



Raunaq Automotive Components Limited

27th Annual Report 2009-10



A GREEN COMPANY



Geared To Excel

- ❖ Environment friendly production system
- ❖ Non-polluting factory setup
- ❖ Focus on employee health & welfare
- ❖ Commitment towards a world level company



ISO 14001:2004
EMS 554238



BOARD OF DIRECTORS

| | |
|----------------------------|--------------------------------|
| Mr. Gursharan Singh | Chairman and Managing Director |
| Mr. Madan Lal | Director |
| Mr. Anil Sharma | Director |
| Mr. K.K. Shukla | Nominee Director (PICUP) |
| Mr. V. K. Seth | Nominee Director (PICUP) |
| Mr. D.R.Arya | Director & Company Secretary |

Compliance Officer
Mrs. Manju Gupta

Statutory Auditors
A. Sachdev & Co.
Chartered Accountants
New Delhi

Internal Auditors
Gianender & Associates
Chartered Accountants
New Delhi

Bankers
Bank of India
AXIS Bank Ltd
State Bank of India

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

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

Registrar & Share Transfer Agents
MAS Services Ltd.
T-34, 2nd Floor,
Oxha Industrial Area-II
New Delhi

RACL Branches

1. Delhi
2. Haldwani

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NOTICE

NOTICE is hereby given that 27th Annual General Meeting of the members of Raunaq Automotive Components Limited will be held on Wednesday, the 29th September, 2010, at 10.30 AM at Shivam Garden, Bawana Road, Narela, Delhi-110040, to transact the following business :

AS AN ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the Financial year ended on that date, along with reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr.D.R.Arya, who retires by rotation and being eligible offers himself for reappointment
3. To appoint M/s.A.Sachdev & Co., Chartered Accountants, as Statutory Auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS

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

***RESOLVED THAT** pursuant to the provisions of Section 293 (1) (a), 293 (1) (d) & other applicable provisions of Companies Act, 1956, for the time being in force, consent of the company be and is hereby accorded to mortgage and/or create hypothecation/ other charge by the Board of Directors of the company, on all movable as well as immovable properties of the company, wherever situated, present as well as future, including the whole of undertaking of the company together with powers to take over the management of the business & concern of the company in certain events, to or in favour of Bank of India to secure/ to be secured payment of the amount mentioned as under :

| S. No. | Name of the Bank | Fund Based and Non Fund Based Facilities | Particulars of Security |
|--------|------------------|--|---|
| 1. | Bank of India | Financial assistance of Rs.22.70 crores as Term Loan, Fund Based Limits, and Non Fund Based Limits | <p>Financial Assistance of Rs.22.70 crores given by Bank of India as Term Loan, Fund Based Limits, and Non Fund Based Limits to be secured as under :</p> <p>Primary Security : 1. First charge by way of Hypothecation of entire current assets of the company.</p> <p>2. First charge over entire Fixed Assets of the company excluding Land & Building & Vehicles (Both present & future)</p> <p>3. EQM of company's land & building at Gajraula, U.P.</p> <p>Guarantee : The amount shall be secured by personal guarantee (joint & several) of Mr.Gursharan Singh, CMD and Mr. D.R.Arya, Director (F).</p> |

- ii. The interest payment at the agreed rate/additional interest, commitment charges and other moneys payable, whether funded and payable, or not funded and payable by the Company to the Bank of India in terms of the loan agreements whether executed or to be executed/letters of sanction and memorandum of terms & conditions entered/to be entered into in respect of aforesaid borrowings.*

***RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to make or accept any amendment, modification, change or alteration as may be required from time to time by the lenders in connection with the creation of aforesaid charge(s)/mortgage(s) in its favour.*

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with the lender the documents for creating the charges/mortgages mentioned hereinbefore and to do all such acts, deeds or things as may be considered necessary or incidental thereto."

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

'RESOLVED THAT subject to the provisions of Section 198, 269, 310, Schedule - XIII & other applicable provisions (if any) of the Companies Act, 1956 and subject to the approval of Central Govt. as may be required, consent of the members of the Company be and is hereby accorded for payment of enhanced remunerations and perquisites to Mr. Gursharan Singh, Chairman and Managing Director of the Company w. e. f. 01.04.2010 on the terms and conditions given below with an authority to the Board of Directors to alter or vary the terms & conditions in accordance with law from time to time in force :

Salary : For the purpose of this resolution salary includes & shall consist of Basic Pay + Dearness Pay/ Dearness Allowance as follows :

Basic Pay : Rs.150000/- per month
Dearness Pay : 30% of Basic Pay

Commission : Payment of Commission @ 1% on net profits as ascertained U/s 349 & 350 of the Companies Act, 1956.

Perquisites : Perquisites will be in addition to salary as specified above. However, in addition to Part 'A', perquisites as detailed in Part 'B' & 'C' here in below, shall be evaluated as per Income Tax Rules, 1962.

PART - A

Provident Fund etc. : Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent that these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity : 15 days salary (as above) for every completed year of service.

Leave Encashment : One month earned/privilege leave for every completed year of service with encashment of leave (Encashment without any limit as per above salary) at the end of services with the Company.

Car : Free use of Company's Car with chauffeur for official use.

Telephone : Free Telephones/Fax/Internet facility at residence including mobile telephones.

PART - B

Housing & other Amenities :

- House Rent Allowance @ 60% of Basic Pay
- Provision for maintaining Security Guards at the residence
- Gas, Electricity, Water, etc. @ 10% of Basic pay
- Domestic Help etc. @ 10% of Basic pay

Children Education Allowance : Rs.10000/- per month

House Maintenance Allowance : Rs.10000/- per month

Club Fee/Credit Card : Fees of Club subject to a maximum of Two Clubs and subscription of Two Credit Cards.

Personal Accident Insurance : Premium not exceeding Rs. 5000/- p.a.

Any other benefit : Reimbursement of expenditure actually incurred on Newspapers, Books, Journals, Periodicals, Office Attendant/Attires etc. to an amount not exceeding Rs.7500/- per month.

PART - C

Other terms :

- i) The Chairman and M.D. is entitled to reimbursement of all actual expenses as per Rules of the Company including on entertainment/business promotion and travelling incurred in the course of the Company's business.
- ii) For all other terms and conditions such as payment of medical reimbursement/leave travel assistance etc. not specifically spelt out above, the rules and regulations of the company shall apply.
- iii) The Chairman and M.D. is also entitled to the benefits under all other schemes, privileges and amenities as are granted to the Sr. Executives of the Company in accordance with the Company's practice, Rules and Regulations in force from time to time.

- iv) He is not entitled to payment of any sitting fee for attending meetings of the Board or a Committee thereof.
- v) The appointment shall be terminable by the Company by giving him six months' notice or on payment of six months' salary (including other allowances, perqs., & benefits) in lieu thereof and by him by giving six months notice to the Company.
- vi) The Chairman and M.D. holds office as such, subject to the provisions of Section 283(1) of the Companies Act, 1956.

***RESOLVED FURTHER THAT** the above salary and perquisites be paid as minimum remunerations to Mr. Gunsharan Singh, Chairman and M.D. notwithstanding that in any financial year during the tenure of his office as Chairman and M.D., the Company has no profits or its profits are inadequate".

***RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to review/revise/increase remunerations upon commencement of every financial year subject to maximum ceilings as per provisions of Companies Act, 1956 and to take steps as may be necessary or desirable to give effect to the above resolution."

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

***RESOLVED THAT** subject to the provisions of Section 198, 269, 310, Schedule-XIII & other applicable provisions (if any) of the Companies Act, 1956 and subject to the approval of Central Govt. as may be required, consent of the members of the Company be and is hereby accorded for payment of enhanced remunerations and perquisites to Mr. D.R.Arya, Director (Finance) & Company Secretary of the Company w. e. f. 1.4.2010 on the terms and conditions given below with an authority to the Board of Directors to alter or vary the terms & conditions in accordance with law from time to time in force :

Salary : For the purpose of this resolution salary includes & shall consist of Basic Pay + Dearness Pay/ Dearness Allowance as follows :

| | |
|--------------|------------------------|
| Basic pay | : Rs.80000/- per month |
| Dearness pay | : 30% of Basic pay |

Perquisites: Perquisites will be in addition to salary as specified above. However, in addition to Part 'A', perquisites as detailed in Part 'B' & 'C' here in below, shall be evaluated as per Income Tax Rules, 1962.

PART - A

Provident Fund etc.: Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity : 15 days salary (as above) for every completed year of service.

Leave Encashment : One month earned privilege leave for every completed year of service with encashment of leave (Encashment without any limit as per above salary) at the end of services with the Company.

Car : Free use of Company's Car with chauffeur for official use.

Telephone: Free Telephones/Fax/Internet facility at residence including mobile telephones.

PART - B

Housing & Other Amenities :

- House Rent Allowance @ 60% of Basic Pay
- Gas, Electricity, Water etc. @ 10% of Basic pay
- Domestic Help etc. @ 10% of Basic pay

Children Education Allowance : Rs.7500/- per month

House Maintenance Allowance : Rs.7500/- per month

Club Fee/Credit Card : Fees of Club subject to a maximum of two Clubs & subscription of Two Credit Cards.

Personal Accident Insurance : Premium not exceeding Rs. 5000/- p.a.

Any other Benefit : Reimbursement of expenditure actually incurred on Newspapers, Books, Journals, Periodicals, Office attendant/Attires etc. to an amount not exceeding Rs.7500/- per month.

PART - C

Other terms :

- i) The Director is entitled to reimbursement of all actual expenses as per Rules of the Company including on entertainment/business promotion and travelling incurred in the course of the Company's business.

