

VICTOR

annual report

2013-14

Leading with
INNOVATION

VICTOR GASKETS INDIA LIMITED
COMPANY PROFILE AND FINANCIALS

ANAND 





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Board of Directors



Sunil Kaul
Chairman



M K Goyal
Director



M S Shankar
Director

Dilip Palve
Vice President and COO

Ashish Ashtekar
Financial Controller

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

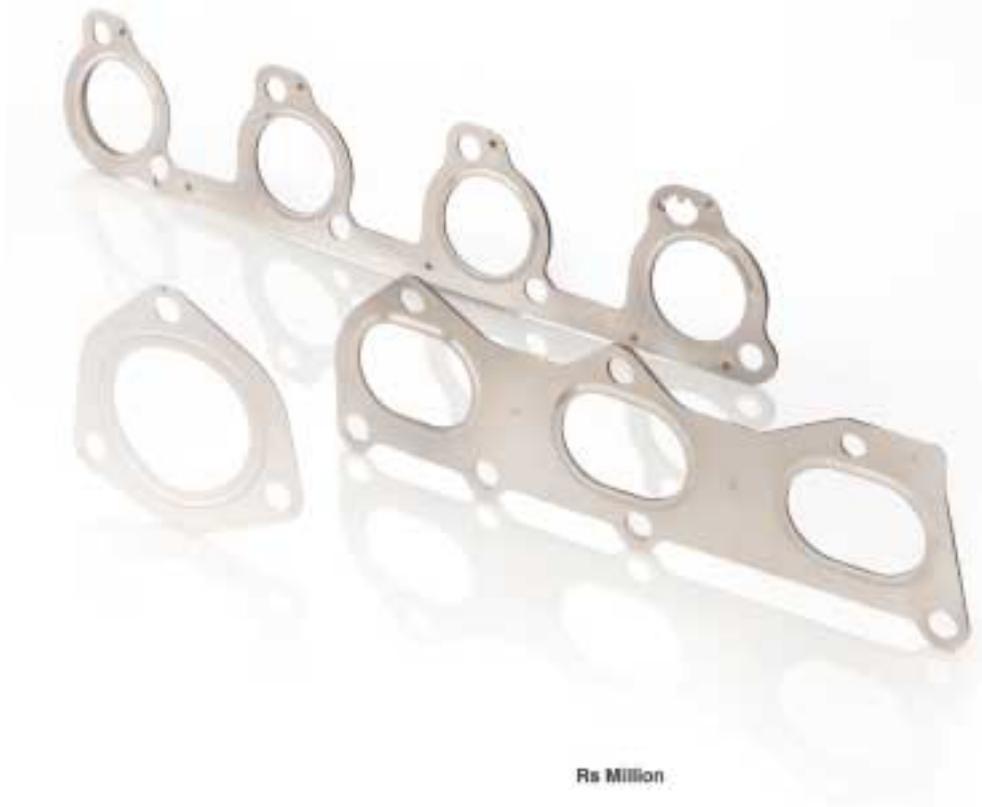
Registered Office

152/223, Village Mahalunge
Chakan Talegaon Road, Tal. Khed
District Pune 410 501, Maharashtra
Tel: (02135) 677300-301
Fax: (02135) 677328
CIN – U29117PN2001PLC018092

Manufacturing Facility

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

Financial Highlights



| | Rs Million | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2014 | Year ended March 31, 2013 |
| Sales | 711.0 | 745.1 |
| Exports | 76.2 | 75.0 |
| Profit Before Interest Depreciation & Tax (PBIDT) | 58.4 | 75.9 |
| Net Interest | 4.1 | 3.9 |
| Profit Before Tax | 37.0 | 60.6 |
| Profit After Tax | 29.9 | 43.4 |
| Net Worth | 167.3 | 156.9 |
| Dividend Payout | 19.5 | 38.9 |
| Export as a % to Sales | 10.6 | 10.1 |
| PBIDT as a % to Sales | 8.2 | 10.2 |
| PBT as a % to Sales | 5.2 | 8.1 |
| PAT as a % to Sales | 4.2 | 5.8 |
| Return on AVG. Net Worth %* | 18.4 | 28.0 |
| Dividend % | 200.0 | 400.0 |
| Dividend Cover | 1.5 | 1.1 |
| Earning Per Share (Rs.) | 3.6 | 5.2 |
| Book Value Per Share (Rs.)** | 19.4 | 18.6 |

Notes:

* Profit divided by Average Net Worth

** Average Net Worth divided by number of shares

Key Highlights

- Profit After Tax 29.8 Million INR
- Earning per share (Rs.) 3.6 INR
- Total Dividend 200%
- Bagged “Platinum Award” from FICCI for “Quality Systems Excellence” in Small Entrepreneur Category.

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 caters to a wide stretch of the market for segments ranging from Stationary Engines, Automotive Engines & Vehicles, Refrigeration Engines/Compressors, Small to Large Power Generation Units, Tractor/Agricultural Implements. The product range includes Gaskets for various applications like Cylinder Head, Exhaust Manifold, Intake Manifold, Tappet Cover, Oil Sumps & many other miscellaneous applications. The product Heat Shield is supplied to variety of applications like Exhaust Manifold, Catalytic Convertors, EGRs, Battery Units, Starter Motors, Oil Tanks etc.

The engine range being catered varies from a Two Wheeler 0.085 Ltr to a 32 Ltr engine for Heavy duty Genset/Marine application.

The products being offered have a very wide variety. The range includes right from the World Class Multi layer steel

head gasket to an Asbestos Free composite to Graphite composite Head Gaskets. The Head Gasket range also includes very unique technologies such as RCS Challenger for which company has filed a Patent. Multi layer Graphite Construction is another such unique construction. Both these are results of the extensive In-house Design, Development, Validation & Productionisation efforts taken by the company. Both these simultaneously accommodate the typical Indian style of usage patterns.

In product segment Heat Shield, company has taken efforts to offer designs, which are robust and are proven upfront before offering to customers. These cater to the latest DOC/DPF type of Exhaust Systems compliant to stringent emission norms.

The company continues its work of offering Asbestos Free products to its existing as well as new customers. The company exited out of asbestos in 2008 with the help of many unique Asbestos Free technologies.



Awards & Recognition

1 PLATINUM AWARD FROM FICCI



The company received Platinum award from FICCI in small size category

2 BEST SYSTEM IMPLEMENTATION AWARD FROM PIAGGIO



The company was recognised by Piaggio for successfully implementing Piaggio Quality System. Mr. A Shashank, Director-Materials, Sourcing & Special Projects, Piaggio, giving the award.

3 BEST OCCUPATIONAL HEALTH & SAFETY AWARD 2013 - ANAND GROUP

Technology & Quality Systems

The company emphasized lot of efforts in the areas of Upfront Designing and Verification to ensure its products go through the Validation Tests FIRST TIME RIGHT. In this regards, the company has invested in High-end Softwares. These Software will help the Design Engineers to Virtually Design Products and predict the failures even without physically manufacturing the products.

The approach of Product Engineering team working hand in hand with Customers' Engine Research agencies is paying dividends. Company has been successful in acquiring businesses on engines which are being re-designed for compliance with latest emission norms.

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

recognized by leading OEMs as a supplier with Zero PPM Supplies.

The focus on enhancing range of applications for the servicing of engines and vehicles in the Indian aftermarket continues. This has resulted in successful launches of new products for Commercial Vehicles.

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 Strategy

In the recent times when the market has been fluctuating, the Marketing officials have tried to be in close contact with Customers so as to ensure smoother supplies and reduce the uncertainties as much as possible.

Company continues its efforts to enter in the strategic segments like Two Wheeler and Passenger Car. These are showing positive signs.

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 Periodic Reviews & Tech Shows under ANAND umbrella.

Exports

The Company has tried to lay emphasis on increasing sales to existing customers and adding new customers.

This resulted in increase of exports to customers like Cummins Distribution Centers.

Shareholders

The company continues its focus and commitment towards the shareholders value. The Type II program was rolled out in this year has given opportunities to its own people and that of suppliers'. This program is being run as part of the Lean Initiative taken under the aegis of 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 Organizations, along side the Company in turn creating Value & WIN-WIN situation for both.

This also helps to achieve the noble Goal of knowledge sharing for the community at large.

The Company organizes annual visits of shareholders to visit the manufacturing facility and the operations.



Shareholders visit at Victor Annual General Meeting 2013

People Orientation

As part of ANAND Belief, VGIL corroborates that Business is 90 % people and that skilled & dedicated workforce is essential for successfully running the business. With the help of ANAND U, Victor Gaskets provides various training and enhancement opportunities to employees at all levels. These programs are customised to suit Business Needs. As a next step forward, ANAND "U" has come up with e-Learning as an Online initiative to provide Anywhere Anytime Learning.

The Management under guidance from the Japanese Leadership continues to focus on Journey of Innovation and Embedding Culture of Innovation. The results so far have been encouraging in terms of transforming the mindsets. The company believes this will enable its workforce stand in good stead in ever changing market scenario.



