
2. Benefits derived as a result of the above R&D : Opportunity to penetrate sale of Heat Shields & Gaskets to OE in India and branded spares customers, Recognition by OEs as a Supplier of Reliable Products which are upfront validated. 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 of New Generation & Tighter Emission Norms.
  - b) Edge Molded Gaskets using Cost Effective Constructions.
  - c) Cylinder Head Gaskets for Two wheelers (4 stroke engines)
  - d) Offer Solutions for Heat Shields with focus on NVH & light weight materials.

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

4. Expenditure on R&D : Rs. in Million
  - (a) Capital : 7.4
  - (b) Recurring : 5.0
  - (c) Total : 12.4
  - (d) Total R&D Expenditure as percentage of total turnover : 1.8%

## 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. 73.3 million. (Previous Year: Rs. 56.8 million)  
Outgo : Rs. 158.2 million. (Previous Year: Rs. 136.6 million)

For and on behalf of the Board

Place : Pune, Maharashtra  
Date : May 21, 2013

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, 2013.

Name	Age (Years)	Remuneration (Rs. in Million)	Designation	Nature of Duties	Qualification	Experience (Years)	Date of Joining	Last Employment Held Designation	Name of Employer
Mr. Sandeep Balooja	55	7.27	Business Director	On deputation to group company	B.Com, MBA	34	September 1979	-	-

- Notes:**
- (1) The nature of employment is contractual.
  - (2) Remuneration as shown above included 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. Company has always striven to incorporate appropriate standards for good corporate governance. The 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 Member/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	No	7	6	1
Mr. Satish Sekhri	N.E.D., I	3	No	4	2	-
Mr. M S Shankar	N.E.D., I	4	Yes	-	-	-

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 under review four Board Meetings were held on 17th May 2012, 25th July 2012, 22nd October 2012 and 4 th March 2013.

#### Information presented to the Board:

- Annual operating plans, budgets and any update therein;
- Capital budes and any updates therein;
- Quarterly results for 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 Vice President 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 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 were held on 17th May 2012, 25th July 2012, 22nd October 2012 and 4 th March 2013.

Mr Sunil Kaul attended all four meetings. M/s Satish Sekhri and M K Goyal attended three meetings during the year.

The Audit Committee meetings are 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 and Mr. M K Goyal is the other member.

Committee did not hold any meetings 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 and 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 Profits 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	14
Number resolved	14
Number pending	Nil
Number pending transfers as on 31/3/2013	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. While almost all the rest were attended to within maximum period of 30 days. All transfers were completed within 30 days.

## 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.

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 27, 2011 at 2.30 p.m.
11 <sup>th</sup> Annual General Meeting	152/223, Mahalunge, Chakan Talegaon Road, Tal. Khed, Dist. Pune 410 501	July 25, 2012 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 2010

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 372 A of the Companies Act, 1956.
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 year effective from financial year 2009-10.

20<sup>th</sup> July 2011

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 372 A of the Companies Act, 1956.
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.

No special resolution was passed at the Annual General Meeting held on 25th July 2012.

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

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

**Mr. Satish Sekhri:** Mr. Satish Sekhri is a Engineer and MBA. He has over 32 years experience in renowned companies. He has rich and varied experience in Operation, HR and General Management.

## 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 24th July 2013 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 Unaudited results are reviewed by the Board, in the first meeting held after completion of 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. 24<sup>th</sup> July 2013

Dividend Payment date(s) Before 24<sup>th</sup> August 2013

Listing on Stock Exchange The Company's shares are not listed on Stock Exchanges.

Market Price Data: Not Applicable.

High, Low during each month in the last financial year.

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 31.03.2013.	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 31.3.2013:**

Sr No.	Category	No. of Cases	% of Cases	No. of Shares	% of amount
1	1 - 5000	3352	99.58	536606	6.44
2	5001 - 10000	2	0.06	13780	0.17
3	10001 - 20000	2	0.06	29956	0.35
4	20001 - 30000	3	0.09	84368	1.01
5	40001 - 50000	4	0.12	184800	2.22
6	100001 & Above	3	0.09	7484632	89.81
Grand Total:		3366	100.00	8334142	100.00
1	No. of Shareholders in Physical Mode	1832	54.43	310218	3.72
2	No. of Shareholders in Electronic Mode	1534	45.57	8023924	96.28
Total		3366	100.00	8334142	100.00

**Shareholding pattern as on 31.03.2013:**

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	25	15538	0.19
Domestic Companies	45	72310	0.87
Resident Individuals	3278	537782	6.45
Total	3366	8334142	100.00

**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.

I confirm that the Company has in respect of financial year ended March 31, 2013, 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 21, 2013

Dilip Palve  
Chief Operating Officer

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## Annexure B

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

We hereby certify that:

- a) We have reviewed the financial statements for the year ended March 31, 2013 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 21, 2013

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 and devaluation of rupee. Further, increase in inflation coupled with rationalization of fiscal policies reduced the money supply in the market. The Automotive Industry came with new, trendy models and next generation vehicles which helped to generate buyer's interest to some extent. Two wheeler segments showed little growth. Growth in Passenger Cars, Utility Vehicles, and Heavy Commercial Vehicles segment was lesser than the previous year. The light commercial segment showed some stability.