- ii) For all other terms and conditions such as reimbursement of medical expenses/leave travel assistance not specifically spelt out above, the rules and regulations of the Company shall apply.
- iii) The Director is also entitled to the benefits under all other schemes, privileges and amenities as are granted to the Sr. Executives of the Company in accordance with the Company's practice, Rules and Regulations in force from time to time.
- iv) He is not entitled to payment of any sitting fee for attending meetings of the Board or a Committee thereof.
- v) The appointment shall be terminable by the Company by giving him six months' notice or on payment of six months' salary (including other allowance, perqs & benefits) in lieu thereof and by him by giving six months' notice to the Company.
- vi) The Director holds office as such, subject to the provisions of Section 283(1) of the Companies Act, 1956.

***RESOLVED FURTHER THAT** the above salary and perquisites be paid as minimum remunerations to Mr. D.R. Arya notwithstanding that in any financial year during the tenure of his office as Director, the Company has no profits or its profits are inadequate*.

***RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to review/revise/increase remunerations upon commencement of every financial year subject to maximum ceilings as per provisions of Companies Act, 1956 and to take steps as may be necessary or desirable to give effect to the above resolution.*

For RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

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

**Place : New Delhi
Dated : 30th July, 2010**

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a member. Proxies in order to be effective must be received, duly completed in the enclosed format, at the Registered Office of the Company not later than 48 hours before the time fixed for the Annual General Meeting.
2. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed at the entrance of the meeting for attending the meeting. **No Attendance Slip shall be issued at the meeting.**
3. M/s. A. Sachdev & Co., Statutory Auditors of the company, have intimated that their appointment, if made, will be within the limits specified in Section 224 (1B) of the Companies Act, 1956.
4. Members who have multiple folios in identical names or joint folios in same order are requested to send all their relevant Share Certificate(s) to the Company for consolidation into one folio to facilitate better service.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2010 to 29th September, 2010 (both days inclusive).
6. Members desiring to seek any information on the Annual Accounts are requested to write to the Company at least seven days in advance so as to keep the information ready at the meeting.
7. Members are requested to bring their copy of the Annual Report at the meeting.
8. Members are requested to notify the change in their address, if any, to the Company immediately quoting their Folio number.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

Item No.2

Mr. D.R. Arya, aged about 59 years is a Law Graduate and holding fellowship of Institute of Company Secretaries of India. He has served in various Public Limited companies at various Senior Executive levels, having an experience of 30 years in the Industries and has been with RAUNAQ since 1997, undertaken various challenges and responsibilities under different capacities.

Mr. D.R. Arya has been looking after and supervising the Secretarial, Accounts and Finance Department including Taxation. He has been instrumental in turning around the company.

None of the Directors except Mr. D.R. Arya is considered to be interested in this resolution.



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

Item No.4

Due to several economic & commercial reasons, the State Bank of India has been substituted by new banker namely Bank of India. All the borrowing facilities earlier provided by State Bank of India have been taken over by Bank of India, Noida.

Bank of India has sanctioned Financial facilities aggregating Rs.22.70 crores by way of Term Loan, Fund Based and Non Fund Based facilities. The said facilities shall be secured by way of

- i) First charge by way of Hypothecation of entire current assets of the company
- ii) By way of First charge over entire Fixed Assets of the Company excluding Land & Building (both present & future)
- iii) By way of EQM of company's land & building at Gajraula, U.P.
- iv) By way of Personal Guarantee of
 1. Mr.Gursharan Singh
 2. Mr.D.R.Arya

For this purpose necessary resolution has been passed by the Board of Directors which has already approved this arrangement.

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

Item No.5

The Remuneration Committee of the Company at its meeting held on 31st May, 2010 recommended the following salary payable to Mr.Gursharan Singh as Chairman and Managing Director of the Company which was duly approved by the Board of Directors of the Company. It is proposed to pay Mr.Gursharan Singh a Basic Pay of Rs.1,50,000/- pm and Dearness Pay @ 30% of Basic Pay along with a commission of 1% on net profits of the Company as ascertained U/s 349 & 350 of the Companies Act, 1956 plus other benefits as detailed in the resolution. The salary payable to Mr.Gursharan Singh, Chairman and Managing Director is in consonance & comparable with Industry norms and in accordance with the provisions of Companies Act, 1956 read with Schedule XIII (if applicable), and other applicable provisions of the Companies, Act, 1956.

OTHER DIRECTORSHIPS

Mr.Gursharan Singh does not hold the office of Director in any other Public Limited/Private Limited Company.

This may be treated as the abstract of the terms and conditions of the appointment and payment of remunerations to Mr.Gursharan Singh u/s 302 of the Companies Act, 1956.

None of the Directors except Mr.Gursharan Singh is considered and deemed to be interested in this resolution.

The Directors consider the remunerations and perquisites payable, to Mr.Gursharan Singh reasonable and recommend the members to approve the same.

Item No.6

The Remuneration Committee of the Company at its meeting held on 31st May, 2010 recommended the following salary payable to Mr.D.R.Arya as Director (Finance) & Company Secretary of the Company which was duly approved by the Board of Directors of the Company. It is proposed to pay Mr.D.R.Arya a Basic Pay of Rs.80,000/- and Dearness Pay @ 30% of Basic Pay plus other benefits as detailed in the resolution. The salary payable to Mr.D.R.Arya, Director (Finance) & Company Secretary is in consonance & comparable with Industry norms and in accordance with the provisions of Companies Act, 1956 read with Schedule XIII (if applicable), and other applicable provisions of the Companies Act, 1956.

OTHER DIRECTORSHIP

Mr.D.R.Arya does not hold the office of Director in any other Public Limited/Private Limited Company.

This may be treated as the abstract of the terms and conditions of the appointment and payment of remunerations to Mr.D.R.Arya u/s 302 of the Companies Act, 1956.

None of the Directors except Mr.D.R.Arya is considered and deemed to be interested in this resolution.

The Directors consider the remunerations and perquisites payable, to Mr.D.R.Arya reasonable and recommend the members to approve the same.

**By Order of the Board
for RAUNAQ AUTOMOTIVE COMPONENTS LIMITED**

Place : New Delhi
Dated : 30th July, 2010

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



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors present 27th Annual Report and Audited Statement of Accounts of your Company for the Financial year ended 31st March, 2010.

FINANCIAL RESULTS :

(Rs. In Lacs)

| Particulars | 2009-2010 | 2008-2009 |
|---|-----------|-----------|
| Sales and Other Income | 7017 | 6558 |
| Operational Expenses | 6189 | 5924 |
| Depreciation | 267 | 184 |
| Financial Charges | 241 | 202 |
| Gross Profit | 320 | 248 |
| Provision for Taxes/ Def. Tax Liab/ including earlier years | 71 | 40 |
| Net Profit | 249 | 208 |
| Profit b/f from last year | 309 | 101 |
| Profit carried to Balance Sheet | 558 | 309 |

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industrial Scenario 2009-10

The impact of global economic slow down continued in current year also, however, at the fog end of year, it witnessed some economic recovery, which has given some relief to the world economy, but whether it will continue for a long, is a matter of time. The extent of recovery had been different depending upon various economic factors. The pressure of economic recession is still being felt in some parts of the globe & recently some European countries have been under the economic threat. In order to bring these economies out of the recession the respective Govt./Financial institutions are providing financial bailout package but the said bailout package seems to be insufficient for sustainable recovery process. It is expected that by the close of 2010-11, the world economy may start recovering.

Though, Indian economy could not isolate itself totally from the global recession, but due to its own inherent strength & skills, it came to overcome the same, at a much faster pace as compared to world economy. Indian Automotive Industry, having a huge demand potential for automobiles, including automotive component manufacturing has regained its lost strengths and started performing as it was originally performing. Indian Industry learnt good lessons from this recession & it found its strength by resorting to its principles of global quality at low cost & timely delivery.

b) Opportunities and threats

Opportunities

The world wide recession proved blessings in disguise for Indian Industries. The hopes of economists turned into realities as most of the American/European Automobiles Giants have been looking towards India as their destination for procurement of their domestic as well as export requirements since only Indian component manufacturers could provide them the desired quality products, at most competitive rates because of their strong foundation of Engineering skills & low cost of production as compared to their counter parts in other parts of the Globe.

However, it is felt that Indian economy lacks certain basic infrastructural facilities due to which the economic growth is not moving at desired level. Indian economy shall be able to move even faster, provided the Government looks into these infrastructural areas with a pro-active approach and puts the requisite funds for a speedy development of most essential areas.

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

1. Improvement in quality system & environment Management system.
2. Technology upgradation.
3. Exploring new business avenues in domestic as well as export market.
4. Generating more skilled manpower.
5. Adoption of principles of corporate Governance at international levels.

Threats

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

c) Risks & Concerns

Risks

The growth of Automotive Component Industry is entirely dependent upon the performance of Automotive Sector/infrastructure development. The global recession has adversely affected the export market and recovery may be slower than expected. The volatility in the market may further deteriorate the sustainability of business viability.

Concerns

There are several major concerns which have not been looked into for the last so many years and these are major impediments in the overall growth of the company, such as

1. Poor infrastructure of highways, Ports
2. Good Quality & continued availability of electricity at cheaper rates
3. Volatility in prices and availability of basic raw material
4. Multiple taxation system and other complicated administrative procedure
5. Ability to pass an increasing cost to customers

d) Internal Control Systems and their adequacy

The Company has adequate internal control systems, which ensure proper recording of transactions of its operations and also protection against misuse or loss of the company's assets. Internal audit of the company is carried out at periodic intervals by an independent firm of Chartered Accountants, to ensure that the company's internal control system are adequately complied with and adhered to.