Visit of Leela Poonawala to review progress done by Victor on INNOVATION

The entire hierarchy of employees are given the opportunity of working closely with the eminent Japanese Gurus during various trainings and workshops, which focuses on Type II VSME initiative. This has immensely benefitted the employees in terms of adopting a different outlook for the benefit of customers and company apart from enhancing the skill set of individuals.

Corporate Social Responsibility

The Company continues to attach importance to the pursuit of excellence as a result of being a corporate citizen in its operations. The Company also supports social initiatives through field level activities which help in fostering the spirit of giving among other corporate/partners in the neighbourhood. The SNS Foundation, a charitable trust supports such activities.



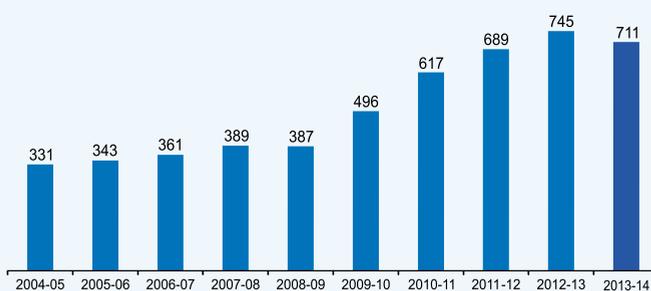
Blood Donation Camp organized in Victor as part of CSR Activity

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

Working Results at a Glance

Sales

(Rs. Million)



Gross Profit

(Rs. Million)



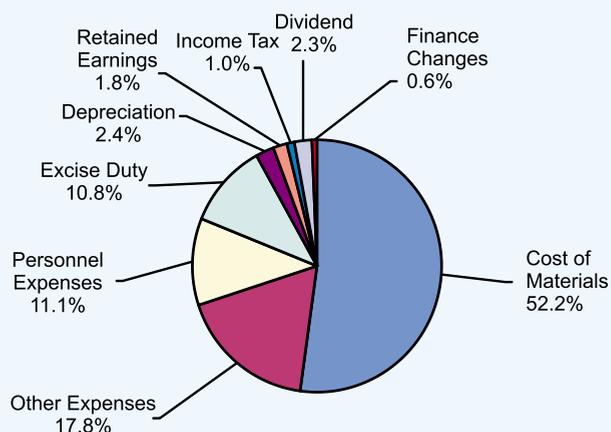
Shareholder's Funds

(Rs. Million)



Distribution of Income

(In %)



Working Results at a Glance

| | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|----------------------------|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | ₹ Million | | | | | | | | | |
| Share Capital | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Reserves & Surplus | 126 | 128 | 125 | 130 | 126 | 137 | 135 | 145 | 149 | 159 |
| Shareholders Fund | 135 | 136 | 133 | 138 | 134 | 145 | 143 | 153 | 157 | 167 |
| Loans | 104 | 91 | 98 | 95 | 125 | 132 | 152 | 127 | 145 | 135 |
| Deferred Tax Liability | 15 | 15 | 13 | 12 | 10 | 7 | 4 | 5 | 7 | 6 |
| Funds Employed | 254 | 242 | 244 | 246 | 269 | 284 | 299 | 285 | 308 | 307 |
| Fixed Assets (Gross) | 251 | 260 | 264 | 267 | 269 | 285 | 299 | 320 | 342 | 356 |
| Depreciation | 98 | 113 | 126 | 141 | 152 | 177 | 188 | 206 | 220 | 236 |
| Net Block | 153 | 147 | 138 | 126 | 117 | 108 | 111 | 114 | 122 | 120 |
| Net Current Assets | 100 | 95 | 106 | 119 | 152 | 176 | 188 | 170 | 187 | 188 |
| Net Assets Employed | 253 | 242 | 244 | 245 | 269 | 284 | 298 | 284 | 309 | 307 |
| | ₹ Million | | | | | | | | | |
| Sales | 331 | 343 | 361 | 389 | 387 | 496 | 617 | 689 | 745 | 711 |
| Gross Profit | 38 | 31 | 30 | 31 | 24 | 58 | 89 | 92 | 80 | 58 |
| Interest | 3 | 0 | 0 | 0 | 3 | 2 | 4 | 2 | 4 | 4 |
| Depreciation | 17 | 15 | 16 | 15 | 16 | 24 | 17 | 19 | 15 | 17 |
| Profit/ (Loss) Before Tax | 18 | 15 | 14 | 16 | 5 | 32 | 68 | 71 | 61 | 37 |
| Tax | 7 | 7 | 7 | 6 | 2 | 11 | 22 | 23 | 17 | 7 |
| Profit/ (Loss) After Tax | 12 | 8 | 7 | 10 | 3 | 21 | 46 | 49 | 43 | 30 |
| | ₹ | | | | | | | | | |
| Dividend per Share * | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 1 | 5 | 4.0 | 4.0 | 2.0 |
| Earning per Share * | 1.4 | 1.0 | 0.8 | 1.2 | 0.3 | 2.5 | 5.6 | 5.8 | 5.2 | 3.6 |
| | Million Nos | | | | | | | | | |
| Production: | | | | | | | | | | |
| Gaskets | 23 | 26 | 26 | 27 | 26 | 32 | 32 | 33 | 41 | 38 |

* There is a split in the face value of share from Rs.2.0 to Rs.1.0 during the year 2004-05.

Notice

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of VICTOR GASKETS INDIA LIMITED will be held on Thursday, September 11, 2014 at the Registered Office of the Company at 152/223, Mahalunge, Chakan Talegaon Road, Taluka Khed, Pune 410 501, Maharashtra at 2:30 p.m. to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Statement of Profit & Loss for the year ended as on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M S Shankar (DIN 02306859) who retires by rotation and being eligible, offers himself for re appointment.
3. To appoint M/s.B.K Khare & Co, Chartered Accountants, (FRN 105102W) as Statutory 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:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution:
“RESOLVED THAT pursuant to Section 180(1)(c) of the Companies Act, 2013 and the applicable rules and other enabling provisions, if any) consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time as it may consider fit, any sum or sums of money not exceeding Rs 30 Crores (Rs Thirty Crores) on such security and on such terms and conditions as the Board may deem fit notwithstanding that moneys so borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed aggregate of the paid up share capital and free reserves, that is to say, reserves not set apart for any specified purpose.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things that may be necessary , expedient, requisite, or proper for the purposes of giving effect to this resolution”
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution.
“RESOLVED THAT pursuant to applicable provisions of Section 188 and any other provisions of Companies Act 2013 and Rules framed there under (including any statutory modification(s) or re enactment thereof for the time being in force) and statutory approval, the approval of the Company be and is hereby accorded in respect of material related transaction(s) for continuing to avail during the tenure of the agreement, various corporate services, facilities and management support by Company from Anand Automotive Limited (AAL), on arm's length basis, on the terms and conditions contained in the Corporate Services Agreement, entered into by the Company with AAL, on 1st July 2011, notwithstanding that service fees payable to AAL, for every financial year shall exceed 10 % of the net worth time being of the Company.”
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution.
“RESOLVED THAT pursuant to applicable provisions of Section 188 and any other provisions of Companies Act 2013 and Rules framed there under (including any statutory modification(s) or re enactment thereof for the time being in force) and statutory approval, the approval of the Company be and is hereby accorded in respect of material related transaction(s) for rendering during the tenure of the agreement, employee services by Company to Perfect Circle India Limited (PCIL), on cost sharing basis, in the terms of Services Agreement entered into by the Company with PCIL, notwithstanding that service fees receivable from PCIL for every financial year shall exceed 10 % of the net worth time being of the Company

By Order of the Board

Registered Office:
152/223, Mahalunge
Chakan Talegaon Road
Tal. Khed, Pune 410 501
CIN: U29117PN2001PLC018092

Sunil Kaul
Chairman
(DIN: 00110549)

Place: Pune, Maharashtra
Date: May 27, 2014.

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 duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting.
3. 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.
4. The Company has provided Electronic Clearing System (ECS) facility to the shareholders, whereby they will be able to receive their dividend by direct electronic credit to their bank accounts. However, the Company has received a very poor response from shareholders for ECS facility. Shareholders are requested to fill in the form provided by the Company vide separate communication and send it to the Company's Registrar and Share Transfer agent in case of shares held in physical form and to the respective Depository Participant (DP) in case the shares are held in demat form.
5.
 - a. Members are also requested to note that unclaimed deposits, interest on debentures and unclaimed/unpaid dividends up to the financial year ended March 31, 2006 and Interim Dividend for the financial year 2006-07, 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, 2007, which remains unpaid or unclaimed will be due for transfer to the Investor Education and Protection Fund of the Central Government during September 2014. 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.
 - 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 24, 2013 on website of MCA and on website of the Company. 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 31st October 2014. 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.
6. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 in respect of Special Business is given in the Annexure, which forms part of this notice.

Annexure:

Explanatory statement as required under Section 102(1) of the Companies Act, 2013.