Original Equipment Manufacturers continued to pursue their drive of reduction in cost of purchased parts through various programs including exploring new suppliers.

The Aftermarket declined due to lower consumption, which was due to higher interest rates and lower liquidity in market.

## Sustainable growth opportunities

Company's focus on development of Heat Shields and Multi Layered Steel Gaskets for engines during the previous year, helped the company to achieve growth. Though there were recessionary trends in market, the OEMs focused on development of new engines and vehicles which helped the company 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. The initiative of Anand Heijunka Production System 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. Innovation is key to success by being reactive at a faster pace and being proactive in anticipation of rapid changes. The company reflects advancements through Innovation in all its decision making across every sphere of its work. The company has worked on changing mind set of employees through Three Gear thinking methodology of innovation. The engineers trained in methodology of Innovation are challenging the areas of constraint 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.

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. The 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 has become operational during last year.

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 248 employees as on March 31, 2013, consisting of persons 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 21, 2013

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 31st March, 2013 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 17.05.2012, 25.07.2012, 22.10.2012 and 04.03.2013, in respect of which meetings' notices were generally given and the proceedings were recorded and signed including minutes of the committees in the Minutes Book maintained for the purpose. However, there was a gap of more than 120 days between two Board Meetings held on 22.10.2012 and 04.03.2012. (No Circular resolution was passed.)
5. The Company has not closed its Register of Members and Share transfer books during the year. However, the Company had fixed 18th July 2012 and 25th October 2012 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 31st March, 2012 was held on 25th July 2012 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 Company has not issued any duplicate share certificate during the financial year.
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 27.07.2012 and 25.10.2012 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 31.07.2012 and on 12.11.2012 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. 01.09.2012 and 01.12.2012 respectively.  
(iv) The company has transferred the amounts in Unpaid dividend account 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. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
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 required to obtain the approval of the Regional Director under Section 141 of the Act for condonation of delay in filing with the Registrar of Companies Form 8 in respect of the charge created on 25.07.2012.
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 31.03.2013 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.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has 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 21, 2013

**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. Minutes Book of Board Meetings u/s 193 of the Act.
4. Minutes Book of General Meetings u/s 193 of the Act.
5. Minutes Book of Audit Committee Meetings.
6. Minutes Book of Shareholders Grievance Committee Meetings.
7. Minutes Book of Share Transfer Committee Meetings.
8. Books of Accounts u/s 209 of the Act are being audited by the Statutory Auditors of the Company.
9. Register of Contracts u/s 301 of the Act.
10. Register of disclosure of interest u/s 301 of the Act.
11. Register of Particulars of Directors etc. u/s 303 of the Act.
12. Register of Directors' Shareholding u/s 307 of the Act.
13. 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 21, 2013

**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 2013.**

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 66 along with Compliance Certificate	383A	Compliance certificate for financial year 2011-12	12.08.2012	Yes	NA
2	Form 32	303(2)	Registration of Resolutions passed by in AGM held on 25.07.2012	12.08.2012	Yes	NA
3	Form 1 INV	205A	Details of Unpaid Dividend 2004-05 transferred to IEPF	31.08.2012	Yes	NA
4	Form 5 INV	205	Details of unpaid and unclaimed dividend as at 20.07.2011	31.08.2012	--	--
5	Form 8	135	Modification of charge dated 01.09.2011 in favour of Union Bank Of India.	31.08.2012	No	NA
6	Form 20B along with Annual Return	159	Annual Return made upto 25.07.2012	07.09.2012	Yes	NA
7	Form 23AC & 23ACA along with Annual Report	220	Annual Report for the year ended 31.03.2012	03.11.2012	Yes	NA
8	Form 5 Inv	205	Details of unpaid and unclaimed dividend as at 25.07.2012	15.11.2012	--	--
9	Form 1 INV	205A	Details of Unpaid Interim Dividend 2005-06 transferred to IEPF	28.12.2012	Yes	NA
10	Form 8	125	Creation of charge dated 16.11.2012 in favour of Tata Capital Financial Services.	08.01.2013	No	Yes
11	Form A-XBRL	209 (1)(d)	Cost Compliance Certificate for 2011-12	30.01.2013	--	--
12	Form 21	141	Order of Regional Director dated 21.01.2013 for condonation of delay in filing Form 8	11.02.2013	Yes	N.A.
13	Form 8	125	Creation of charge on 25.07.2012. in favour of Union Bank Of India.	20.03.2013	No	Yes

**For Parikh Parekh & Associates**

Place : Mumbai  
Date : May 21, 2013

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

# Independent Auditors' Report

## TO THE MEMBERS OF VICTOR GASKETS INDIA LIMITED

1. We have audited the accompanying financial statements of Victor Gaskets India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### 2. Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

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

3.2 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### 4. Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and;
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### 5. Report on Other Legal and Regulatory Requirements

5.1 As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

5.2 As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books.
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Place : Pune  
Dated : May 21, 2013

## Annexure to the Auditors' Report

(Referred to in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
    - (b) All the assets were physically verified by the Management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets.
    - (c) During the year, Company has not disposed off 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 the 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 were 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, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. In respect of transactions entered in the register maintained in pursuance of 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 and explanations given to us and excluding certain transactions in pursuance of contracts or arrangements mentioned above of purchases 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 deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and Rules framed there under.
- vii. In our opinion, the Company has an internal audit system, which is commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed 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 made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix. According to the records of the Company examined by us and information and explanations given to us:
- (a) The Company is 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, cess and other applicable 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 2013 for a period of more than six months from the date they became payable.