During the year under review, ERP System has improved the overall efficiency of the company at every level. The Biometric system installed by the company has significantly improved the working of HRD Deptt. The Company is in the process of broadening & implementing the scope & coverage of other areas of ERP functioning such as manufacturing / PPC / machine loading / capacity utilization which will help the company to improve its efficiency at all levels of operation.

e) Cautionary Note

Certain statements in the management discussion and analysis section may be forward looking and are stated as required by applicable Laws & Regulations. Many other factors may affect the actual results, which would be different from what the Directors envisage in terms of the future performance and outlook.

f) Performance of the company

The Company could not isolate itself from the effect of world recession, however, efforts put up by the management in the previous years came to our rescue. Had it not been so the results for the Financial Year under review would have been different. The company could not achieve the budgeted targets but it could record a growth of 11% in turnover with a significant improvements in profits.

In the Financial Year 2009-10, the company achieved an Income of Rs.7017 Lacs as compared to Rs.6558 lacs in 2008-09 thus achieving a growth of 11%. The company could achieve an operating profits of Rs.320 Lacs (PBT) as compared to Rs.248 Lacs (PBT) thus registering a growth of 30% as compared to last year. The company has made a provision of Rs.71 Lacs on account of Income Tax / Deferred Tax Liabilities.

The company has a MAT credit of Rs.48 Lacs which shall be utilized / adjusted for payment of Income Tax in future. Company has a surplus of Rs.558 Lacs in Profit & Loss Account.

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

The Company is developing more & more new components for many other OEM manufacture as per their specifications and requirement and we are quite confident that in the times to come we shall be able to cater the demands of our New Customers.

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

During the Financial Year under review, the company through its cost reduction schemes & various other VA/VE methods made a significant improvement in profits as compared to sales.

After completion of two years journey of Cluster IV of ACT (ACMA Centre of Technology) the company has taken up the sustenance programme to further improve the performance of the company and we are hopeful that it will assist us in achieving better productivity, quality goods at competitive price thus enhancing the overall profitability of the company.

EXPORTS

The company has been successful in its efforts to broaden the export horizons during the year under review. Many prestigious MNC has been included in our list of customers. The company is not only catering to their existing demand, but has also geared itself for their global requirement. In 2009-10, the company has improved its export sales significantly. It has been exporting goods to every part of globe, may be it is Asian countries, European Countries or USA. Our export are very well accepted and are being appreciated for their good quality and competitive price.

During the year under review, the company achieved an export turnover of Rs.1117 Lacs as against Rs.755 Lacs in 2008-09. Thus, achieving a growth of 48 %. Our export customers are fully satisfied with the quality, timely delivery & cost competitiveness. In the current year we have targeted an overall export sales of Rs. 1500 lacs.

FUTURE OUTLOOK

Indian Economy is still on the recovery path and RACL has been no exception. Although, the company made a modest recovery / growth to the extent of 11% in sales but the profitability and the achievement in export front has given a boost to the company. During the year under review, the company has successfully commissioned world class technology and production facilities.

It has constructed a new Technology Block & has installed latest machines which shall be further supplemented by the similar type of facilities and with these facilities, we shall be considered one of the leading Gear Manufacturer in the Northern Region.

During Financial Year 2010-11, the company proposes to install/upgrade its technological capabilities / infrastructure facilities by way of putting up additional facilities of

- Gear Hobbing
- Internal broaching
- CNC Internal & Cylindrical Grinding with inprocess gauging system

The company has developed a very good product quality & has emerged as one of the quality producer of gears not only in India but its products are purchased by world renowned MNC all over the globe. The tough competition faced by the company in the previous years has showed the path of organic growth and we look forward for a bright future as outlook is positive and the company has an excellent order book position for the coming years.

DIVIDEND

Although, the company has accumulated profits of Rs.558 lacs but considering the existing fund requirements for our future plans for upgradation of machinery / technology upgradation, the Board of Directors considered it appropriate not to declare any dividend for the current year.

FORFEITURE OF WARRANT APPLICATION MONEY

During the Financial Year 2008-09, the company allotted 19 lacs convertible warrants of Rs.10/- each at a premium of Rs.9/- per warrant aggregating Rs.361 lacs. The company received application money of Rs.38 lacs on such 19 lacs warrants @ Rs.2/- per warrant (including a premium of Rs.1/- per warrant) The warrant holders did not pay the allotment money on such warrants which was due on 31.3.2010. Due to non payment of such allotment money, the Board of Directors at their meeting held on 19th April, 2010 forfeited, the said amount of Rs.38 lacs on such convertible warrants.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the financial year ending 31st March, 2010.

LISTING FEES

The Financial Results of the company can be accessed at the company's website www.raunaqauto.com.

The annual listing fee for the year under review has been paid to Bombay Stock Exchange Ltd., Mumbai, where your company's shares are listed.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchange, a Report on Corporate Governance is provided elsewhere in this Annual Report along with the Auditor's Certificate on the compliance thereof.

DIRECTORS

During the year under review, PICUP has nominated Mr.V.K.Seth in place of Mr.Devender Singh as its Nominee Director. The Board of Directors place on record the appreciation for the guidance & services rendered by Mr.Devender Singh during his tenure as Director.

In accordance with the provisions of The Companies Act, 1956 and Memorandum and Articles of Association of the company Mr.D.R.Arya, Director of the company retire by rotation and being eligible offer himself for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility statement it is hereby confirmed:

- i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company believes that employees are its real strength and their contribution remains main force towards its growth and development.

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

The Board of Directors recognize and place on record the concerted efforts made by the Company's Executives, Officers, Staff and Workers at all levels.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is enclosed at Annexure "A" and forms part of this report.

AUDITORS AND AUDIT REPORT

The Company has obtained the requisite certificate from M/s.A.Sachdev & Co., Uis 224(1B) of the Companies Act, 1956 according their consent to act as Statutory Auditors of the Company if appointed as per provisions contained under Companies Act, 1956. The Director's reply to Auditors Report is stated elsewhere in the report. (please see notes to accounts)

M/s. A. Sachdev & Co., Chartered Accountants. New Delhi Auditors of the company retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

AUDITORS' CERTIFICATE

The Auditors have certified the Company's compliance of the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement and the same is annexed to the Report on Corporate Governance.

SECRETARIAL AUDIT

As per the directives of the Securities and Exchange Board of India (SEBI), M/s.K.K.Mahotra & Company, Company Secretaries, New Delhi, undertakes Secretarial Audit on quarterly basis. The audit is aimed at reconciliation of total shares held in CDSL, NSDL and in physical form with the admitted, issued and listed capital of the company.

The Secretarial Audit Reports as furnished by the Secretarial Auditors were forwarded on quarterly basis to the Stock Exchange.

ACKNOWLEDGEMENTS

Your Directors wish to place their appreciation of the continued support, assistance and co-operation extended to the Company by the Company's Bankers, The Pradeshya Industrial & Investment Corporation of U.P. Ltd (PICUP), the State and Central Government and other Government Agencies.

Your Directors also wish to place on record their appreciation of the confidence reposed by its valued Customers, Suppliers and Esteemed Shareholders, without whose continuing support the achievements of the company would not have been possible.

For and on behalf of Board
for RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Sd/-

Place : New Delhi

(GURSHARAN SINGH)

Date : 30th July, 2010

Chairman and Managing

Director

ANNEXURE "A" TO THE DIRECTORS' REPORT

Particulars required under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

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

1. Synchronization of DG Set
2. Installation of UPS
3. Centralization of Air Conditioning System
4. Installation of energy efficient Air Compressor
5. Installation of SQF for reduction in LPG consumption

Power and Fuel Consumption :

(a) Electricity

(i) Purchased

| | | |
|---------------------------|--------|--------|
| Units (in Lacs) | 29.49 | 32.31 |
| Total amount (Rs.in Lacs) | 122.25 | 133.06 |
| Rate Per Unit (Rs.) | 4.14 | 4.12 |

(ii) Own Generation

(a) Through Diesel Generator

| | | |
|----------------------------|-------|-------|
| Units (in Lacs) | 8.85 | 5.27 |
| Unit Per Ltr of Diesel Oil | 3.09 | 3.24 |
| Cost Per Unit (Rs.) | 11.27 | 11.47 |

(b) Through Steam Turbine/Generator

NIL NIL

(b) Coal

NIL NIL

(c) Furnace Fuel (LPG)

| | | |
|----------------------------------|--------|--------|
| Consumed (in MT) | 500.82 | 475.60 |
| Total Amount(Rs.in Lacs) | 199.27 | 216.47 |
| Average Rate per MT (Rs.in Lacs) | 0.40 | 0.46 |

(d) Other/Internal Generation

NIL NIL

B. TECHNOLOGY ABSORPTION

a) Research & Development

The Company is engaged in the manufacturing of Automotive Gear to OEM & for Replacement Market for domestic & Overseas Customers. Since, the product is manufactured as per design and specifications drawn by the OEM hence it does not require any Research & Development as such. However, the Company is undertaking every possible step for improvement in processes and product development. Moreover, it interacts with its customer for further improvement in its R&D division and design development.

b) Technology Absorption

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

1. IPSEN (GERMANY) make Sealed Quench Furnace, which is time saving due to state through design & low energy consumption.
2. FASSLER (SWITZERLAND) make Gear Honing Machines, which can produce DIN 6 quality gears



3. Kanzaki Shaving Machines
4. CNC Computerized-3D Coordinate Machine
5. Modular Storage System using FIFO concept thus reducing the manpower & fatigue factor

c) Environment Friendly Company

Company has constructed a new production shed under the name and style of "TECHNOLOGY BLOCK". The Technology Block has the following features :

1. It is a green building / maximum utilization of sunlight
2. Company has introduced rain water harvesting system
3. Company has undertaken sampling and plantation throughout the year
4. The company has been awarded ISO : 140001 through BSI.