ITEM NO 4:

General circular No 4/ 2014 dated 25.03.2014, issued by Ministry of Corporate Affairs, has notified that the resolutions relating to the erstwhile Section 293 of the Companies Act 1956 will be regarded as sufficient compliance of requirement of Section 180 (1) of the Companies Act, 2013, for a period of one year from the date of notification of Section 180 of the Companies Act, 2013, i.e. 12th September 2013.

The ordinary resolution passed under Section 293(1)(d) of the Companies Act, 1956 or the Special Resolution to be passed under Section 180 (1)(c) of the Companies Act, 2013 relate to consent of the shareholders to enable the Company through the Board of Directors to borrow the moneys where the amount to be borrowed together with the amount already borrowed will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

The shareholders are aware that in the first annual general meeting held on July 23, 2002 an ordinary resolution was passed authorizing the Board of Directors of the Company to borrow from time to time for the purpose of carrying the business of the

Company, subject to the condition that the money so borrowed shall not exceed Rs 300 million (Rs Three hundred million only).

Since, the validity of the resolution passed on July 23, 2002 will come to an end shortly, your Board of Directors request your approval for regularizing the consent earlier accorded by passing the proposed Special Resolution.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way, concerned or interested, financial or otherwise in the resolution set out at item No 4 of the Notice.

Item No 5:

Section 188 (1) of the Companies Act, 2013 read with Rule 15(3)(ii)(iv) of Companies (Meetings of Board and its powers) Rules 2014, stipulate that where the transaction or transactions of availing or rendering of any service to be entered into with any of the related parties, is of value exceeding ten percent of the net worth of the Company, such transactions shall be entered into with the prior approval of the members by way of Special Resolution.

Company has an agreement, with Anand Automotive Limited, (AAL) - a fellow subsidiary and thus related party- for availing various corporate services, facilities and management support, against payment of service fees. The agreement was under the provisions of Section 297/299 of the Companies Act, 1956 and is still in force.

It is estimated that payment of such service fees payable to AAL, for every financial year, during the tenure of the agreement, will exceed 10 % of the net worth time being of the Company.

The Board of Directors in their meeting held on May 27, 2014 reviewed the on going transaction in detail and proposed the same to be placed before the shareholders for their approval.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way, concerned or interested, financial or otherwise in the resolution set out at item No 5 of the Notice.

Your Directors recommend passing this as Special Resolution.

Item No 6:

Section 188 (1) of the Companies Act, 2013 read with Rule 15(3)(ii)(iv) of Companies (Meetings of Board and its powers) Rules 2014, stipulate that where the transaction or transactions of availing or rendering of any service to be entered into with any of the related parties, is of value exceeding ten percent of the net worth of the Company, such transactions shall be entered into with the prior approval of the members by way of Special Resolution.

Your Company has an agreement, with Perfect Circle India Limited (PCIL)- a fellow subsidiary and thus related party - for rendering employee services on cost sharing basis, The agreement was under the provisions of Section 297/299 of the Companies Act, 1956 and is in force.

It is estimated that such service fees receivable from PCIL, for every financial year, during the tenure of the agreement, will exceed 10 % of the net worth time being of the Company.

The Board of Directors in their meeting held on May 27, 2014 reviewed the on going transaction in detail and proposed the same to be placed before the shareholders for their approval.

Except Mr. M K Goyal - Director, none of the Directors, Key Managerial Personnel or their respective relatives are in any way, concerned or interested, financial or otherwise in the resolution set out at item No 6 of the Notice.

Mr. M K Goyal holds 42 equity shares of Rs 1/- each, (0.00001 %) in PCIL.

Your Directors recommend passing this as Special Resolution.

Details and documents in respect of item no 4, 5 & 6 will be available in 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.

By Order of the Board

Registered Office:

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

Sunil Kaul
Chairman
(DIN: 00110549)

Place: Pune, Maharashtra

Date: May 27, 2014.

Report of the Board of Directors

Your Directors are pleased to present the Thirteenth Annual Report, together with the Audited Accounts for the year ended March 31, 2014.

Financial Highlights

| | Year ended March 31, 2014 (Rs. in Million) | Year ended March 31, 2013 (Rs. in Million) |
|---|--|--|
| Sales | 711.0 | 745.1 |
| Profit before Depreciation and Interest | 58.4 | 79.7 |
| Depreciation | 17.3 | 15.3 |
| Profit before Interest & Tax (EBIT) | 41.1 | 64.4 |
| Net Interest | 4.1 | 3.9 |
| Profit before Tax | 37.0 | 60.5 |
| Provision for Taxation | 7.1 | 17.2 |
| Profit after Tax | 29.9 | 43.3 |
| Balance Profit brought forward from Last Balance Sheet | 38.3 | 38.2 |
| Profit available for appropriation | 68.2 | 81.5 |
| APPROPRIATIONS | | |
| Transfer to General Reserve | 3.0 | 4.3 |
| Interim Dividend | 16.7 | 16.7 |
| Tax on Interim Dividend | 2.8 | 2.7 |
| Final Dividend | - | 16.7 |
| Tax on Final Dividend | - | 2.8 |
| Profit carried forward to Balance Sheet | 45.7 | 38.3 |

Analysis of Results For 2013-14 Performance and Operations

Your Company registered sales turnover during the year at Rs.711.0 Million as compared to Rs.745.1 Million in the previous year, which represents a decrease of 4.6%. Profit before Depreciation, Interest and Taxation was Rs. 58.4 Million as compared to Rs. 79.7 Million in the previous year, which represents a decrease of 26.8%. This was because of decrease in sales, reduction in other income. Profit before Tax was Rs.37.0 Million, as compared to Rs.60.5 Million last year, which represents a decrease of 38.9%. Profit after Tax is Rs. 29.9 Mil as compared to Rs.43.3 Million last year, which represent a decrease of 31.1%.

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.

Dividend

Your Company has declared an interim dividend of Rs.2.00 per equity share during the financial year under review and shall be final dividend for year under review.

Transfer to General Reserve

Your Company has transferred Rs. 3.0 million out of the profits to General Reserves during the financial year under review.

Exports

Exports during the financial year under review amounted to Rs.76.2 million as compared to Rs.75.0 million in the previous year. Your Company has thus registered a growth of 1.5% in the exports segment during the financial year under review. Exit

out of asbestos based material and the company being certified as GREEN by Maharashtra pollution contribution 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. The company was recognised by Anand with Safety & Occupational Health Award 2013.

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. M S Shankar 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, 2014 and of the statement of Profit and Loss for the year ended March 31, 2014;
- (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.

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 Rule 4(1)(a) of Companies (Audit & Auditors) Rules 2014.

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
Date : May 27, 2014

Chairman
DIN 00110549

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, 2014.

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 Combustion Seal with Specialty Coating/ Chemical Seal concept
 - b) Development of new Construction and material to cater to High Temperature Oil Sealing applications.
 - c) Development of three layers construction of Head Gasket for diesel engines.
2. Benefits derived as a result of the above R & D. : Opportunity to increase Head Gasket sale to OEMs in India and Europe. Opportunity to cater to Mid & Heavy duty Diesel Engines which comply to CPCB II emission norms. Opportunity to cater to Diesel Engines for High power Tractor Applications.
3. Future plan of action : Future R&D plans include:
 - a) High performance cost effective coatings for Multi Layered Steel Cylinder Head Gaskets
 - b) Specialty heat absorbent coatings for Heat Shields.
 - c) Gaskets customised for typical service engine needs like low torque loss, high temperature resistant and multi usability.

Emphasis is also laid on demonstrating upfront capability for design reliability by way of using recently installed virtual tools/software.

4. Expenditure on R&D : (in Rs. Million)
 - (a) Capital : 3.73
 - (b) Recurring : 11.98
 - (c) Total : 15.71
 - (d) Total R & D Expenditure as percentage of total turnover : 2.2%

(II) Technology absorption, adaptation and innovation

Your Company had a technical assistance agreement with Hamamatsu Gaskets Corporation of Japan.

The benefits derived are continuous up-gradation of technology, quality, cost reduction, import substitution and it has helped the Company to achieve the following:

- Capability to develop head gaskets with coated steel independent of technology partner and specialty material supplier
- Development of new range of Gaskets

- | | | |
|--|---|---|
| (a) Technology Assistance | : | Technical Assistance Agreement for coating fluoroelastomer rubber on stainless steel sheet. |
| (b) Year of Import | : | September 2005 |
| (c) Has technology been fully absorbed ? | : | Technology of coating has been absorbed fully to the extent of manufacturing prototypes in house. Bulk production would commence on making requisite investment in Capital Equipments on receipt of LOI from customers. |
| (d) If not fully absorbed, areas where this has not taken place, reasons there of and future plans of action | : | The Company is in the process of negotiating business where the basic technology can be used to develop higher performance characteristic required by diesel engines. |

C) Foreign Exchange Earnings and Outgo

- | | | |
|---|---|---|
| (a) Activities relating to export initiatives taken to increase exports; development of new export markets for products export services; and export plans | : | The 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 traveled 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.75.8 million (previous year: Rs.73.3 million) Outgo : Rs. 191.0 million (previous year: Rs. 158.2 million) |

For and on behalf of the Board

Place : Pune
Date : May 27, 2014

Chairman
DIN 00110549

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, 2014.

| Name | Age (Years) | Remuneration (Rs. in Million) | Designation | Nature of Duties | Qualification | Experience (Years) | Date of Joining | Last Employment Designation | Held Name of Employer |
|---------------------|-------------|-------------------------------|-----------------------|--------------------------------|-------------------|--------------------|-----------------|-----------------------------|-----------------------|
| Mr. Sandeep Balooja | 57 | 8.57 | Senior Director | On deputation to group company | B.Com, MBA | 36 | September 1979 | – | – |
| Mr. Sachin Puri | 56 | 6.76 | Senior Vice President | On deputation to group company | B.Sc. (Mech Engg) | 17 | May 1997 | – | – |

- 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.