- (b) As on 31st March 2013, 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 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	
	Tax, Interest thereon	9.48	2003-04	
	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 current year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xi. Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
- xii. Based on the records examined by us and 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, or other securities.
- xiii. The provisions of any applicable statute to Chit Fund, Nidhi or Mutual Benefit Fund / Society are not applicable to the Company.
- 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 of Rs. 11840 lakhs 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 the information and explanations 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 of shares 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

**Devdatta Mainkar**  
Partner  
Membership No. 109795

Place : Pune  
Date : May 21, 2013

# Balance Sheet as at 31st March, 2013

Particulars	Note No	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	8,334	8,334
(b) Reserves and Surplus	3	1,48,563	1,44,080
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	72,755	82,549
(b) Deferred tax liabilities (Net)	24	6,514	5,214
(c) Long-term provisions	5	5,526	4,311
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	6	72,631	44,193
(b) Trade payables	7	67,586	86,328
(c) Other current liabilities	8	43,036	38,693
(d) Short-term provisions	9	42,702	42,749
<b>Total</b>		<b>4,67,647</b>	<b>4,56,451</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	1,17,853	1,11,312
(ii) Intangible assets	10	3,997	2,297
(iii) Capital work-in-progress	10	-	-
(b) Deferred tax assets (net)			
(c) Long term loans and advances	11	39,080	37,693
<b>(2) Current assets</b>			
(a) Inventories	12	79,419	82,803
(b) Trade receivables	13	1,49,214	1,16,602
(c) Cash and cash equivalents	14	14,177	27,879
(d) Short-term loans and advances	15	34,560	59,885
(e) Other current assets	16	29,348	17,980
<b>Total</b>		<b>4,67,647</b>	<b>4,56,451</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  
Pune, May 21, 2013

**DILIP PALVE**  
VP & COO

**ASHISH ASHTEKAR**  
Financial Controller

Pune, May 21, 2013

**SUNIL KAUL**  
Chairman

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

Directors

# Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note No	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
I. Revenue from operations (Gross)	17	7,45,087	6,88,991
Less: Excise Duty	17	(84,690)	(66,809)
<b>Revenue from operations (Net)</b>		<b>6,60,397</b>	<b>6,22,182</b>
II. Other Operating Income	17	16,755	16,298
III. Other Income	18	12,311	15,060
IV. <b>Total Revenue</b>		<b>6,89,463</b>	<b>6,53,540</b>
V. <b>Expenses:</b>			
Cost of materials consumed	19	4,05,564	3,63,301
Changes in inventories of work-in-progress and finished goods	19A	(184)	5,210
Employee benefit expense	20	73,310	65,898
Financial costs	21	4,759	2,476
Depreciation and amortization expense	10	15,319	18,522
Other expenses	22	1,30,138	1,26,820
<b>Total Expenses</b>		<b>6,28,907</b>	<b>5,82,226</b>
VI. Profit before exceptional and extraordinary items and tax (IV - V)		60,556	71,313
VII. Exceptional Items		-	-
VIII. Profit before Extraordinary Items and tax (VI - VII)		60,556	71,313
IX. Extraordinary Items		-	-
X. Profit before tax (VII - VIII)		60,556	71,313
XI. Tax expense:			
(1) Current tax		15,902	22,557
(2) Deferred tax		1,299	808
XII. Profit/(Loss) for the period from continuing operations (X - XI)		43,355	47,949
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)		43,355	47,949
XVII. Earning per equity share:			
(1) Basic	28	5.20	5.75
(2) Diluted	28	5.20	5.75
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  
Pune, May 21, 2013

**DILIP PALVE**  
VP & COO

**ASHISH ASHTEKAR**  
Financial Controller

Pune, May 21, 2013

**SUNIL KAUL**  
Chairman

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

Directors

# Notes to Accounts for the year ended March 31, 2013

## 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:

- 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.
- 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.
- Foreign exchange fluctuations on payment / restatement of long term liabilities related to fixed assets are adjusted to profit and loss account.
- 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%

- 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.

Interest income is accounted on accrual basis/ time proportionate basis at contractual rates.

Revenue in respect of insurance and other claims are recognised to the extent the company is reasonably certain of their ultimate collection.

#### **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, 2013

## Note No. 2 : Share Capital

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Authorised Shares</b>		
15,000,000 (Previous Year: 15,000,000) equity shares of Rs. 1/- each	<u>15,000</u>	<u>15,000</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>8,334</u>	<u>8,334</u>
<b>Total</b>	<u>8,334</u>	<u>8,334</u>

### a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares	
	Number	Amount Rs.
Shares outstanding at the beginning of the year	83,34,142	83,34,142
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	83,34,142	83,34,142

### b. Terms/rights attached to the Equity Shares

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.