C. FOREIGN EXCHANGE INFLOW AND OUTGO

Expenses incurred in foreign exchange are as follows :

| | 2009-10 (Rs. in Lacs) | 2008-09 (Rs. in Lacs) |
|--|--------------------------|--------------------------|
| - Foreign Travelling | 22.55 | 18.86 |
| - Purchase of Machineries (including Advances) | 267.27 | 111.37 |
| Purchase of Tools & Spares | 23.09 | 2.57 |
| Earnings in Foreign Exchange | 874.92 | 712.90 |



CORPORATE GOVERNANCE REPORT

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

RACL PHILOSOPHY ON CORPORATE GOVERNANCE

Raunaq Automotive Components Ltd is committed to pursue growth by way adherence to national standards of Corporate Governance which brings direction and control to the affairs of the company in a manner that ensure optimum transparency, overall well being & welfare of the system which takes into account the interest of every stake holder in every business decision

The Company's Philosophy on Corporate Governance is based upon the principles of promotion of ethical and responsible decision taking to encourage enhanced performance, integrity in financial reporting, compliance with the laws & regulations in each of the areas the company operates. The company is guided by a key set of values for all its internal & external interaction, recognizing to the legitimate rights of every stakeholder. It is a means of effective control, professionalism responsibility and accountability in all area of enhancing the customers' satisfaction and nurturing the national values.

BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD

The present Board consists of 2 Executive Directors, 4 Non-Executive Directors (2 Independent Directors & 2 Nominee Director of PICUP).

(B) NON EXECUTIVE DIRECTORS

With their vast experience and knowledge and with their independence of judgement Non Executive Directors deliberate the subject thoroughly at the board meeting. Non Executive Directors are paid sitting fee only and that they do not have any material pecuniary relationship with the company.

The sitting fee paid to Non Executive Directors is within the limits prescribed under the Companies Act, 1956.

(C) COMPOSITION OF BOARD OF DIRECTORS

| Name of Director | Designation/ Description | No. of Board Meetings attended (1.4.2009 to 31.3.2010) | Last AGM Attendance (Yes/No) | No of outside Director- ships held | No of Membership in other committee | Gross remuneration/ sitting fee drawn during the period 1.4.2009 to 31.3.2010 |
|--------------------|-----------------------------|--|------------------------------------|--|--|---|
| Mr.Gursharan Singh | Chairman and MD | 4 | Yes | 1 | 2 | Rs.3444000/- |
| Mr.D.R.Arya | Director(F) & C.S. | 4 | Yes | 0 | 1 | Rs.1590000/- |
| Mr.Anil Sharma | Independent Director | 3 | Yes | 3 | 2 | Rs. 36000/- |
| Mr.K.K.Shukla | Nominee Director | 2 | No | 1 | 1 | Rs. 12000/- |
| Mr.Madan Lal | Independent Director | 4 | Yes | 1 | 3 | Rs. 51500/- |
| Mr.V.K.Seth* | Nominee Director | 0 | No | 1 | 1 | NIL |
| Mr.Devender Singh# | Nominee Director | 3 | Yes | 1 | 0 | Rs. 36000/- |

* Mr.V.K.Seth has been nominated by PICUP w.e.f. 16th March, 2010

Nomination of Mr.Devender Singh has been withdrawn by PICUP w.e.f. 16th March, 2010

INFORMATION SUPPLIED TO THE BOARD

The Board of RAACL is regularly presented with all information under the following heads, wherever applicable. These are submitted either as part of the agenda papers well in advance of the Board Meetings or are tabled in the course of the Board Meeting.

Among others, this includes :

- Annual operating plans and budgets, capital budgets, updates
- Quarterly results of the company along with detailed business analysis/Internal Audit Reports



- Minutes of the meetings of Audit Committee/Share Transfer Committee and other committee
- Materially important show cause, demand, prosecution and penalty notices,
- Significant labour problems and their proposed solution-wise agreement.

DIRECTORS WITH MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS, PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

The directors, apart from drawing directors remunerations, have no other related party transactions, pecuniary or business relationship with the company & the same are reported in the Notes to Accounts & Accounting Policies.

AUDIT COMMITTEE

(A) QUALIFIED AND INDEPENDENT AUDIT COMMITTEE:

The company has been complying with the provisions of clause 49 of the listing agreement and in terms of the provisions of section 292A of the Companies Act, 1956, its functions, powers and role is in compliance with the same.

Mr.V.K.Seth, is the Chairman of Audit Committee, who is Dy. General Manager(F) at PICUP.

(B) REVIEW OF INFORMATION BY AUDIT COMMITTEE

The Audit Committee review the day to day functions of the company and receive every information that flows from the company during the year and in particular on the following subject:

1. Management discussions and analysis of financial condition, quarterly results and technical operations of the company.
2. Scrutiny and Analysis of Internal Audit Reports/Statutory Audit Reports.
3. Report and comments on weakness /deficiencies in Internal Control System.
4. Appointment and Remuneration of Internal Auditors/Statutory Auditors.

SUBSIDIARY COMPANIES:

The company does not have any subsidiary company.

CONSTITUTIONS OF COMMITTEE (As on 31.3.2010)

AUDIT COMMITTEE

SHARE TRANSFER COMMITTEE

| Name of Director | No. of meetings attended | Name of Director | No. of meetings attended |
|-------------------|--------------------------|--------------------|--------------------------|
| Mr.Devender Singh | 3 | Mr.Gursharan Singh | 20 |
| Mr.Anil Sharma | 3 | Mr.D.R.Arya | 22 |
| Mr.Madan Lal | 4 | Mr.Madan Lal | 22 |

Mr.D.R.Arya, Director (Finance) & C.S. is Secretary to all the above Committees.

COMPLIANCE OFFICER

Mrs.Manju Gupta, is the Compliance Officer of the Company.

CORPORATE GOVERNANCE DISCLOSURES :

Raunaq Automotive Components Limited is making all efforts to benchmark itself with the guidelines issued by Securities & Exchange Board of India (SEBI) from time to time.

1. Raunaq Automotive Components Limited has an optimum combination of Executive & Non-Executive Directors.
- 2a. As per directions of SEBI, the company has appointed MAS Services Ltd., T-34, 2nd Floor, Okhla Industrial Area, Phase-2, New Delhi as Share Transfer Agents (Common Agency) to look into the Electronic Connectivity & Physical Share Transfer Work of the Company.
- 2b. To expedite the process of share transfers and dematerialization of shares, the Board has delegated the power of share transfer to a committee that attend to share transfer formalities and Demat Procedures. The Meeting of Share Transfer Committee are held frequently and shares received for transfer/dematerialization are returned within stipulated statutory period. Share transfers/ transmissions/dematerialization of shares approved by the Committee are placed at the next Board Meeting.

During the 12 months ending 31.3.2010, the Share Transfer Committee met 22 times.



3. MEETING OF BOARD & AUDIT COMMITTEE (2009-10)

| BOARD MEETING | | | AUDIT COMMITTEE MEETING | | |
|-----------------|-----------|--------------------------|-------------------------|-----------|--------------------------|
| Date of Meeting | Place | No. of Directors present | Date of Meeting | Place | No. of Directors present |
| 30.05.09 | New Delhi | 4 | 30.05.09 | New Delhi | 4 |
| 29.07.09 | Gajraula | 4 | 29.07.09 | Gajraula | 4 |
| 31.10.09 | New Delhi | 6 | 31.10.09 | New Delhi | 6 |
| 23.01.10 | New Delhi | 6 | 23.01.10 | New Delhi | 6 |

MEANS OF COMMUNICATION

- The quarterly results are generally published in Financial Express (English) and in Jansatta (Hindi)
- The quarterly financial statements and all other information is disseminated to analysts/institutional investors and is posted on Company's website (www.raunaqauto.com)

SHAREHOLDERS INFORMATION

1. Annual General Meeting

Date : 29th September, 2010
 Venue : Shivam Garden, Bawana Road, Narela, Delhi
 Time : 10.30 A.M.
 Details of last three AGMs held

| YEAR | DATE | TIME | VENUE | BOOK CLOSURE |
|-----------|------------|----------|-----------|--------------------------|
| 2006-2007 | 29.09.2007 | 10.00 AM | New Delhi | 25.09.2007 to 29.09.2007 |
| 2007-2008 | 29.09.2008 | 10.00 AM | New Delhi | 24.09.2008 to 29.09.2008 |
| 2008-2009 | 26.09.2009 | 10.00 AM | New Delhi | 22.09.2009 to 26.09.2009 |

2. Financial Calendar :

Financial Period : 1st April, 2009 to 31st March, 2010

For the Financial Year 1st April, 2009 to 31st March, 2010 Quarterly results were announced on :

- 29th July, 2009, 31st October, 2009, 23rd January, 2010

For the Financial Year 1st April, 2009 to 31st March, 2010 Audited results were announced on :

- 31st May, 2010

3. Book Closure :

The dates of book closure are from 24th September, 2010 to 29th September, 2010 (both days inclusive)

4. Listing :

The company's shares are listed and traded on the The Bombay Stock Exchange Ltd., Mumbai

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

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

5. Investor Services(Investor Grievances Committee)

- a) Details of non-compliance by RAUNAQ, penalties, strictures imposed on RAUNAQ by Stock Exchange or SEB or any statutory authority, on any matter related to capital markets, during the last three years : NIL



b) Letters received during the year 2009-10

| Nature of Letters | Received | Cleared |
|---|----------|---------|
| Enquires relating to Transfer Transmission, Demat etc. | 3 | 3 |

6. Stock Market Price Data for the year 2009-10

The High & Low Prices during each month in the Last Financial Year on Mumbai Stock Exchange are given below :

| MONTH | MUMBAI STOCK EXCHANGE | |
|----------|-----------------------|-----------|
| | HIGH(Rs.) | LOW (Rs.) |
| April,09 | 10.50 | 7.17 |
| May | 14.21 | 9.60 |
| June | 15.95 | 13.28 |
| July | 16.75 | 11.55 |
| Aug | 13.45 | 10.80 |
| Sept | 15.50 | 12.05 |
| Oct | 17.29 | 13.75 |
| Nov | 15.70 | 13.35 |
| Dec | 18.50 | 13.80 |
| Jan,10 | 23.70 | 15.30 |
| Feb | 19.70 | 14.80 |
| Mar | 16.75 | 14.80 |