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

Company No. U29117PN2001PLC018092

Nominal Capital Rs.1,50,00,000/-
Issued subscribed & paid up capital: Rs. 83,34,142/-

To

The Members

VICTOR GASKETS INDIA LIMITED

152/223, Mahalunge Chakan Talegaon Road, Tal. Khed, Dist. Pune 410 510

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 Companies Act, 2013 to the extent as applicable, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2014 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 21.05.2013, 24.07.2013, 02.12.2013 and 10.02.2014 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 24.07.2013 and 02.12.2013. (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 24th July 2013 and 5th December 2013 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, 2013 was held on 24th July 2013 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 or Section 185 of the Companies Act, 2013 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 26.07.2013 and 05.12.2013 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 30.07.2013 and on 27.12.2013 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 29.08.2013 and 09.01.2014 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. During the financial year the Company obtained the approval of Regional Director for condoning the 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 31.03.2014 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 causer notices received by the Company for alleged offences under the Act during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has 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 27, 2014

J.U. Poojari
(Partner)
Practicing Company Secretary
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.

J.U. Poojari

(Partner)

Practicing Company Secretary

C. P No 8187

Place : Mumbai
Date : May 27, 2014

Annexure 'B' to the Compliance Certificate Victor Gaskits Limited

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March 2014.

| 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 24AAA | 141 | Petition to Regional Director for condonation of delay in filing Form 8 for modification of charge created in favour of Union Bank Of India | 30.05.2013 | NA | - |
| 2 | Form 61 | 141 | Filing application with ROC for condonation of delay in filing Form 8 in respect of charge created on 25.07.2012 favouring Union Bank of India | 06.06.2013 | NA | - |
| 3 | Form 61 | 141 | Intimation to ROC regarding action taken for obtaining condonation of delay in filing Form 8 | 26.06.2013 | NA | - |
| 4 | Form 21 | 141(2) | Filing Order of Regional Director condonation for delay in filing Form 8 in respect of charge created favouring Union Bank Of India | 11.07.2013 | Yes | NA |
| 5 | Form 8 | 125 | Creation of charge dated 28th June 2013 in favour of Tata Capital Financial Services. Ltd | 29.07.2013 | Yes | NA |
| 6. | Form 66 along with Compliance Certificate | 383A | Compliance certificate for financial year 2012-13 | 21.08.2013 | Yes | NA |
| 7. | Form 5 Inv | 205 | Details of unpaid and unclaimed dividend as at 24.07.2013 (AGM) | 21.08.2013 | Yes | NA |
| 8 | Form 23 | 372 A | Resolution passed in AGM held on 24.07.2013 obtaining consent of shareholders for extension of negative lien on behalf of Asia Investment Private Limited, | 22.08.2013 | Yes | NA |
| 9 | Form 23AC & 23ACA along with Annual Report | 220 | Annual Report for the year ended 31.03.2013 | 22.08.2013 | Yes | NA |
| 10. | Form 1 INV | 205A | Details of Unpaid Dividend 2005-06 transferred to IEPF | 30.08.2013 | Yes | NA |
| 11 | Form 20B along with Annual Return | 159 | Annual Return made up to 24.07.2013 | 21.09.2013 | Yes | NA |
| 12 | Form A xBRL | 209 (1)(d) | Cost Compliance Certificate for 2012-13 | 24.09.2013 | Yes | NA |
| 13 | Form 1 INV | 205A | Details of Unpaid Interim Dividend 2006-07. transferred to IEPF | 06.12.2013 | Yes | NA |
| 14 | Form 8 | 125 | Creation of charge dated 27th November 2013 in favour of Tata Capital Financial Services Ltd. | 02.01.2014 | No | Yes |
| 15 | Form 32 | 303 | Resignation of Mr Satish Sekhri as Director of the Company w.e.f 10.02.2014 | 26.02.2014 | Yes | No |

For Parikh Parekh & Associates.

J.U. Poojari
(Partner)

Practicing Company Secretary
C. P No 8187

Place : Mumbai
Date : May 27, 2014

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, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. 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.
4. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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, 2014 ;
 - (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.

Report on Other Legal and Regulatory Requirements

7. 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 (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.
8. 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, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Devdatta Mainkar
Partner
M No. 109975

Place : Pune
Dated : 27th May 2014.

Annexure to the Auditors' Report

Referred to in paragraph (7) under 'Report on Legal and Regulatory Requirements, section of our Report of even date:

1. (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(ii) The Company has a regular programme of verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on verification.
(iii) There was no disposal of a substantial part of fixed assets during the year.
2. (i) The Management has conducted physical verification of inventory at reasonable intervals during the year. Confirmations have been received in respect of inventories lying with third parties. In our opinion, the frequency of verification is reasonable.
(ii) The procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
(iii) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory were not material and have been properly dealt with in the books of account.
3. 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.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets and sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. 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.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956.
7. In our opinion, the company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company relating to the manufacture of gaskets pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (i) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Wealth-Tax, Service-Tax, Customs Duty, cess and other material statutory dues with the appropriate authorities during the year.

- (ii) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty were outstanding, at the year end for a period of more than six months from the date they became payable.
- (iii) According to the information and explanations given to us, there are no dues of Sales Tax, Service Tax, Customs Duty, Wealth Tax, or Cess outstanding on account of any dispute as on 31st March 2014, other than disputed demands of Excise Duty and Income Tax as under:

| Name of statute | Nature of dues | Amount in Rs. Lacs | Period to which amount relates | Forum where pending |
|-----------------------|----------------|--------------------|--------------------------------|--|
| Bombay Sales Tax Act | Tax Demand | 0.03 | 2002-03 | Joint Commissioner of Sales tax, Pune. (Appeals) |
| Central Sales Tax Act | Tax Demand | 7.19 | 2002-03 | |
| Bombay Sales Tax Act | Tax Demand | 0.14 | 2003-04 | |
| Central Sales Tax Act | Tax Demand | 4.14 | 2003-04 | |
| Bombay Sales Tax Act | Tax Demand | 1.15 | 2004-05 | |
| Central Sales Tax Act | Tax Demand | 20.28 | 2004-05 | |
| Service Tax Act | Tax Demand | 3.51 | 1998-99 | CESTAT, MUMBAI |
| Service Tax Act | Tax Demand | 3.72 | 2002-05 | Asst. Commissioner, CE, Pune |
| Service Tax Act | Tax Demand | 0.77 | 2007-08 | CESTAT, Mumbai |
| Service Tax Act | Tax Demand | 0.56 | 2011-13 | Commissioner of Appeals Pune I |

10. The Company does not have accumulated losses as at the end of the year. The Company has not incurred cash losses during the Financial Year and in the immediately preceding Financial Year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures or any other investments. Accordingly the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. 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.
16. 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.
17. According to information and explanations given to us and on an overall examination of the balance sheet and the Cash Flow Statement of the Company, we report that no funds raised on short term basis have, prima facie, been used for long term investment.
18. The company has not made any preferential allotment to parties or companies covered under register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not issue any debentures during the year.