### c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	March 31, 2013	March 31, 2012
Asia Investments Pvt. Ltd. (Holding Company)	72,58,352	72,58,352
	87.09%	87.09%

### d. Details of shareholders holding more than 5% shares in the company

	March 31, 2013	March 31, 2012
Asia Investments Pvt. Ltd. (Holding Company)	72,58,352	72,58,352
	87.09%	87.09%

### Note No. 3 : Reserves and Surplus

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Securities Premium Reserves</b>		
Balance as per the last financials statements	37,532	37,532
<b>General Reserve</b>		
Balance as per the last financials statements	68,385	63,590
Add: Amount transferred from surplus balance in the statement of profit and loss	4,335	4,795
<b>Closing Balance</b>	<b>72,720</b>	<b>68,385</b>
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Balance as per the last financials statements	38,164	33,755
Profit for the year	43,355	47,948
Less: Appropriations:		
Transferred to General Reserve	4,335	4,795
Interim Equity Dividend	16,668	16,668
Tax on Interim Equity Dividend	2,704	2,704
Proposed Final Equity Dividend	16,668	16,668
Tax on proposed Final Equity Dividend	2,833	2,704
<b>Net Surplus in the statement of profit and loss</b>	<b>38,310</b>	<b>38,164</b>
<b>Total</b>	<b>1,48,563</b>	<b>1,44,080</b>

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

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Long term maturities of finance lease obligations</b>		
Vehicle Lease Payable (Secured)	437	686
<b>Deferred payment liabilities</b>		
Deferred Sales tax liabilities (Unsecured)	72,317	81,863
<b>Total</b>	<b>72,755</b>	<b>82,549</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, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
Provision for Leave Encashment	5,526	4,311
<b>Total</b>	<b>5,526</b>	<b>4,311</b>

## Note No. 6 : Short-term borrowing

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Loans repayable on demand (Secured)</b>		
Cash Credit From Banks	46,564	32,137
Buyers Credit From Banks	21,092	7,877
<b>Deposits from Customers</b>	4,974	4,179
<b>Total</b>	<b>72,631</b>	<b>44,193</b>

Cash Credit and Buyers Credit from banks are secured by hypothecation of Company's inventories, receivables and movable Plant & Machinery. The 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, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
Payable to Micro & Small Enterprises (refer Note No 23)	-	-
Payable to Others	67,586	86,328
<b>Total</b>	<b>67,586</b>	<b>86,328</b>

## Note No. 8 : Other current liabilities

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Current maturities of finance lease obligation</b>		
Vehicle Lease Payable (Secured)	249	216
Deferred Sales tax liabilities (Unsecured)	9,546	5,382
Unpaid dividends	1,491	1,311
<b>Others</b>		
TDS and TCS payable	1,946	591
Sales tax Payable	2,845	2,887
Excise duty payable	2,852	2,126
Profession tax payable	32	24
Contribution to provident fund payable	306	245
Creditors for capital goods	3,924	7,125
Acceptances from Debtors	798	1,326
Payable to Employees	2,548	2,710
Other payables	16,499	14,750
<b>Total</b>	<b>43,036</b>	<b>38,693</b>

## Note No. 9 : Short-term provisions

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Provision for employee benefits</b>		
Provision for leave encashment	144	151
<b>Others</b>		
Provision for proposed equity dividend	16,668	16,668
Provision for tax on proposed equity dividend	2,833	2,704
Provision for current employee benefits	5,415	5,398
Others - Provision for Discounts & Coupons	17,642	17,828
<b>Total</b>	<b>42,702</b>	<b>42,749</b>

**Note No. 10 : Fixed Assets**

(Rs '000)

Sr. Particulars No.	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 31.03.2013	WDV as on 31.03.2012
<b>I Tangible Assets</b>										
1 Land	6,504	-	-	6,504	-	-	-	-	6,504	6,504
2 Building	77,481	799	-	78,281	33,931	2,694	-	36,625	41,655	43,550
3 Plant and Equipment	1,96,247	18,243	338	2,14,151	1,39,899	10,505	183	1,50,221	63,930	56,348
4 Furnitures & Fixtures	10,967	649	-	11,615	8,356	450	-	8,807	2,808	2,610
5 Vehicles	5,859	1,695	892	6,662	4,796	995	848	4,944	1,718	1,063
6 Vehicle on Lease	1,282	-	-	1,282	45	-	-	45	1,237	1,237
<b>SUB TOTAL (A)</b>	<b>2,98,339</b>	<b>21,386</b>	<b>1,231</b>	<b>3,18,494</b>	<b>1,87,028</b>	<b>14,644</b>	<b>1,030</b>	<b>2,00,642</b>	<b>1,17,853</b>	<b>1,11,312</b>
<b>II Intangible Assets</b>										
1 Technical Know how	11,162	-	-	11,162	9,976	255	-	10,231	931	1,185
2 Software	10,147	2,375	-	12,522	9,035	420	-	9,455	3,066	1,112
<b>SUB TOTAL (B)</b>	<b>21,309</b>	<b>2,375</b>	<b>-</b>	<b>23,683</b>	<b>19,012</b>	<b>675</b>	<b>-</b>	<b>19,686</b>	<b>3,997</b>	<b>2,297</b>
<b>III Capital Work-in-progress</b>										
Capital Work-in-progress	-	-	-	-	-	-	-	-	-	-
<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>3,19,648</b>	<b>23,760</b>	<b>1,231</b>	<b>3,42,178</b>	<b>2,06,039</b>	<b>15,319</b>	<b>1,030</b>	<b>2,20,328</b>	<b>1,21,850</b>	<b>1,13,609</b>
<b>Current Year</b>	<b>2,97,219</b>	<b>23,317</b>	<b>887</b>	<b>3,19,648</b>	<b>1,88,360</b>	<b>18,522</b>	<b>843</b>	<b>2,06,039</b>	<b>1,13,609</b>	<b>1,09,221</b>
<b>(Previous Year)</b>										