7. Categories of Shareholders as on 31st March, 2010

Shareholding Pattern

| Category | No. of shares | % of Paid up capital |
|---|----------------|----------------------|
| A Promoters' Holding | | |
| 1. Promoters | | |
| a) Indian Promoters | | |
| - PICUP | 1503300 | 18.95 |
| - REWT | 3398687 | 42.85 |
| b) Foreign Promoters | — | — |
| 2. Persons acting in concert | 90910 | 1.15 |
| Sub Total (A) | 4992897 | 62.95 |
| B Non-Promoters Holding | | |
| 3. Institutional Investors | | |
| a. Mutual Funds and Unit Trust of India | | |
| b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions) | 500 | 0.006 |
| c. Foreign Institutional Investor | | |
| 4. Others | | |
| a. Private Corporate Bodies | 372826 | 4.70 |
| b. Indian Public | 2526627 | 31.85 |
| c. Non Resident Indians/Overseas | 38750 | 0.48 |
| Sub Total (B) | 2938703 | 37.05 |
| G.TOTAL (A+B) | 7931600 | 100.00 |



8. Distribution of shareholding as on 31st March, 2010

| Distribution | No. of Share holders | % of Shareholders | No of shares | % of Shareholding |
|----------------|----------------------|-------------------|----------------|-------------------|
| Up to 5000 | 8645 | 90.261 | 1098163 | 13.845 |
| 5001 - 10000 | 388 | 5.270 | 332115 | 4.187 |
| 10001 - 20000 | 156 | 2.119 | 237244 | 2.991 |
| 20001 - 30000 | 60 | 0.815 | 155434 | 1.960 |
| 30001 - 40000 | 24 | 0.326 | 85652 | 1.080 |
| 40001 - 50000 | 24 | 0.326 | 108896 | 1.373 |
| 50001 - 100000 | 29 | 0.394 | 208081 | 2.623 |
| 100001 & Above | 36 | 0.489 | 5706015 | 71.940 |
| TOTAL | 7362 | 100% | 7931600 | 100% |

9. Shares held in physical and dematerialized form

As on 31st March, 2010, 81.49% of RAUNAQ's shares were held in dematerialized form and the remaining 18.51% in physical form.

Break up of physical and dematerialized shares as on 31st March, 2010

| | No. of Folios (Physical) | No. of Folios (Demat) | No. of Shares (Physical) | No. of Shares (Demat) | Total Folios | Total Shares |
|--------|--------------------------|-----------------------|--------------------------|-----------------------|--------------|--------------|
| RAUNAQ | 4119 | 3243 | 1468087 | 6463513 | 7362 | 7931600 |

10. PLANT LOCATION :

Raunaq Automotive Components Limited
A-3, Industrial Area, Gajraula
Dist. J.P. Nagar-244223 (U.P.)

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

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

**12. INVESTOR :
CORRESPONDENCE**

- (1) Mrs. Manju Gupta
Compliance Officer
Raunaq Automotive Components Limited
15th Floor, Chiranjiv Tower, 43, Nehru Place
New Delhi- 110 019
Tel : (011) 26418622 / 33 / 55
Fax : (011) 26448962
- (2) MAS Services Ltd
T-34, 2nd Floor, Okhla Indl. Area-2
New Delhi - 110 020
Tel : (011) 26387281 / 82 / 83
Fax : (011) 26387384



CODE OF CONDUCT

The Board of Directors has a well defined code of conduct for all the Board members and Sr. Management of the company.

The members of the Board of Directors and Senior Management personnel have affirmed compliance with the code applicable to them during the year ending 31.03.2010. The annual report of the company contains a Certificate duly signed by the CMD in this regard.

DISCLOSURES:

- 1) There is no related party transaction that have potential conflict with the company.
- 2) During the last 3 years there has been no non-compliance by the company and there is no penalties, strictures imposed on the company by Stock Exchange or SEBI or any other statutory authority in any manner related to capital market or otherwise.
- 3) The company has complied with the mandatory conditions of corporate governance and also constituted Remuneration committee which review the managerial remunerations payable to CMD and whole time Director.
- 4) Receipt from Public Issues, Rights Issues, Preferential Issues

The company did not have any of the above issues during the year under review. (1.4.09 to 31.3.10)

CEO & CFO CERTIFICATION:

The CMD, the CEO and the Chief Financial Officer have certified to the Board of Directors of the company that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee that there is:
 - (i) No significant change in internal control over financial reporting during the year.
 - (ii) No significant change in Accounting policies during the year under review, and
 - (iii) No instance of fraud in the company in which the management or an employee having a role.

Whether Special Resolutions were put through Postal ballot last year :

No

Details of voting pattern

Not applicable

Persons who conducted the postal ballot exercise

Not applicable

Whether Special resolutions are proposed to be conducted through postal ballot

Not applicable



AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members

Raunaq Automotive Components Limited

New Delhi

We have reviewed the relevant records of Raunaq Automotive Components Limited (the company) for the year ended on 31st March, 2010 relating to compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our review was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and according to information and explanations given to us, we state that to the best of our knowledge the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

We have to state that no investor grievance against the Company is pending for a period exceeding one month as per the records maintained and certified by the Registrars of the Company.

We further state that such compliance is neither an assurance as to future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of
A.Sachdev & Co.,
Chartered Accountants
Firm Registration No. 001307C

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

Place : New Delhi
Date : 30th July, 2010

COMPLIANCE WITH CODE OF CONDUCT

This is to certify that the company has laid down Code of Conduct for all Board Members and Senior Management of the company and the copy of the same uploaded on the website of the company www.raunaqauto.com

It is further certified that the members of the Board of Directors and Senior Management personnel have affirmed having complied with the code applicable to them during the year ended March 31, 2010.

Sd/-
GURSHARAN SINGH
Chairman and Managing Director

Place : New Delhi
Date : 30th July, 2010



AUDITOR'S REPORT

To,
The Members,
Raunaq Automotive Components Limited

We have audited the attached Balance Sheet of Raunaq Automotive Components Limited as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow statement for the Financial Year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order 2003, as amended by Companies (Auditor's Report) Amendment Order 2004 (together the 'Order') issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 & 5 of the said Order to the extent applicable and based on such checks we considered appropriate.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, the Company has kept proper books of accounts as required by law, so far, as appears from our examination of those books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d) The provisions of Section 274(1) (g) of the Act are not applicable to the nominee Directors of PICUP. As far as other Directors are concerned, on the basis of the written representation / information received from the Directors as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - e) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us the said Accounts read together with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true & fair view in conformity with the accounting principle generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;
 - ii) in the case of the Profit & Loss Account, of the profit of the Company for the Financial Year ended on that date; and
 - iii) in the case of Cash Flow statement, of the Cash Flows for the Year ended on that date.

Place : New Delhi
Date : 31st May, 2010

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

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



ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date.

1. a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
b) According to the information & explanations given to us, the fixed assets of the Company have been physically verified by the management as at the end of the financial year and no serious discrepancy has been found on such verification. In our opinion, having regard to the size of the company and the nature of its assets the system of verification of the Fixed Assets of the company is reasonable.
c) Since there is no disposal of substantial part of the Fixed Assets during the Year, paragraph 4(i)(c) of the Companies (Auditor's Report) Order 2003 (hereinafter referred to as the order) is not applicable.
2. a) The inventories, except for stocks lying with third parties where certificates confirming stocks have been received in respect of most of the stocks held, have been physically verified by the management during the year at reasonable interval.
b) In our opinion and according to information & explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. According to information & explanations given to us, the discrepancies noticed on verification between the physical stock and books record, which in our opinion were not material, have been properly dealt with in the Books of Accounts.
3. a) According to the information & explanations given to us, the Company has not granted any loans secured or unsecured to companies, firm or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956; and
b) Since the company has not granted any loans secured or unsecured during the period covered under audit, Paragraph No.4(iii) (b) of the order is not applicable.
c) The company has been pursuing civil suit against Mr. JPS Kanwar for the recovery of Rs.488.88 lacs outstanding against him.
d) The company has not taken any loan during the period covered under Audit from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. However, the company had taken Interest Free Secured Deferred Sales Tax Loan of Rs.732.02 lacs from PICUP, during previous years. (please refer to Note No.6(b) of schedule 17 Part B also).
e) In our opinion, the terms & conditions on which Loans referred to above had been taken are prima facie not prejudicial to the interest of the company; and
f) The loan is interest free deferred sales tax loan and as per the terms and conditions of the loan, the repayment of the Principal amount has been started as per repayment schedule.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our Audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) According to the information and explanations given to us we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act 1956 have been so inserted.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding the value of Rs. 5 lacs during the year for each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year under consideration.