20. During the year, the Company has not raised money by way of a public issue.
21. Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been 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 27, 2014

Balance Sheet as at 31st March, 2014

| Particulars | Note No | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|------------------------------------|---------|------------------------------|------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 2 | 8,334 | 8,334 |
| (b) Reserves and Surplus | 3 | 1,58,946 | 1,48,563 |
| (2) Non-Current Liabilities | | | |
| (a) Long-term borrowings | 4 | 58,584 | 72,755 |
| (b) Deferred tax liabilities (Net) | 24 | 5,563 | 6,514 |
| (c) Long-term provisions | 5 | 4,238 | 5,526 |
| (3) Current Liabilities | | | |
| (a) Short-term borrowings | 6 | 75,975 | 67,712 |
| (b) Trade payables | 7 | 74,284 | 71,513 |
| (c) Other current liabilities | 8 | 39,388 | 44,084 |
| (d) Short-term provisions | 9 | 23,821 | 44,393 |
| Total | | 4,49,133 | 4,69,394 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 10 | 1,16,456 | 1,17,853 |
| (ii) Intangible assets | 10 | 3,099 | 3,997 |
| (iii) Capital work-in-progress | 10 | - | - |
| (b) Deferred tax assets (net) | | - | - |
| (c) Long term loans and advances | 11 | 46,251 | 43,103 |
| (2) Current assets | | | |
| (a) Inventories | 12 | 74,426 | 79,419 |
| (b) Trade receivables | 13 | 1,55,393 | 1,49,214 |
| (c) Cash and cash equivalents | 14 | 12,965 | 14,233 |
| (d) Short-term loans and advances | 15 | 30,409 | 32,228 |
| (e) Other current assets | 16 | 10,134 | 29,348 |
| Total | | 4,49,133 | 4,69,394 |

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 27, 2014

DILIP PALVE
VP & COO

ASHISH ASHTEKAR
Financial Controller

Pune, May 27, 2014

SUNIL KAUL
Chairman
(DIN: 00110549)

MK Goyal (DIN: 02605116)
MS Shankar (DIN: 02306859)
Directors

Statement of Profit and Loss for the year ended 31st March, 2014

| Particulars | Note No | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|--|---------|------------------------------|------------------------------|
| I. Revenue from operations (Gross) | 17 | 7,11,036 | 7,45,087 |
| Less: Excise Duty | 17 | (79,369) | (84,690) |
| Revenue from operations (Net) | | 6,31,667 | 6,60,397 |
| II. Other Operating Income | 17 | 13,454 | 16,755 |
| III. Other Income | 18 | 8,219 | 10,758 |
| IV. Total Revenue | | 6,53,340 | 6,87,910 |
| V. Expenses: | | | |
| Cost of materials consumed | 19A | 3,80,132 | 4,05,564 |
| Changes in inventories of work-in-progress and finished goods | 19B | 1,919 | (922) |
| Employee benefit expense | 20 | 81,558 | 73,310 |
| Financial costs | 21 | 4,743 | 4,759 |
| Depreciation and amortization expense | 10 | 17,326 | 15,319 |
| Other expenses | 22 | 1,30,687 | 1,29,324 |
| Total Expenses | | 6,16,365 | 6,27,354 |
| VI. Profit before exceptional and extraordinary items and tax (IV - V) | | 36,975 | 60,556 |
| VII. Exceptional Items | | - | - |
| VIII. Profit before extraordinary items and tax (VI - VII) | | 36,975 | 60,556 |
| IX. Extraordinary Items | | - | - |
| X. Profit before tax (VII - VIII) | | 36,975 | 60,556 |
| XI. Tax expense: | | | |
| (1) Current tax | | 8,041 | 15,902 |
| (2) Deferred tax | | (951) | 1,299 |
| XII. Profit/(Loss) from the period from continuing operations (X - XI) | | 29,885 | 43,355 |
| 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) | | 29,885 | 43,355 |
| XVII. Earning per equity share: | | | |
| (1) Basic | 28 | 3.59 | 5.20 |
| (2) Diluted | 28 | 3.59 | 5.20 |
| Statement of Significant Accounting Policies | 1 | | |

Notes referred to above form an integral part of the Statement of Profit & 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 27, 2014

DILIP PALVE
VP & COO

ASHISH ASHTEKAR
Financial Controller

Pune, May 27, 2014

SUNIL KAUL
Chairman
(DIN: 00110549)

MK Goyal (DIN: 02605116)
MS Shankar (DIN: 02306859)
Directors

Notes to Accounts for the year ended March 31, 2014

Note No. 1 : Significant Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis, and are in conformity with mandatory accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI). The accounting policies have been consistently applied by the Company during the period and are consistent with those used in previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and 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.

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, 2014

Note No. 2 : Share Capital

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|--|------------------------------|------------------------------|
| Authorised Shares | | |
| 15,000,000 (Previous Year: 15,000,000) equity shares of Re. 1/- each | <u>15,000</u> | <u>15,000</u> |
| Issued, Subscribed & Fully Paid Up Shares | | |
| 83,34,142 (Previous Year: 83,34,142) equity shares of Re. 1/- each | <u>8,334</u> | <u>8,334</u> |
| Total | <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 Re. 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, 2014 | March 31, 2013 |
|--|----------------|----------------|
| 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, 2014 | March 31, 2013 |
|--|----------------|----------------|
| Asia Investments Pvt. Ltd. (Holding Company) | 72,58,352 | 72,58,352 |
| | 87.09% | 87.09% |

Note No. 3 : Reserves and Surplus

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|--|------------------------------|------------------------------|
| Securities Premium Reserves | | |
| Balance as per the last financials statements | 37,532 | 37,532 |
| General Reserve | | |
| Balance as per the last financials statements | 72,720 | 68,385 |
| Add: amount transferred from surplus balance in the statement of profit and loss | 2,988 | 4,335 |
| Closing Balance | 75,709 | 72,720 |
| Surplus/(deficit) in the statement of profit and loss | | |
| Balance as per the last financials statements | 38,310 | 38,164 |
| Profit for the year | 29,885 | 43,355 |
| Less: Appropriations | | |
| Transferred to General Reserve | 2,988 | 4,335 |
| Interim Equity Dividend | 16,668 | 16,668 |
| Tax on Interim equity dividend | 2,833 | 2,704 |
| Proposed Final Equity Dividend | - | 16,668 |
| Tax on proposed equity dividend | - | 2,833 |
| Net Surplus in the statement of profit and loss | 45,706 | 38,310 |
| Total | 1,58,946 | 1,48,563 |

Note No. 4 : Long-term borrowings

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|--|------------------------------|------------------------------|
| Long term maturities of finance lease obligations | | |
| Vehicle Lease Payable (Secured) | - | 438 |
| Deferred payment liabilities | | |
| Deferred Sales tax liabilities (Unsecured) | 58,584 | 72,317 |
| Total | 58,584 | 72,755 |

*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, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|--------------------------------|------------------------------|------------------------------|
| Provision for Leave Encashment | 4,238 | 5,526 |
| Total | 4,238 | 5,526 |

Note No. 6 : Short-term borrowing

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|--|------------------------------|------------------------------|
| Loans repayable on demand (Secured) | | |
| Cash Credit From Banks | 53,636 | 46,620 |
| Buyers Credit From Banks | 22,339 | 21,092 |
| Total | 75,975 | 67,712 |

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 @Base rate +3.25% whereas buyer's credit has a credit period of 90 days payable@LIBOR+2% to 2.65%

Note No. 7 : Trade Payables

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|---|------------------------------|------------------------------|
| Payable to Micro & Small Enterprises (refer Note No 23) | - | - |
| Payable to Others | 74,284 | 71,513 |
| Total | 74,284 | 71,513 |

Note No. 8 : Other current liabilities

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|---|------------------------------|------------------------------|
| Current maturities of finance lease obligation | | |
| Vehicle Lease Payable (Secured) | 438 | 249 |
| Deferred Sales tax liabilities (Unsecured) | 13,733 | 9,546 |
| Unpaid dividends | 1,862 | 1,491 |
| Others | | |
| Deposit From Customers | 4,776 | 4,974 |
| TDS and TCS payable | 1,080 | 1,946 |
| Sales tax Payable | 4,564 | 2,845 |
| Excise duty payable | 2,440 | 2,852 |
| Profession tax payable | 35 | 32 |
| Contribution to provident fund payable | 420 | 306 |
| Payables for capital goods | 849 | 3,924 |
| Advances from Debtors | 1,235 | 798 |
| Payable to Employees | 2,948 | 2,548 |
| Other payables | 5,009 | 12,573 |
| Total | 39,388 | 44,084 |

Note No. 9 : Short-term provisions

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|---|------------------------------|------------------------------|
| Provision for employee benefits | | |
| Provision for leave encashment | 1,995 | 144 |
| Others | | |
| Provision for proposed equity dividend | - | 16,668 |
| Provision for tax on proposed equity dividend | - | 2,833 |
| Provision for current employee benefits | 4,343 | 5,415 |
| Provision for taxation(net of Advance income tax) | - | 1,691 |
| Others - Provision for Discounts & Coupons | 17,482 | 17,642 |
| Total | 23,821 | 44,393 |