Note :- During the year the company has mortgaged its factory land at Chakan, Pune as Collateral Security for a Term Loan of Rs.11840 lakhs taken by Asia Investment Pvt.Ltd., Holding Company from Tata Capital Financial Services Ltd.

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

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Unsecured considered good</b>		
Capital Advances	1,738	2,141
Security Deposits	36,105	35,895
Advance Income Tax (net of Provision for Taxation)	1,237	(344)
<b>Total</b>	<b>39,080</b>	<b>37,693</b>

## Note No. 12 : Inventories

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
Raw materials	33,209	37,516
Work in progress	11,089	14,397
Finished goods	35,121	30,891
<b>Total</b>	<b>79,419</b>	<b>82,803</b>

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

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

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Trade Receivables outstanding for less than six months</b>		
Unsecured, considered good	1,48,526	1,15,216
Unsecured, considered doubtful	-	-
Less: Allowance for trade receivables	-	-
	<b>1,48,526</b>	<b>1,15,216</b>
<b>Trade Receivables outstanding for more than six months</b>		
Unsecured, considered good	688	1,387
Doubtful	1,244	1,097
Less: Allowance for trade receivables	(1,244)	(1,097)
	<b>688</b>	<b>1,387</b>
<b>Total</b>	<b>1,49,214</b>	<b>1,16,602</b>

## Note No. 14 : Cash and Cash equivalents

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Balances with banks:</b>		
On current account	7,921	6,983
On unpaid dividend account	1,491	1,311
On margin money deposits	4,732	19,549
Cash on hand	33	36
<b>Total</b>	<b>14,177</b>	<b>27,879</b>

Out of margin money deposit Rs.46,68,646 Deposit is lodged with banker for issuing bank guarantees which matures annually. Security Deposit with Union Bank of India is of Rs.63,575 carrying interest rate of 9.4% maturing on 22.01.2022

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

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
Security Deposits (Unsecured, considered good)	30	231
<b>Sub Total-A</b>	<b>30</b>	<b>231</b>
Intercompany Deposit (Unsecured, considered good)	10,180	30,023
<b>Sub Total-B</b>	<b>10,180</b>	<b>30,023</b>
<b>Other loans and advances</b>		
Advance income tax (net of provision for taxation)	2,332	4,772
Prepaid expenses	1,564	1,400
Loan to employees	2,410	2,703
Balance with Statutory/Government Authorities	9,641	7,871
Prepaid gratuity	835	2,985
Gratuity receivable from LIC	3,368	451
Advance paid for Materials	4,128	9,377
Tender Deposits	73	73
<b>Sub Total-C</b>	<b>24,351</b>	<b>29,631</b>
<b>Total</b>	<b>35,061</b>	<b>59,885</b>

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

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
DEPB in Hand	1,596	1,927
Accrued Income	2,112	707
Other Receivables	25,640	15,346
	<b>29,348</b>	<b>17,980</b>

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

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Revenue from Operations</b>		
Sale of finished goods	7,45,087	6,88,991
Less: Excise Duty	(84,690)	(66,809)
Net Sales	<b>6,60,397</b>	<b>6,22,182</b>
<b>Other operating revenues</b>		
Scrap Sales	13,419	12,611
Export Incentives	3,336	3,687
	<b>16,755</b>	<b>16,298</b>
<b>Revenue from operations (Net)</b>	<b>6,77,152</b>	<b>6,38,480</b>

# Notes forming part of the Statement of Profit and Loss Account for the year ended March 31, 2013

## Note No. 18 : Other Income

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Interest income on</b>		
Bank deposits	1,158	541
Intercorporate Deposits	1,518	6,588
Others	951	936
<b>Other non-operating income</b>		
Misc Income	1,661	2,373
Balances in respect of earlier years written back	-	6,227
Foreign Exchanges Loss / (Gain)	1,901	(2,286)
Insurance Claim	1,000	-
Profit / (Loss ) on Sales of Fixed Assets	71	22
Others	4,051	660
<b>Total</b>	<b>12,311</b>	<b>15,060</b>