7. In our opinion, the company has an adequate Internal Audit system commensurate with the size and the nature of its business.
8. We have generally reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records are being maintained. We are not required for detailed examinations of the records maintained & accordingly, we have not examined the same in details.
9. According to the information and explanations given to us, and according to the records of the Company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state Insurance, Income Tax, Tax Deducted at source, professional tax, sales tax, wealth tax, service tax, custom duty, excise duty, octroi charges, property tax, water tax, license fees, works contract tax, cess and other material statutory dues applicable to it.
10. In our opinion, the company does not have accumulated losses at the end of Financial year 31st March, 2010. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding Financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the Financial Institutions / Banks.
12. Since the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the order is not applicable.
13. As the Company is not a nidhi / mutual benefit fund / society, paragraph 4(xiii) of the order is not applicable.
14. Since the company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the order is not applicable.
15. Since the company has not given any guarantee for loans taken by others from bank / Financial Institutions, paragraph 4(xv) of the order is not applicable.
16. As per records of the Company the Term Loans / Corporate Loans obtained by it during the period covered under audit have been applied for the purpose for which they were obtained.
17. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that the company has not used any funds raised on short-term basis for long-term investments.
18. According to the records of the company and the information and explanations provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. Since the company has neither issued any debentures nor has created any securities during the year, Paragraph 4 (xix) of the order is not applicable.
20. The company has not raised any money by Public Issues during the period covered under audit. However, the amount of Rs.38.00 lacs raised on account of convertible warrants in Financial Year 2008-09 has been forfeited due to non payment of allotment money by the applicants and same has been transferred to share forfeiture account / Share premium account and the said amount has been utilized for acquisition of fixed assets.
21. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

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

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

Place : New Delhi
Date : 31st May, 2010



BALANCE SHEET AS AT 31ST MARCH 2010

| PARTICULARS | SCHEDULE | AS AT 31.03.2010 (Rs.in Lacs) | AS AT 31.03.2009 (Rs.in Lacs) |
|---|----------|-------------------------------------|-------------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholder's Fund | | | |
| Share Capital | 1A | 793.16 | 812.16 |
| Reserves & Surplus | 1B | 620.65 | 353.05 |
| Loan Funds | | | |
| Secured Loans | 2A | 2,072.81 | 1,749.52 |
| Deferred tax Liabilities(net) | 2B | 145.85 | 80.72 |
| Total | | <u>3,632.47</u> | <u>2,995.45</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | 3 | 3,032.23 | 2,142.73 |
| Current Assets, Loans & Advances : | | | |
| a) Inventories | 4 | 1,096.40 | 956.49 |
| b) Sundry Debtors | 5 | 715.55 | 690.47 |
| c) Cash & Bank Balances | 6 | 4.60 | 29.46 |
| d) Loans & advances | 7 | 291.29 | 176.47 |
| | | <u>2,107.84</u> | <u>1,852.89</u> |
| Less : Current Liabilities & Provisions | 8 | <u>1,515.20</u> | <u>1,019.42</u> |
| Net Current assets | | <u>592.64</u> | <u>833.47</u> |
| Misc.Expenditure | | | |
| (To the extent not written off or adjusted) | | | |
| Development& Other Expenditure | | 7.60 | 19.26 |
| Total | | <u>3,632.47</u> | <u>2,995.46</u> |

Schedules 1 to 8 & 17 are forming integral part of Balance Sheet
As per our separate report of even date

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

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

Sd/-
GURSHARAN SINGH
(Chairman and
Managing Director)

Sd/-
MADAN LAL
(Director)

Sd/-
ANIL SHARMA
(Director)

Place : New Delhi
Date : 31st May, 2010

Sd/-
K. K. SHUKLA
(Director)

Sd/-
V. K. SETH
(Director)

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



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

| PARTICULARS | SCHEDULE | YEAR ENDED 31.03.2010 (Rs.in Lacs) | YEAR ENDED 31.03.2009 (Rs.in Lacs) |
|--|----------|--|--|
| INCOME | | | |
| Sales : Domestic | 9(a) | 5,814.82 | 5,601.93 |
| Exports | 9(b) | 1,117.59 | 754.27 |
| Other Income | 9(c) | 84.80 | 142.03 |
| | | <u>7,017.21</u> | <u>6,558.23</u> |
| Less: Excise Duty Paid | | 467.26 | 637.35 |
| Total | | <u>6,549.95</u> | <u>5,920.88</u> |
| EXPENDITURE | | | |
| (Inc./Dec. in Closing Stocks | 10 | (42.44) | (77.76) |
| Raw Materials & Packing mat. Consumed | 11 | 3,141.55 | 3055.93 |
| Payments & Prov. For Employees | 12 | 772.28 | 682.47 |
| Manufacturing Expenses | 13 | 1,485.29 | 1,307.20 |
| Admin., Selling & other expenses | 14 | 389.73 | 335.15 |
| Financial Expenses | 15 | 240.65 | 202.22 |
| Misc. expenditure written off/(written back) | 16 | (3.01) | 7.95 |
| Sub Total | | <u>5,984.05</u> | <u>5,513.15</u> |
| Less: Transfer to Development Expenses | | 22.16 | 25.31 |
| Sub-Total | | <u>5,961.89</u> | <u>5,487.84</u> |
| Profit / (Loss) before Depreciation, prior period and extraordinary items | | <u>588.06</u> | <u>433.04</u> |
| Depreciation | | 267.01 | 184.21 |
| Prior Period / Extraordinary Items (net) | | (0.96) | (0.64) |
| Profit before taxes(PBT) | | <u>320.09</u> | <u>248.19</u> |
| Profit during the year | | 320.09 | 248.19 |
| Provision for Income Tax | | (54.54) | (34.32) |
| Provision for Deferred tax Assets/(Liabilities) | | (65.13) | (5.43) |
| MAT Credit Available | | 48.18 | — |
| Brought Forward Profit | | <u>309.10</u> | <u>100.66</u> |
| Profit carried to Balance Sheet | | <u>557.70</u> | <u>309.10</u> |
| Earnings Per Share (In Rupees) | | <u>3.13</u> | <u>2.63</u> |

Schedules 9 to 17 are forming integral part of Profit & Loss Account
As per our separate report of even date

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

By order of the Board
For Raunaq Automotive Components Ltd.

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

Sd/-
GURSHARAN SINGH
(Chairman and
Managing Director)

Sd/-
MADAN LAL
(Director)

Sd/-
ANIL SHARMA
(Director)

Place : New Delhi
Date : 31st May, 2010

Sd/-
K. K. SHUKLA
(Director)

Sd/-
V. K. SETH
(Director)

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



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

| | AS AT 31.03.2010 (Rs.in Lacs) | AS AT 31.03.2009 (Rs.in Lacs) |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE : 1 A | | |
| SHARE CAPITAL | | |
| Authorised : | | |
| 200,00,000 Equity Shares of Rs.10/-each | 2,000.00 | 2,000.00 |
| | <u>2,000.00</u> | <u>2,000.00</u> |
| Issued and Subscribed : | | |
| 84,40,000 Equity Shares of Rs 10/- each. | 844.00 | 844.00 |
| Paid up Capital : | | |
| 1. 79,31,600 Equity Shares of Rs 10/- each fully paid up | 793.16 | 793.16 |
| 2. Warrant Application Money | — | 19.00 |
| As per Balance Sheet | <u>793.16</u> | <u>812.16</u> |
| SCHEDULE : 1 B | | |
| RESERVES & SURPLUS | | |
| Capital Reserve | 2.00 | 2.00 |
| Share forfeiture a/c | 41.95 | 22.95 |
| Share premium a/c | 19.00 | 19.00 |
| Profit & loss a/c | 557.70 | 309.10 |
| As per Balance Sheet | <u>620.65</u> | <u>353.05</u> |
| SCHEDULE : 2 A | | |
| SECURED LOANS | | |
| From Financial Institutions : | | |
| Interest free Sales Tax Loan from PICUP | 717.61 | 732.02 |
| From Banks : | | |
| -Cash Credit Limits | 613.42 | 528.34 |
| -Term Loans | 709.22 | 481.99 |
| From Others : | | |
| Car finance Co | 32.56 | 7.17 |
| As per Balance Sheet | <u>2,072.81</u> | <u>1,749.52</u> |
| SCHEDULE : 2 B | | |
| DEFERRED TAX LIABILITIES (NET) | | |
| Deferred tax liabilities on | | |
| Accelerated depreciation | 236.49 | 187.46 |
| Development Expenses | 0.30 | 2.26 |
| | <u>236.79</u> | <u>189.72</u> |
| Less : | | |
| Deferred Tax assets on | | |
| Provision for gratuity & leave encashment | 69.50 | 74.53 |
| Provision for Doubtful debts and advances | 0.49 | 18.85 |
| Provision on Profit & loss on sale of Fixed Assets | 20.95 | 15.62 |
| | <u>90.94</u> | <u>109.00</u> |
| Net deferred tax liabilities | <u>145.85</u> | <u>80.72</u> |



**SCHEDULE : 3
FIXED ASSETS**

(Rs. in Lacs)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|-----------------------|-------------------|--------------------------------|---------------|-------------------|-------------------|--------------------------------|---------------|-------------------|-------------------|-------------------|
| | As At 01.04.09 | Addition during the year | Dep./ Adj. | As At 31.03.10 | As At 01.04.09 | Provided during the year | Dep./ Adj. | As At 31.03.10 | As At 31.03.10 | As At 31.03.09 |
| LAND | 41.68 | — | — | 41.68 | — | — | — | — | 41.68 | 41.68 |
| BUILDING | 418.03 | 188.55 | — | 606.58 | 130.59 | 12.16 | — | 142.75 | 463.83 | 287.41 |
| PLANT & MACHINERY | 2911.05 | 742.29 | 35.65 | 3617.69 | 1295.35 | 199.46 | 33.27 | 1461.54 | 2156.15 | 1615.70 |
| JIGS & FIXTURES | 422.71 | 22.38 | 3.76 | 441.53 | 341.29 | 22.30 | — | 363.59 | 77.74 | 61.42 |
| ELEC INSTALLATION | 68.78 | 20.53 | — | 89.31 | 48.87 | 3.16 | — | 52.03 | 37.28 | 19.91 |
| FURNITURE & FIXTURE | 28.15 | 2.14 | — | 30.30 | 20.67 | 1.54 | — | 22.41 | 7.89 | 7.29 |
| OFF & MISC EQUIPMENTS | 109.57 | 22.43 | — | 132.00 | 64.66 | 17.86 | — | 102.72 | 29.28 | 24.71 |
| VEHICLE | 37.28 | 47.51 | 23.23 | 61.51 | 20.69 | 10.53 | 16.44 | 14.56 | 46.53 | 16.39 |
| SUBTOTAL | 4037.26 | 1045.83 | 62.69 | 5320.40 | 1942.72 | 267.01 | 49.71 | 2160.02 | 2860.38 | 2094.54 |
| CAPITAL W/P | 18.76 | 131.88 | 11.79 | 138.05 | — | — | — | — | 138.05 | 18.76 |
| CAPITAL ADVANCES | 29.43 | 33.80 | 29.43 | 33.80 | — | — | — | — | 33.80 | 29.43 |
| TOTAL | 4085.45 | 1210.71 | 103.91 | 5392.25 | 1942.72 | 267.01 | 49.71 | 2160.02 | 3032.23 | 2142.73 |
| PREVIOUS YEAR | 3578.11 | 605.36 | 98.02 | 4085.45 | 1849.47 | 184.21 | 90.96 | 1942.72 | 2142.73 | 1726.64 |