Note No. 10 : Fixed Assets

(Rs '000)

| Sr. No. | Particulars | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | |
|---|-------------------------------------|---------------------|--------------------------------|---------------------------------|---------------------|----------------------------------|--------------------------------|---------------------------------|---------------------|----------------------------|----------------------------|
| | | As on 01.04.2013 | Addition during the year | Deduction during the year | As on 31.03.2014 | As on 31.03.2013 beginning | Addition during the year | Deduction during the year | As on 31.03.2014 | WDV as on 31.03.2014 | WDV as on 31.03.2013 |
| I Tangible Assets | | | | | | | | | | | |
| 1 | Land | 6,504 | - | - | 6,504 | - | - | - | - | 6,504 | 6,504 |
| 2 | Building | 78,281 | 873 | - | 79,154 | 36,625 | 2,328 | - | 38,954 | 40,200 | 41,655 |
| 3 | Plant and Equipment | 2,04,456 | 7,674 | - | 2,12,130 | 1,42,205 | 10,997 | - | 1,53,201 | 58,929 | 62,251 |
| 4 | Furnitures & Fixtures | 11,615 | 437 | - | 12,052 | 8,807 | 568 | - | 9,375 | 2,677 | 2,808 |
| 5 | Data Processing Units | 9,695 | 5,483 | - | 15,178 | 8,016 | 956 | - | 8,972 | 6,206 | 1,679 |
| 6 | Vehicles | 6,662 | - | 1,548 | 5,113 | 4,431 | 682 | 1,471 | 3,642 | 1,472 | 2,231 |
| | Vehicle on Lease | 1,282 | - | - | 1,282 | 558 | 256 | - | 814 | 468 | 724 |
| SUB TOTAL (A) | | 3,18,494 | 14,468 | 1,548 | 3,31,414 | 2,00,642 | 15,787 | 1,471 | 2,14,958 | 1,16,456 | 1,17,853 |
| II Intangible Assets | | | | | | | | | | | |
| 1 | Technical Know how | 11,162 | - | - | 11,162 | 10,231 | 269 | - | 10,500 | 662 | 931 |
| 2 | Software | 12,522 | 641 | - | 13,163 | 9,455 | 1,270 | - | 10,726 | 2,437 | 3,066 |
| SUB TOTAL (B) | | 23,683 | 641 | - | 24,325 | 19,686 | 1,539 | - | 21,226 | 3,099 | 3,997 |
| III Capital Work-in-progress | | | | | | | | | | | |
| | Capital Work-in-progress | - | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (C) | | - | - | - | - | - | - | - | - | - | - |
| IV Intangible Assets Under Development | | | | | | | | | | | |
| | Intangible Assets Under Development | - | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (D) | | - | - | - | - | - | - | - | - | - | - |
| Total [A + B + C + D] | | | | | | | | | | | |
| Current Year | | 3,42,178 | 15,109 | 1,548 | 3,55,739 | 2,20,328 | 17,326 | 1,471 | 2,36,184 | 1,19,555 | 1,21,850 |
| (Previous Year) | | 3,19,648 | 23,760 | 1,231 | 3,42,178 | 2,06,039 | 15,319 | 1,030 | 2,20,328 | 1,21,850 | 1,13,609 |

Note : - During the year the company has mortgaged its factory land at Chakan and Nanekarwadi, Pune as Collateral Security for a Term Loan of Rs.12,836.62 lakhs (Previous Year Rs. 11840.00 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, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|--|------------------------------|------------------------------|
| Unsecured considered good | | |
| Capital Advances | - | 1,738 |
| Security Deposits | | |
| - To Related Parties | 35,000 | 35,000 |
| - To Others | 1,112 | 1,105 |
| Advance income tax (net of provision for taxation) | 10,139 | 5,261 |
| Total | 46,251 | 43,103 |

Note No. 12 : Inventories

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|------------------|------------------------------|------------------------------|
| Raw materials | 30,135 | 33,209 |
| Work in progress | 9,595 | 11,089 |
| Finished goods | 34,696 | 35,121 |
| Total | 74,426 | 79,419 |

Note No. 13 : Trade receivables & Other receivables

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|---|------------------------------|------------------------------|
| Trade Receivables outstanding for less than six months | | |
| Unsecured, considered good | 1,53,750 | 1,48,526 |
| Unsecured, considered doubtful | 3,344 | - |
| Less: Allowance for trade receivables | (3,344) | - |
| | 1,53,750 | 1,48,526 |
| Trade Receivables outstanding for more than six months | | |
| Unsecured, considered good | 1,643 | 688 |
| Doubtful | 2,133 | 1,244 |
| Less: Allowance for trade receivables | (2,133) | (1,244) |
| | 1,643 | 688 |
| Total | 1,55,393 | 1,49,214 |

Note No. 14 : Cash and Cash equivalents

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|-----------------------------|------------------------------|------------------------------|
| Balances with banks: | | |
| On current account | 5,928 | 7,977 |
| On unpaid dividend account | 1,862 | 1,491 |
| On margin money deposits | 5,129 | 4,732 |
| Cash on hand | 46 | 33 |
| Total | 12,965 | 14,233 |

Out of margin money deposit, Rs. 50,59,714 Deposit is lodged with banker for issuing bank guarantee which matures annually.

Security Deposit with Union Bank of India is of Rs.69,765 carrying interest rate of 9.4% maturing on 22.01.2022

Note No. 15 : Short term loans and advances

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|---|------------------------------|------------------------------|
| Security Deposits (Unsecured considered good) | 30 | 30 |
| Sub Total-A | 30 | 30 |
| Intercompany Deposit With Related parties (Unsecured considered good) | - | 10,180 |
| Sub Total-B | - | 10,180 |
| Other loans and advances | | |
| Advance income tax (net of provision for taxation) | 1,355 | - |
| Prepaid expenses | 2,100 | 1,564 |
| Loan to employees | 3,501 | 2,410 |
| Balance with statutory/government authorities | 11,588 | 9,641 |
| Prepaid gratuity | 675 | 835 |
| Gratuity receivable from LIC | 3,860 | 3,368 |
| Advance paid for Materials | 7,137 | 4,128 |
| Tender Deposits | 163 | 73 |
| Sub Total-C | 30,379 | 22,018 |
| Total | 30,409 | 32,228 |

Note No. 16 : Other Current Assets

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|-------------------|------------------------------|------------------------------|
| DEPB in Hand | 1,236 | 1,596 |
| Accrued Income | 1,292 | 2,112 |
| Other Receivables | 7,607 | 25,640 |
| | 10,134 | 29,348 |

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

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|--------------------------------------|------------------------------|------------------------------|
| Revenue from Operations | | |
| Sale of finished goods | 7,11,036 | 7,45,087 |
| Less: Excise Duty | (79,369) | (84,690) |
| Net Sales | 6,31,667 | 6,60,397 |
| Other operating revenues | | |
| Scrap Sales | 10,601 | 13,419 |
| Export Incentives | 2,853 | 3,336 |
| | 13,454 | 16,755 |
| Revenue from operations (Net) | 6,45,121 | 6,77,152 |

Notes forming part of the Statement of Profit and Loss for the year ended March 31, 2014

Note No. 18 : Other Income

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|--|------------------------------|------------------------------|
| Interest income on | | |
| Bank deposits | 797 | 1,158 |
| Intercompany/Security Deposits | 476 | 1,518 |
| Others | 67 | 951 |
| Other non-operating income | | |
| Misc Income | 2,011 | 1,661 |
| Tool Development Income | 1,728 | (553) |
| Foreign Exchange (Loss) / Gain | 1,638 | 1,901 |
| Profit / (Loss) on Sales of Fixed Assets | 77 | 71 |
| Guarantee Commission Fees | 1,425 | 4,051 |
| Total | 8,219 | 10,758 |

Note No. 19 : Cost of Material consumed

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|---|------------------------------|------------------------------|
| Cost of raw material and components consumed | | |
| Inventory at the beginning of the year | 33,209 | 37,516 |
| Add: Purchases | 3,77,058 | 4,01,257 |
| Less: Inventory at the end of the year | 30,135 | 33,209 |
| Cost of raw material and components consumed (A) | 3,80,132 | 4,05,564 |
| Increase/(decrease) in work-in-progress and finished goods | | |
| Inventory at the end of the year | | |
| Work-in-progress | 9,595 | 11,089 |
| Finished goods | 34,696 | 35,121 |
| | 44,291 | 46,210 |
| Inventory at the beginning of the year | | |
| Work-in-progress | 11,089 | 14,397 |
| Finished goods | 35,121 | 30,891 |
| | 46,210 | 45,287 |
| Increase/(decrease) in work-in-progress and finished goods (B) | (1,919) | 922 |
| Total | 3,82,050 | 4,04,641 |

Note No. 20 : Employee Benefits Expense

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 68,077 | 58,059 |
| Contribution to provident, gratuity and other funds | 1,422 | 2,120 |
| Other employment benefit expenses | 689 | 502 |
| Staff welfare expenses | 11,371 | 12,629 |
| Total | 81,558 | 73,310 |

Note No. 21 : Financial Costs

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|---------------------------|------------------------------|------------------------------|
| Interest expenses | | |
| Interest on Cash Credit | 2,179 | 2,458 |
| Interest on Buyers Credit | 1,618 | 1,151 |
| Interest on Others | 283 | 252 |
| Bank Processing Fees | 663 | 899 |
| Total | 4,743 | 4,759 |