## Note No. 19 : Cost of Material consumed

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Cost of raw material and componenats consumed</b>		
Inventory at the beginning of the year	37,516	33,328
Add: Purchases	4,01,257	3,67,489
Less: Inventory at the end of the year	33,209	37,516
Cost of raw material and componenats consumed	4,05,564	3,63,301
<b>Increase/(decrease) in work-in-progress and finished goods</b>		
<u>Inventory at the end of the year</u>		
Work-in-progress	11,089	14,397
Finished goods	35,121	30,891
	<u>46,210</u>	<u>45,287</u>
<u>Inventory at the beginning of the year</u>		
Work-in-progress	14,397	12,461
Finished goods	30,891	38,265
	<u>45,287</u>	<u>50,726</u>
Increase/(decrease) in work-in-progress and finished goods	923	(5,439)
Increase / (Decrease) of Excise Duty on Closing Stock	739	(228)
Increase/(decrease) in work-in-progress and finished goods (A)	(184)	5,210
<b>Total</b>	<b>4,05,380</b>	<b>3,68,511</b>

## Note No. 20 : Employee Benefits Expense

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
Salaries,wages and bonus	58,059	53,670
Contribution to provident, Gratuity and other funds	2,120	794
Other empolyment benefit expenses	502	592
Staff welfare expenses	12,629	10,841
<b>Total</b>	<b>73,310</b>	<b>65,898</b>

**Note No. 21 : Financial Costs**

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
<b>Interest expenses</b>		
Interest on Cash Credit	2,458	1,345
Interest on Buyers Credit	1,151	183
Interest on Others	252	227
Bank Processing Fees	899	721
<b>Total</b>	<b>4,759</b>	<b>2,476</b>

**Note No. 22 : Other Expenses**

	March 31, 2013 (Rs. '000)	March 31, 2012 (Rs. '000)
Consumption of stores and spare parts	1,697	2,009
Processing charges	27,933	26,434
Tooling expense	5,528	4,564
Advertisement & Publicity	13,469	10,510
Power and fuel	6,665	5,738
Bank Charges	1,938	1,966
Rent	1,341	1,127
Repairs to buildings	756	1,914
Repairs to machinery	3,107	2,765
Repairs to others	7,304	6,368
Insurance	710	313
Communication expense	1,629	1,575
Printing & stationery	1,103	972
Packing & Forwarding Charges	8,327	8,295
Travelling	7,404	6,123
Research & Development Expenses	2,060	1,290
Legal & Professional Fees	24,237	23,729
Payment to auditors	775	775
Security expense	1,234	1,245
Bad Debts	-	-
Provision for Doubtful Debts	147	124
Discount on sales	7,380	14,417
Rates and Taxes, excluding taxes on income	1,328	1,326
Tooling Loss	553	671
Miscellaneous expenses	3,513	2,569
<b>Total</b>	<b>1,30,138</b>	<b>1,26,820</b>

23. Identification of suppliers covered under Micro, Small & Medium Enterprises Development Act, 2006, is done on the basis of information provided by the suppliers. Total outstanding to such suppliers as on 31.3.2013 is Rs. nil (previous year Rs. nil)

**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, 2013 is given below:

(Rs. '000)

	31 March, 2013		31 March, 2012	
	Deferred Tax Asset	Tax Deferred Liability	Tax Deferred Asset	Deferred Tax Liability
Timing Differences on account of:				
Depreciation		10,962		8,491
Expenses allowable as and when paid	4,025		2,921	
Provision for Doubtful Debts	423		356	
	<b>4,448</b>	<b>10,962</b>	<b>3,277</b>	<b>8,491</b>
<b>Net Deferred Tax Liability</b>		<b>6,514</b>		<b>5,214</b>

**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 31.03.2013	Year ended 31.03.2012
Revenue (Net of Excise)		
Exports	75,006	57,490
Domestic	5,85,391	5,64,692
<b>Total</b>	<b>6,60,397</b>	<b>6,22,182</b>
Trade Receivables		
Exports	24,582	18,395
Domestic	1,24,632	98,207
<b>Total</b>	<b>1,49,214</b>	<b>1,16,602</b>

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

26. **Capital commitment (Rs. '000)** 4,859 8,447

**27. Contingent Liability**

(Rs. '000)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
(i) Bank Guarantees:	682	125
(ii) Service Tax	801	801
(iii) Sales Tax Claims Against which Company has preferred an appeal	3,422	3,422
(iv) Corporate Guarantee extended in favour of Tata Capital Financial Services Ltd, on behalf of Asia Investments Pvt Ltd.- Holding Company	11,84,000	6,65,700
(v) Negative lien given to Tata Capital Financial Services Ltd, on behalf of Anand Automotive Ltd. - Fellow Subsidiary	1,25,000	-