**AS AT
31.03.2010
(Rs. in Lacs)**

**AS AT
31.03.2009
(Rs. in Lacs)**

**SCHEDULE : 4
INVENTORIES**

| | | |
|-----------------------------------|-----------------|---------------|
| Raw materials & Packing materials | 83.87 | 76.94 |
| Loose Tools | 408.07 | 327.33 |
| Stores & Spares | 88.52 | 78.72 |
| Scrap | 4.82 | 0.41 |
| Work in progress | 325.66 | 263.31 |
| Finished goods | 185.46 | 209.78 |
| As per Balance Sheet | 1,096.40 | 956.49 |

**SCHEDULE : 5
SUNDRY DEBTORS (Unsecured,
considered good by the management
unless otherwise stated)**

| | | |
|--------------------------------|---------------|---------------|
| Debts outstanding for a period | | |
| - exceeding six months | 33.16 | 118.05 |
| - Other debts | 683.83 | 627.87 |
| | 716.99 | 745.92 |
| Less Provision for Doubt Debts | 1.44 | 55.45 |
| As per Balance Sheet | 715.55 | 690.47 |



| | AS AT 31.03.2010 (Rs.in Lacs) | AS AT 31.03.2009 (Rs.in Lacs) |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE : 6 | | |
| CASH & BANK BALANCES | | |
| Cash in hand | 2.04 | 0.97 |
| With Schedule Banks : | | |
| -In Current Accounts | 2.55 | 28.49 |
| As per Balance Sheet | 4.60 | 29.46 |
| SCHEDULE : 7 | | |
| LOANS & ADVANCES(Unsecured, considered good by the management unless otherwise stated) | | |
| Advances recoverable in cash or kind or for value to be received | 135.31 | 133.27 |
| Security Deposits | 23.32 | 21.94 |
| Mat credit available | 48.18 | — |
| Balance with Excise Authorities | 33.77 | 6.26 |
| Margin Money Deposit | 50.71 | 15.00 |
| As per Balance Sheet | 291.29 | 176.47 |
| SCHEDULE : 8 | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| Sundry Creditors | | |
| - Due to SSIs | — | 26.39 |
| - Due to MSME | — | — |
| - Due to other than SSIs/MSME | 1,049.99 | 585.47 |
| | 1,049.99 | 611.86 |
| Advances from Customers | 46.88 | 34.34 |
| Provision for Gratuity & Earned Leave | 189.50 | 212.42 |
| Other Liabilities | 228.83 | 161.16 |
| As per Balance Sheet | 1,515.20 | 1,019.78 |



**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2010**

| | For the Year Ended 31.03.10 (Rs.in Lacs) | For the Year Ended 31.03.09 (Rs.in Lacs) |
|---|--|--|
| SCHEDULE : 9 | | |
| SALES & OTHER INCOME | | |
| Sales : | | |
| (a) Domestic | 5,814.82 | 5,661.93 |
| (b) Exports | 1,117.59 | 754.27 |
| Sub - total | 6,932.41 | 6,416.20 |
| (c) Other Income : | | |
| Sale of Scrap | 49.91 | 63.38 |
| Int'l. on deposits | 3.58 | 2.94 |
| others | 31.31 | 75.71 |
| Sub - total | 84.80 | 142.03 |
| As per Profit & Loss Account | 7,017.21 | 6,558.23 |
| SCHEDULE : 10 | | |
| (INCREASE)/DECREASE IN CLOSING STOCK | | |
| Closing Stock | | |
| - Finished Stock | 185.46 | 206.50 |
| - Material in transit | — | 3.28 |
| - Work in Progress | 325.66 | 263.31 |
| - Scrap | 4.82 | 0.41 |
| Total (A) | 515.94 | 473.50 |
| Less : | | |
| Opening Stock | | |
| - Finished Stock | 206.50 | 175.36 |
| - Material in Transit | 3.28 | 13.75 |
| - Work in Progress | 263.31 | 206.08 |
| - Scrap | 0.41 | 0.55 |
| Total (B) | 473.50 | 395.74 |
| As per Profit & Loss Account (Total A-B) | (42.44) | (77.76) |
| SCHEDULE : 11 | | |
| RAW MATERIAL & PACKING MATERIAL CONSUMED | | |
| Opening Stock | 76.94 | 63.14 |
| Add : Purchases | 3,148.48 | 3,069.73 |
| | 3,225.42 | 3,132.87 |
| Less : Closing Stock | 83.87 | 76.94 |
| As per Profit & Loss Account | 3,141.55 | 3,055.93 |
| SCHEDULE : 12 | | |
| PAYMENT TO EMPLOYEES | | |
| Salaries & Wages | 641.23 | 557.71 |
| Provident Fund & Gratuity paid | 14.57 | 13.43 |
| Provision For Gratuity & Earned Leave | 48.75 | 56.49 |
| Welfare Expenses | 67.73 | 54.84 |
| As per Profit & Loss Account | 772.28 | 682.47 |



| | For the Year Ended 31.03.10 (Rs.in Lacs) | For the Year Ended 31.03.09 (Rs.in Lacs) |
|---|--|--|
| SCHEDULE : 13 | | |
| MANUFACTURING EXPENSES | | |
| Stores & Spares consumed | 102.12 | 89.15 |
| Loose Tools consumed | 161.21 | 130.02 |
| Power, Oil & Lubricants & LPG for furnace | 489.26 | 459.11 |
| Repairs & Maint.(Plant & Machinery) | 34.98 | 37.45 |
| Outside vendoring | 634.00 | 538.54 |
| Others | 63.72 | 52.93 |
| As per Profit & Loss Account | 1,485.29 | 1,307.20 |
| SCHEDULE : 14 | | |
| ADMINISTRATIVE, SELLING & OTHER EXPENSES | | |
| Travelling & Conveyance | 40.14 | 39.71 |
| Vehicle running & maintenance | 31.53 | 27.74 |
| Telephone, Telex & Communication | 13.78 | 14.01 |
| Repairs & Maintenance : | | |
| - Building | 3.76 | 3.61 |
| - Others | 0.14 | 0.72 |
| Freight & Forwarding | 53.53 | 34.75 |
| Rent | 17.23 | 15.38 |
| Printing & Stationery | 7.87 | 7.49 |
| Discount on sales/Warranty claims | 38.55 | 37.45 |
| Electricity & Water | 3.08 | 2.94 |
| Auditors Remuneration | 0.90 | 0.90 |
| Directors Remuneration | 53.71 | 53.86 |
| Foreign Exchange Rate Fluctuation | 39.95 | — |
| Misc. Expenses | 85.56 | 96.59 |
| As per Profit & Loss Account | 389.73 | 335.15 |
| SCHEDULE : 15 | | |
| FINANCIAL EXPENSES | | |
| Interest on Term Loans | 80.43 | 40.05 |
| Interest on Cash Credit from Bank | 56.60 | 53.48 |
| Bank & Other charges | 21.78 | 24.05 |
| Bill Discounting Charges | 81.84 | 84.64 |
| As per Profit & Loss Account | 240.65 | 202.22 |
| SCHEDULE : 16 | | |
| MISC.EXP.W/OFF(W.BACK) | | |
| Development /other expenses | (3.01) | 7.95 |
| As per Profit & Loss Account | (3.01) | 7.95 |



SCHEDULE - 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

(A) Significant Accounting Policies: -

(1) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with the applicable Accounting Standards and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements is recognized on accrual basis except otherwise stated hereunder.

(2) GOING CONCERN DISCLOSURE

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

(3) REVENUE RECOGNITION

Revenue from sale of goods/services is recognized when the sale/services have been completed, with the passing of the title. Return of goods if any are recognized in the year of return. Turnover represents invoiced amount of goods sold and services including excise duty but excluding sales tax.

(4) FIXED ASSETS AND DEPRECIATION

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

Depreciation has been provided on straight-line method except for furniture & fixture and vehicles where the same has been provided on written down value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956 as amended up to date except

- i) on Jigs & Fixtures where the rate of charging depreciation is 25 % on SLM as the average life of jigs & fixtures is less than four years,
- ii) on material handling equipments, crates and bins where the rate of Depreciation is 50% on SLM as the average life of such assets is not more than 2 years, and
- iii) The rates of depreciation on some Office equipments is taken at 20% on SLM after assessing the useful life of the asset.

(5) INVENTORIES :

Valuation of Inventories are made as under:-

- i. Raw Material at cost
- ii. Work in progress is valued at factory cost.
- iii. Scrap materials are valued at net realizable value.
- iv. All other inventories are valued at cost or net realizable value whichever is lower.
- v. The cost formulae used is weighted average cost formulae & applicable excise has been added in the stock of Finished goods.