Note No. 22 : Other Expenses

| | March 31, 2014 (Rs. '000) | March 31, 2013 (Rs. '000) |
|--|------------------------------|------------------------------|
| Consumption of stores and spare parts | 3,211 | 1,697 |
| Processing charges | 23,503 | 27,933 |
| Tooling expense | 4,808 | 5,528 |
| Advertisement & Publicity | 12,756 | 13,469 |
| Power and fuel | 6,112 | 6,665 |
| Bank Charges | 1,326 | 1,938 |
| Rent | 1,663 | 1,341 |
| Repairs to buildings | 126 | 756 |
| Repairs to machinery | 2,899 | 3,107 |
| Repairs to others | 6,798 | 7,304 |
| Insurance | 613 | 710 |
| Communication expense | 1,722 | 1,629 |
| Printing & stationery | 1,259 | 1,103 |
| Packing & Forwarding Charges | 7,865 | 8,327 |
| Travelling | 8,193 | 7,404 |
| Research & Development Expenses | 1,577 | 2,060 |
| Legal & Professional Fees | 23,099 | 24,237 |
| Payment to auditors | 860 | 775 |
| Security expense | 1,292 | 1,234 |
| Provision for Doubtful Debts | 4,234 | 147 |
| Discount on sales | 9,631 | 7,380 |
| Rates and Taxes, excluding taxes on income | 2,885 | 2,067 |
| Miscellaneous expenses | 4,255 | 2,513 |
| Total | 1,30,687 | 1,29,324 |

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 31.3.2014 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, 2014 is given below:

(Rs. '000)

| | 31 March, 2014 | | 31 March, 2013 | |
|-------------------------------------|--------------------|------------------------|--------------------|------------------------|
| | Deferred Tax Asset | Tax Deferred Liability | Tax Deferred Asset | Deferred Tax Liability |
| Timing Differences on account of: | | | | |
| Depreciation | | 11,081 | | 10,962 |
| Expenses allowable as and when paid | 3,657 | | 4,025 | |
| Provision for Doubtful Debts | 1,862 | | 423 | |
| | 5,519 | 11,081 | 4,448 | 10,962 |
| Net Deferred Tax Liability | | 5,563 | | 6,514 |

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 31.03.2014 | Year ended 31.03.2013 |
|-------------------------|--------------------------|--------------------------|
| Revenue (Net of Excise) | | |
| Exports | 76,291 | 75,006 |
| Domestic | 5,55,376 | 5,85,391 |
| Total | 6,31,667 | 6,60,397 |
| Trade Receivables | | |
| Exports | 21,247 | 24,582 |
| Domestic | 1,34,146 | 1,24,632 |
| Total | 1,55,393 | 1,49,214 |

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)** 3,451 4,859

27. Contingent Liability

(Rs. '000)

| Particulars | Year ended 31.03.2014 | Year ended 31.03.2013 |
|--|--------------------------|--------------------------|
| (i) Bank Guarantees: | 4,038 | 4,038 |
| (ii) Service Tax | 857 | 801 |
| (iii) Sales Tax Claims Against which Company has preferred an appeal | 3,293 | 3,422 |
| (iv) Corporate Guarantee extended in favour of Tata Capital Financial Services Ltd, on behalf of Asia Investment Pvt Ltd,- Holding Company | 12,83,662 | 11,84,000 |
| (v) Negative lien given to Tata Capital Financial Services Ltd, on behalf of Anand Automotive Ltd | 1,27,000 | 1,25,000 |

28. Earnings per Share:

| | | 2013-2014 | 2012-2013 |
|---|-------|------------------|-----------|
| Total number of equity shares outstanding during the year | (a) | 83,34,142 | 83,34,142 |
| Net Profit for the year as reported (Rs. '000) | (b) | 29,885 | 43,355 |
| Earning per Share (Rs.) | | | |
| Basic / Diluted | (b/a) | 3.59 | 5.20 |
| Nominal Value of Shares (Rs.) | | 1 | 1 |

29. Retirement Benefits:

(a) Defined Benefit Plan -

| | | 2013-2014 | 2012-2013 |
|--|--|---------------------------|---------------------------|
| Leave Encashment Rs. '000 | | | |
| Expense recognised during the period ended March 31, 2014 | | | |
| 1 Current Service cost (Included in "Note 20" Employee Benefit Expenses) | | 1,005 | 930 |
| 2 Interest Cost (Included in "Note 21" Financial Costs) | | 429 | 306 |
| 3 Expected return on plan assets | | - | - |
| 4 Actuarial (Losses)/ Gains | | (181) | 1,706 |
| 5 Total expense | | 1,253 | 2,941 |
| Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the period ended March 31, 2014 | | | |
| 1 Net Asset/(Liability) at beginning of period | | (5,670) | (4,462) |
| 2 Employee Expense | | (1,253) | (2,941) |
| 3 Contributions Paid | | 689 | 1,732 |
| 4 Net Asset/(Liability) at the end of the period | | (6,234) | (5,670) |
| 5 Actual Return on plan assets | | - | - |
| Actuarial Assumptions ** | | As at March 31, 2014 | As at March 31, 2013 |
| 1 Discount Rate | | 9.20% per annum | 8.05% per annum |
| 2 Expected rate of return on plan assets | | - | - |
| 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, 2014 | | | | | |
|--|----------------|---------|---------|-------|-------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| 1 Current Service cost (Included in "Note 20" Employee Benefit Expenses) | 1,362 | 1,135 | 997 | 993 | 785 |
| 2 Interest Cost (Included in "Note 21" Financial Costs) | 931 | 575 | 801 | 628 | 510 |
| 3 Expected return on plan assets | (1,085) | (1,046) | (755) | (610) | (512) |
| 4 Actuarial (Losses)/ Gains | (1,048) | 4,612 | (3,127) | 623 | 531 |
| 5 Total expense | 160 | 5,275 | (2,085) | 1,634 | 1,314 |

| Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the period ended March 31, 2014 | | | | | |
|--|--------------|---------|---------|---------|---------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| 1 Net Asset/(Liability) at beginning of period | 835 | 2,985 | (1,661) | (2,478) | (1,351) |
| 2 Employee Expense | (160) | (5,275) | 2,085 | (1,634) | (1,314) |
| 3 Contributions Paid | 0 | 3,125 | 2,561 | 2,451 | 187 |
| 4 Net Asset/(Liability) at the end of the period | 675 | 835 | 2,985 | (1,661) | (2,478) |

Actuarial Assumptions

| | | | | | |
|--|------------------|-----------|---------------|--------|---------|
| 1 Discount Rate | 9.20% | 8.05% | 8.50% | 8.30% | 8 % p.a |
| 2 Expected Rate of Return on Plan Assets | 8.75 % pa | 9.25 % pa | 8.15 % pa | 7 % pa | 7 % pa |
| 3 Mortality Table | | | LIC (1994-96) | | |

(b) **Defined Contribution Plans –**

Amount recognized as an expense and included in "Contribution to Provident, Gratuity and other funds" in Note No.20 Employee Benefit Expenses- Rs 23.48 Lakhs.

30 . Lease Commitment :-

Finance Lease:

The Company had acquired Honda Civic Vehicle on January 29, 2011 under lease finance agreement for a period of 4 Years. The future minimum lease payment under the lease as of March 31, 2014.

(Rs. '000)

| Particulars | Due Within 12 Months | Due Between 12-60 Months | Due for more than 60 Months | Total Amount Due |
|-----------------------------------|-------------------------|-----------------------------|-----------------------------------|---------------------|
| Minimum Lease | 474.7 | - | - | 474.7 |
| Less Amount representing Interest | 37.2 | - | - | 37.2 |
| Present value of Minimum Lease | 437.5 | - | - | 437.5 |

31. Information pursuant to the provisions of paragraph (viii) of General Instructions for preparation of Statement of Profit and Loss as per 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. | 2013-2014 | 11,40,065 | 35,121 | 10,57,855 | 34,696 |
| | Nos. | 2012-2013 | 23,14,860 | 30,891 | 11,40,065 | 35,121 |

(b) Turnover

| Product | Unit | Year | Qty. | Value in | Qty. | Value in |
|---------|------|-----------|------|------------|-------------|------------|
| | | | | Rs. ('000) | | Rs. ('000) |
| Gaskets | Nos. | 2013-2014 | | | 3,85,63,243 | 6,31,667 |
| | Nos. | 2012-2013 | | | 4,12,43,822 | 6,60,397 |

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

| Particulars | Unit | 2013-2014 | | 2012-2013 | |
|------------------------|---------|-----------|----------------------|-----------|----------------------|
| | | Qty | Value in Rs.(000) | Qty | Value in Rs.(000) |
| Cork Materials | Sheets | 19,967 | 3,404 | 25,025 | 4,078 |
| Cork frames/gaskets | Nos. | 7,43,149 | 11,749 | 7,18,142 | 10,844 |
| Tin | Kgs | 2,78,496 | 17,920 | 3,31,622 | 20,764 |
| Copper | Kgs | 6,315 | 3,854 | 6,028 | 3,784 |
| Steel | Kgs | 3,59,835 | 60,121 | 4,69,784 | 65,878 |
| Betaflex/Flexoid | Sq.mtrs | 2,474 | 481 | 35,038 | 3,557 |
| Semi-Finished Gaskets | Nos. | 33,60,180 | 50,224 | 29,74,884 | 54,756 |
| Moulded Rubber Gaskets | Nos. | 11,05,465 | 12,618 | 12,99,200 | 14,218 |
| Non-Asbestos | Kgs | 6,80,184 | 1,63,356 | 6,28,170 | 1,64,529 |
| Others | | - | 56,405 | - | 63,154 |
| | | | 3,80,132 | | 4,05,564 |