**28. Earnings per Share:**

		2012-2013	2011-2012
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>43,355</b>	47,949
Earning per Share (Rs.)			
Basic / Diluted	(b/a)	<b>5.20</b>	5.75
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 31,2013 (Included in "Schedule 14" Personnel Expenses)			
1	Current Service cost	930	7,01
2	Interest Cost	306	378
3	Expected return on plan assets	-	
4	Actuarial (Losses)/ Gains	1,706	(948)
5	Total expense	2,941	132
Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the period ended March 31,2013			
1	Net Asset/(Liability) at beginning of period	(4,462)	(4,779)
2	Employee Expense	(2,941)	(132)
3	Contributions Paid	1,732	449
4	Net Asset/(Liability) at the end of the period	(5,670)	(4,462)
5	Actual Return on plan assets	-	-
	Actuarial Assumptions **	As at March 31, 2013	As at March 31, 2012
1	Discount Rate	8.5% per annum	8.5% per annum
2	Expected rate of return on plan assets	-	7% per annum (Gratuity)
3	Mortality Table	LIC (1994-96) ULTIMATE	LIC (1994-96) (ULTIMATE)
4	Salary Increase	7%	7%

**Gratuity**

Expense recognised during the period ended March 31,2013 (Included in 'Note 20' Employee Benefit Expenses)						
		2013	2012	2011	2010	2009
1	Current Service cost	<b>1,135</b>	997	993	785	674
2	Interest Cost	<b>575</b>	801	628	510	420
3	Expected return on plan assets	<b>(1,046)</b>	(755)	(610)	(512)	(468)
4	Actuarial (Losses)/ Gains	<b>4,612</b>	(3,127)	623	531	705
5	Total expense	<b>5,275</b>	(2,085)	1,634	1,314	1,331

Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the period ended March 31, 2013						
		2013	2012	2011	2010	2009
1	Net Asset/(Liability) at beginning of period	<b>2,985</b>	(1,661)	(2,478)	(1,351)	(1,048)
2	Employee Expense	<b>(5,275)</b>	2,085	(1,634)	(1,314)	(1,330)
3	Contributions Paid	<b>3,125</b>	2,561	2,451	187	1,028
4	Net Asset/(Liability) at the end of the period	<b>835</b>	2,985	(1,661)	(2,478)	(1,350)

**Actuarial Assumptions**

1	Discount Rate	<b>8.05%</b>	8.50%	8.30%	8 % p.a	7.5 % p a
2	Expected Rate of Return on Plan Assets	<b>9.25 % pa</b>	8.15 % pa	7 % pa	7 % 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. 21.20 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, 2013 is given below.

(Rs. '000)

Particulars	Due Within 12 Months	Due Between 12-60 Months	Due for more than 60	Total Amount Due
Minimum Lease	331	475	-	806
Less: Amount representing Interest	83	37	-	120
Present value of Minimum Lease	249	437	-	686

**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.	2012-2013	23,14,860	30,891	11,40,065	35,121
	Nos.	2011-2012	29,61,523	38,266	23,14,860	30,891

(b) **Turnover**

Gaskets	Unit	Year	Qty	Value in Rs. ('000)
2011-2013	Nos.		4,12,43,822	6,60,397
2010-2012	Nos.		3,34,76,501	6,22,182

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

Particulars	Unit	2012-2013		2011-2012	
		Qty	Value in Rs.(000)	Qty	Value in Rs.(000)
Cork Materials	Sheets	25,025	4,078	15,557	2,474
Cork frames/gaskets	Nos.	7,18,142	10,844	6,04,689	10,886
Tin	Kgs	3,31,622	20,764	3,64,038	22,181
Copper	Kgs	6,028	3,784	6,800	3,968
Steel	Kgs	4,69,784	65,878	3,96,584	64,933
Betaflex/Flexoid	Sq.mtrs	35,038	3,557	46,685	4,127
Semi-Finished Gaskets	Nos.	29,74,884	54,756	31,04,415	54,075
Moulded Rubber Gaskets	Nos.	12,99,200	14,218	13,58,466	12,053
Non-Asbestos	Kgs	6,28,170	1,64,529	5,06,573	1,30,848
Others			63,154		57,756
			4,05,564		3,63,301

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

	2012-2013				2011-2012			
	Raw Materials and Packing Materials		Spares		Raw Materials and Packing Materials		Spares	
	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
Imported	1,68,343	41.5%	-	0.0%	1,46,834	40.4%	-	0.0%
Indigenous	2,37,221	58.5%	1,697	100.0%	2,16,467	59.6%	2,009	100.0%
	4,05,564	100.0%	1,697	100.0%	3,63,301	100.0%	2,009	100.0%

**33. Auditor's Remuneration**

	2012-2013 Rs. ('000)	2011-2012 Rs. ('000)
Audit Fees	650	650
Tax Audit Fees	125	125

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

	2012-2013 Rs. ('000)	2011-2012 Rs. ('000)
Raw Materials	1,53,032	1,35,580
Machinery/ Spares	4,473	385

**35. Expenditure in foreign Currency**

	2012-2013 Rs. ('000)	2011-2012 Rs. ('000)
Travelling	440	681
Export Commission	235	-

**36. Earning in Foreign Currency**

	2012-2013 Rs. ('000)	2011-2012 Rs. ('000)
FOB Value	73,263	56,884

**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.**

	2012-13	2011-12
Capital Expenditure	7,817	3,676
Revenue Expenditure :	-	-
Materials	318	-
Personnel	461	-
Depreciation	4,267	-
Others	-	-
Total Revenue Expenditure	5,047	4,593
Total Capital & Revenue Expenditure	12,864	8,269