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

| | 2013-2014 | | | | 2012-2013 | | | |
|------------|-------------------------------------|---------------|--------------|---------------|-------------------------------------|---------------|--------------|---------------|
| | Raw Materials and Packing Materials | | Spares | | Raw Materials and Packing Materials | | Spares | |
| | Rs. ('000) | % | Rs. ('000) | % | Rs. ('000) | % | Rs. ('000) | % |
| Imported | 1,62,344 | 42.7% | - | 0.0% | 1,68,343 | 41.5% | - | 0.0% |
| Indigenous | 2,17,788 | 57.3% | 3,211 | 100.0% | 2,37,221 | 58.5% | 1,697 | 100.0% |
| | 3,80,132 | 100.0% | 3,211 | 100.0% | 4,05,564 | 100.0% | 1,697 | 100.0% |

33. Auditor's Remuneration

| | 2013-14 Rs. ('000) | 2012-13 Rs. ('000) |
|----------------|-----------------------|-----------------------|
| Audit Fees | 725 | 650 |
| Tax Audit Fees | 135 | 125 |

34. Value of Imports on CIF Basis

| | 2013-14 Rs. ('000) | 2012-13 Rs. ('000) |
|-------------------|-----------------------|-----------------------|
| Raw Materials | 1,47,951 | 1,53,032 |
| Machinery/ Spares | 1,463 | 4,473 |

35. Expenditure in foreign Currency

| | 2013-14 Rs. ('000) | 2012-13 Rs. ('000) |
|-------------------|-----------------------|-----------------------|
| Travelling | 1,067 | 440 |
| Export Commission | 109 | 235 |

36. Earning in Foreign Currency

| | 2013-14 Rs. ('000) | 2012-13 Rs. ('000) |
|-----------|-----------------------|-----------------------|
| FOB Value | 75,098 | 73,263 |

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

| | (Rs. In '000) | |
|-------------------------------------|---------------|---------|
| | 2013-14 | 2012-13 |
| Capital Expenditure : | 3,734 | 7,817 |
| Revenue Expenditure : | | |
| Materials | 589 | 318 |
| Utilities | 617 | 461 |
| Personnel | 10,769 | 4,267 |
| Depreciation | - | - |
| Others | - | - |
| Total Revenue Expenditure | 11,975 | 5,047 |
| Total Capital & Revenue Expenditure | 15,709 | 12,863 |

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. | 2013-14 | 3,803 | 4,774 | 8,577 |
| | 2012-13 | 8,103 | 5,361 | 13,464 |
| Amount payable as at year end | 2013-14 | - | 2,727 | 2,727 |
| | 2012-13 | - | 1,381 | 1,381 |
| Deposit for Services as at year end | 2013-14 | - | 3,50,00 | 3,50,00 |
| | 2012-13 | - | 3,50,00 | 3,50,00 |
| Marketing Services rendered | 2013-14 | - | 20,485 | 20,485 |
| | 2012-13 | - | 18,721 | 2,19,31 |
| Advisory Services Received | 2013-14 | - | 21,003 | 21,003 |
| | 2012-13 | - | 21,876 | 1,99,93 |
| Others | 2013-14 | 1,425 | 4,037 | 5,462 |
| | 2012-13 | 4,551 | 7,884 | 12,435 |
| Reimbursement of expenses received (Cost of Deputation) | 2013-14 | - | 17,451 | 17,451 |
| | 2012-13 | - | 15,164 | 1,71,61 |
| Sale of Products | 2013-14 | - | 1,435 | 1,435 |
| | 2012-13 | - | 1,379 | 7,55 |
| Corporate Guarantee extended | 2013-14 | 1,28,36,62 | 12,70,00 | 1,41,06,62 |
| | 2012-13 | 1,18,40,00 | 12,50,00 | 1,30,90,00 |
| Dividend Paid | 2013-14 | 2,90,33 | - | 2,90,33 |
| | 2012-13 | 2,90,33 | - | 2,90,33 |

39. Outstanding Foreign Currency Transactions.

| Hedge Positions | 31-Mar-14 | | 31-Mar-13 | |
|---------------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | Amt in foreign Currency | Equivalent Amt in INR '000 | Amt in foreign Currency | Equivalent Amt in INR '000 |
| Forward Contract Outstanding (In USD) | 4,851 | 306 | - | - |
| Unhedged Positions | 31-Mar-14 | | 31-Mar-13 | |
| | Amt in foreign Currency | Equivalent Amt in INR '000 | Amt in foreign Currency | Equivalent Amt in INR '000 |
| Buyers Credit (In USD) | 2,57,408 | 15,959 | 3,90,305 | 21,749 |
| Creditors (In USD) | 1,87,726 | 11,282 | 1,89,847 | 10,326 |

40. 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, 2014

| | March 31, 2014 | | March 31, 2013 | |
|---|-----------------|-----------------|----------------|------------|
| | (Rs. '000) | (Rs. '000) | (Rs. '000) | (Rs. '000) |
| A. Cash Flow from Operating Activities | | | | |
| Net (Loss)/Profit before Tax but after exceptional /extraordinary items | | 36,975 | | 60,556 |
| Adjustment for : | | | | |
| Depreciation | 17,326 | | 15,319 | |
| Finance Costs | 4,743 | | 4,759 | |
| Interest Income | (1,341) | | (3,627) | |
| Foreign Exchange Loss | 3,882 | | 1,063 | |
| Provisions written back | (840) | | 0 | |
| Tool Development Income | (1,728) | | 553 | |
| DEBP Gain | (32) | | (61) | |
| Profit/Loss on Fixed Assets sold | (77) | | (71) | |
| Discount received | (820) | | 0 | |
| Provision for Doubtful debts | 4,234 | 25,347 | 147 | 18,082 |
| Operating profit before working capital changes | | 62,322 | | 78,637 |
| Adjustments for changes in working capital : | | | | |
| - (Increase)/Decrease in Sundry Debtors | (10,412) | | (32,758) | |
| - (Increase)/Decrease in Other Receivables | 12,248 | | (8,987) | |
| - (Increase)/Decrease in inventories | 4,993 | | 3,385 | |
| - Increase/(Decrease) in trade and other payables | (7,401) | (573) | (37,206) | (75,566) |
| Cash generated from Operations | | 61,749 | | 3,071 |
| - Income Taxes and Wealth Tax Paid | (14,275) | (14,275) | (15,043) | (15,043) |
| Net Cash from Operating activities | | 47,474 | | (11,972) |
| B. Cash Flow from Investing activities | | | | |
| Purchase of Fixed Assets | (15,109) | | (23,397) | |
| Proceeds from Sale of Fixed Assets | 174 | | 125 | |
| Intercompany deposit given | - | | (95,000) | |
| Intercompany deposit received | 10,185 | | 1,15,000 | |
| Interest received (Revenue) | 1,341 | | 3,627 | |
| Net Cash used in Investing activities | | (3,410) | | 355 |
| C. Cash Flow from Financing activities | | | | |
| Proceeds from Term Borrowings (Net) | (9,794) | | (5,597) | |
| Proceeds From Working Capital Facilities (Net) | 8,263 | | 27,643 | |
| Interest paid | (4,743) | | (4,759) | |
| Dividend / Dividend Tax Paid | (39,002) | | (19,372) | (2,087) |
| Net Cash used in/from Financing activities | | (45,276) | | |
| Net Increase/ (Decrease) in cash and cash equivalents | | (1,212) | | (13,703) |
| Cash and Cash Equivalents opening balance | | 14,177 | | 27,879 |
| Cash and Cash Equivalents closing balance | | 12,965 | | 14,177 |
| Cash and Cash Equivalents comprises | | | | |
| Cash In Hand | | 46 | | 33 |
| Balance with Scheduled Banks | | 12,919 | | 14,144 |

Notes to the Cash Flow Statement for the year ended March 31, 2014

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

As per our report of even date.

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

Devdatta Mankar
Partner
Membership No : 109795
Pune, May 27, 2014

DILIP PALVE
VP & COO

ASHISH ASHTEKAR
Financial Controller
Pune, May 27, 2014

SUNIL KAUL
Chairman
(DIN: 00110549)

MK Goyal (DIN: 02605116)
MS Shankar (DIN: 02306859)
Directors

ATTENDANCE SLIP

Victor Gaskets India Limited

Registered Office :

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

CIN-U29117PN2001PLC018092

(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 13th Annual General Meeting on Thursday, 11th September, 2014 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/Weof.....

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 13th Annual General Meeting of the Company to be held on Thursday, 11th September, 2014 and at any adjournment thereof.

As witness my/our hand (s) this day of 2014

Signed by the said.....

Affix
Re. 1.00
Revenue
Stamp



www.victorgasketsindia.com

VICTOR

Victor Gaskets India Limited
152/223, Village Mahalunge, Chakan Talegaon Road, Tal. Khed,
Dist. Pune - 410 501, Maharashtra (India)