**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.	2012-13	<b>8,103</b>	<b>5,361</b>	<b>13,464</b>
	2011-12	3,082	3,188	6,270
Amount payable as at year end	2012-13	-	-	-
	2011-12	-	1,381	1,381
Deposit for Services as at year end	2012-13	-	<b>3,50,00</b>	<b>3,50,00</b>
	2011-12	-	35,000	3,50,00
Marketing Services rendered	2012-13	-	<b>18,721</b>	<b>18,721</b>
	2011-12	-	21,931	2,19,31
Advisory Services Received	2012-13	-	<b>21,876</b>	<b>21,876</b>
	2011-12	-	19,993	1,99,93
Others	2012-13	<b>4,551</b>	<b>7,884</b>	<b>12,435</b>
	2011-12	-	11,143	1,11,43
Reimbursement of expenses received (Cost of Deputation)	2012-13	-	<b>15,164</b>	<b>15,164</b>
	2011-12	-	17,161	1,71,61
Sale of Products	2012-13	-	<b>1,379</b>	<b>1,379</b>
	2011-12	-	755	7,55
Corporate Guarantee/Negative Lien extended	2012-13	<b>1,18,40,00</b>	<b>12,50,00*</b>	<b>1,30,90,00</b>
	2011-12	66,65,70	-	66,65,70
Dividend Paid	2012-13	<b>2,90,33</b>	-	<b>2,90,33</b>
	2011-12	4,35,50	-	4,35,50

\* Negative Lien

39. Previous years figures have been regrouped and re classified wherever necessary to correspond with the current years 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, 2013

	March 31, 2013		March 31, 2012	
	(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		60,556		71,313
Adjustment for :				
Depreciation	15,319		18,522	
Finance Costs	4,759		2,476	
Interest Income	(3,627)		(8,066)	
Foreign Exchange Loss	1,063		2,673	
Excess provision written back	-		(6,227)	
Tool Development Income	553		671	
DEBP Gain	(61)		(1,000)	
Profit/(Loss) on Fixed Assets sold	(71)		(22)	
Bad Debts				
Provision for Doubtful debts	147	18,082	124	9,152
<b>Operating profit before working capital changes</b>		<b>78,637</b>		<b>80,465</b>
Adjustments for changes in working capital :				
- (Increase)/Decrease in Sundry Debtors	(32,758)		(26,535)	
- (Increase)/Decrease in Other Receivables	(8,987)		(75,435)	
- (Increase)/Decrease in inventories	3,385		1,250	
- Increase/(Decrease) in trade and other payables	(37,206)	(75,567)	8,232	(92,488)
<b>Cash generated from Operations</b>		<b>3,071</b>		<b>(12,023)</b>
- Income Taxes and Wealth Tax Paid	(15,043)	(15,043)	1,006	1,006
<b>Net Cash from Operating activities</b>		<b>(11,972)</b>		<b>(11,018)</b>
<b>B. Cash Flow from Investing activities</b>				
Purchase of Fixed Assets	(23,397)		(22,910)	
Profit from Sale of Fixed Assets	125		66	
Intercorporate deposit given	(95,000)		(30,000)	
Intercorporate deposit received	1,15,000		1,15,498	
Interest received (Revenue)	3,627	355	8,066	70,720
<b>Net Cash used in Investing activities</b>				
<b>C. Cash Flow from Financing activities</b>				
Proceeds from Term Borrowings (Net)	(5,597)		(2,263)	
Proceeds From Working Capital Facilities (Net)	27,643		(20,321)	
Interest paid	(4,759)		(2,476)	
Dividend / Dividend Tax Paid	(19,372)	(2,087)	(19,372)	(44,433)
Net Cash used in/from Financing activities				
<b>Net Increase/ (Decrease) in cash and cash equivalents</b>		<b>(13,703)</b>		<b>15,271</b>
<b>Cash and Cash Equivalents opening balance</b>		<b>27,879</b>		<b>12,609</b>
<b>Cash and Cash Equivalents closing balance</b>		<b>14,177</b>		<b>27,879</b>
<b>Cash and Cash Equivalents comprises</b>				
Cash In Hand		33		36
Balance with Scheduled Banks		14,144		27,843

**Notes to the Cash Flow Statement for the year ended March 31, 2013**

- 1 The above cash flow has been prepared under the indirect method set out 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  
Pune, May 21, 2013

**DILIP PALVE**  
*VP & COO*

**ASHISH ASHTEKAR**  
*Financial Controller*

Pune, May 21, 2013

**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 12th Annual General Meeting on Wednesday, July 24, 2013 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 12th Annual General Meeting of the Company to be held on Wednesday, July 24, 2013 and at any adjournment thereof.

As witness my/our hand (s) this ..... day of ..... 2013

Signed by the said.....

Affix Re. 1.00 Revenue Stamp
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Heat shields for exhaust manifold and CATCON for passenger vehicles

Victor Gaskets India Limited  
1 Sri Aurobindo Marg, New Delhi - 110 016, India  
[www.victorgasketsindia.com](http://www.victorgasketsindia.com)

**VICTOR**