(6) FOREIGN CURRENCY TRANSACTIONS :

In respect of Export Sales in foreign currency, the sales are accounted for at the exchange rate prevailing as on the date of transaction. The receivables as on the Balance Sheet date are accounted for at the closing rate. Any difference arising due to exchange rate fluctuation is treated as revenue income /expense at the time the remittances are received. The accounting is in line with the AS-11.

(7) EXCISE DUTY :

Excise duty is accounted for at the time of despatches. Excise duty realizable from customers is credited to Sales Account. Unutilized amount of Excise Duty Deposit is shown under Loans & Advances.

The provision for excise duty on the finished goods as on 31.03.2010 has been included in the closing stock of finished goods and the same amount of excise has been included in excise duty payable in current liabilities.



(8) EMPLOYEES BENEFITS :

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

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

(9) DEVELOPMENT EXPENDITURE :

The development expenditure includes the amount spent on development of prototype of samples in terms of the raw material consumed, consumption of major tools, loose tools and the amount spent in terms of machine hour rate multiplied by development time spent on individual machine.

(10) PROVISION FOR CURRENT AND DEFERRED TAX

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

(11) IMPAIRMENT OF ASSETS

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

(12) EARNINGS PER SHARE (EPS)

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

B. Notes on Accounts :

- (1) Major expenditure on development of new components, where the benefit of such work is expected to accrue over an extended period and is not exhausted during the period covered by the Profit & Loss Account is treated as deferred revenue expenditure and written off over a period of five years. According to 20% of such expenditure has been charged to revenue account and balance carried over to be charged in the subsequent years.
- (2) The company has been pursuing the civil suit against Mr. JPS Kanwar for the recovery of Rs.488.88 lac



- (3) The Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro Small Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.
- (4) The Company has adopted Accounting Standard 15 on employees benefits w.e.f. April 1, 2009 relevant disclosure are as under :

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

(Rs. in Lacs)

| Liability to be recognized in Balance Sheet as at 31.3.2010 | Gratuity | Leave Encashment |
|---|----------|------------------|
| Present value of Funded Obligations | 144.77 | 45.60 |
| Fair Value of Plan Assets | 0.00 | 0.00 |
| Net Assets / (Liability) | (144.77) | (45.60) |

**Reconciliation of Opening and Closing Balances of obligation
Change in defined Benefit Obligation**

| | | |
|-----------------------------|--------|--------|
| Obligation as at 01.04.2009 | 112.60 | 36.08 |
| Current Service Cost | 10.83 | 1.29 |
| Interest Cost | 10.30 | 3.27 |
| Actuarial Losses / (Gain) | 16.22 | 6.80 |
| Benefit Paid | (5.38) | (1.84) |
| Obligation as at 31.3.2010 | 144.77 | 45.60 |

Expenditure to be recognized during the year

| | | |
|--|-------|-------|
| Current Service Cost | 10.83 | 1.29 |
| Interest Cost | 10.30 | 3.27 |
| Expected Return on Plan Assets | 0.00 | 0.00 |
| Net Actuarial Losses/(Gain) Recognized during the year | 16.23 | 6.80 |
| Total expenditure included in "Employees Emoluments" | 37.36 | 11.36 |

ASSUMPTIONS

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

- (5) The company had sent balance confirmation letters to the customers. The company has received balance confirmations from some of the parties.
- (6) a) Term Loan from State Bank of India, Nohru Place Branch is secured by 1st Charge created by equitable mortgage of land and buildings thereon and hypothecation of entire immovable assets and plant & machinery, spares, tools and accessories and other assets (except book debts, other recoverable); both present and future, subject to prior charge in favour of company's bankers on inventories and book debts & other recoverable created for security of the borrowings for working capital and second charge on immovable assets.
- b) Interest Free deferred sales tax loan availed in previous years from Pradeshya Industrial & Investment Corporation of UP Ltd. (PICUP) is secured by way of second charge on all assets, whether immovable or movable, of the company along with extension of mortgage on immovable assets of the company.
- c) The cash credit limits from State Bank of India are secured by way of hypothecation & first charge on inventories, book debts and other receivables, both present and future and by way of second charge on immovable assets of the company.
- d) The margin money on Letter of Credit is secured by pledging of Term Deposit Receipts to the Schedule Bank.

(7) Managerial remuneration under Section 198 of the Companies Act, 1956 paid/payable to the directors.

| | <u>Current Year</u> | <u>(Rs in Lacs) Previous Year</u> |
|--|---------------------|---------------------------------------|
| (A) Remuneration of Managerial Personnel : | | |
| - Salary | 40.14 | 41.50 |
| - Value of perquisites | 7.20 | 7.20 |
| - PF Contribution | 3.36 | 3.36 |
| - Commission (CMD) | 3.00 | 2.25 |
| Total | 53.71 | 53.86 |
| B) Director's Sitting Fees | 1.35 | 1.16 |

| | <u>Current Year</u> | <u>(Rs. in lacs) Previous Year</u> |
|--|---------------------|--|
| (8) Details of Auditor's Remuneration : | | |
| a) as Auditors | 0.90 | 0.90 |
| b) as Advisor or in any other capacity in respect of | | |
| (i) taxation matter | — | — |
| (ii) company law matter | — | — |
| (iii) management services and | — | — |
| c) in any other manner | 0.10 | 0.10 |

| | <u>As at 31.03.2010</u> | <u>(Rs. in lacs) As at 31.03.2009</u> |
|---|-----------------------------|---|
| (9) Contingent liabilities not provided for : | | |
| a. Outstanding amount of Letter of Credits | — | 19.80 |
| b. Bank Guarantee | 29.00 | 10.00 |

(10) Estimated amount of the contracts remaining to be executed. NIL NIL

(11) Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956 is as follows and is based upon the information considered as sufficient by the management to give these in the manner as given in the accounts and notes:

(a) Particulars of Capacity (in tonnes)

| | <u>Licensed Capacity</u> | | <u>Installed Capacity</u> | |
|--------------------------|--------------------------|--------------------------|---------------------------|--------------------------|
| | <u>Current Year</u> | <u>Previous Year</u> | <u>Current Year</u> | <u>Previous Year</u> |
| Automotive Gears/ Shafts | 3000 | 3000 | * | * |

* Installed capacity in tons will vary with product mix.

(b) Production, Sales and Closing Stock of finished goods

| | <u>Opening Stock</u> | | <u>Production</u> | | <u>Sales</u> | | <u>(Value Rs. in lacs) Closing Stock</u> | |
|-------------------------------|----------------------|--------------|-------------------|-------------|--------------|-------------|--|--------------|
| | <u>Nos.</u> | <u>Value</u> | <u>Nos.</u> | <u>Nos.</u> | <u>Nos.</u> | <u>Nos.</u> | <u>Nos.</u> | <u>Value</u> |
| Gear & Shafts : | | | | | | | | |
| (i) With Material | | | | | | | | |
| Current Year | 85200 | 205.82 | 3755233 | 3738412 | 102021 | 185.06 | | |
| Previous Year | 76211 | 188.64 | 3387824 | 3378835 | 85200 | 205.82 | | |
| (ii) On Job Work Basis | | | | | | | | |
| Current Year | 1804 | 0.68 | 622 | 1440 | 986 | 0.40 | | |
| Previous Year | 1502 | 0.47 | 4903 | 4601 | 1804 | 0.68 | | |

(c) Consumption of Raw Material

| | <u>Current Year</u> | | <u>(Rs in lacs) Previous Year</u> | |
|---------------------------------|---------------------|--------------|---------------------------------------|--------------|
| | <u>Nos.</u> | <u>Value</u> | <u>Nos.</u> | <u>Value</u> |
| i) Forging (bought out) | 4145874 | 3041.95 | 3550270 | 2964.28 |
| ii) Forging (On Job work basis) | 652 | — | 5186 | — |



(d) CIF value of Imported Machines / Spares

Machinery/Spare Part

Current Year

282.33

(Rs in lacs).

Previous Year

106.31

(e) Expenditure in Foreign Currency on account of Foreign Travelling

Current Year

14.12

(Rs in lacs)

Previous Year

12.45

(f) EARNING IN FOREIGN CURRENCY (Value in INR in Lacs)

(i) Export of Goods on CIF basis

874.92

712.90

(ii) Royalty, know-how, professional
and consultancy fees

—

—

(iii) Interest & Dividend

—

—

(12) In the opinion of the Board of Directors, Current Assets Loans and Advances shall have a value on realization, in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet.

(13) The Company had issued 19.00 lacs convertible warrant of face value of Rs.10/- each at a premium of Rs.9/- per warrant in the financial year 2008-09. The company had received an amount of Rs.2/- per warrant (including a premium of Rs.1/- per warrant) aggregating Rs.38.00 lacs. The above amount has been forfeited by the company due to non payment of allotment money by the applicants. The same has been transferred to share forfeiture/premium account.

(14) Accounting Standard 17 that relates to segmental reporting is not applicable as the company does not have any identifiable segment as defined in Accounting Standards. Moreover, the company deals only in the automotive components meant for two wheeled, three wheeled and four wheeled vehicles.

(15) Accounting Standard 19 for lease accounting is not applicable as there were no lease transaction.

(16) RELATED PARTY DISCLOSURE

As on 31-03-2010, none of the Directors is interested in any of the related party transactions.

(17) Earning per Share

Profit after tax (Rs.in lacs)

248.60

208.44

Weighted average no. of Equity Shares

7931600

7931600

Nominal Value of ordinary shares

10

10

Basic Earnings per Equity Share

3.13

2.63

(after Extraordinary items)

(18) Schedule 1 to 17 form integral part of the Balance Sheet & Profit & Loss Account and have been duly authenticated.

(19) Previous year figures have been regrouped/recast wherever considered necessary.

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

By order of the Board
For Raunaq Automotive Components Ltd.

Sd/-

B. K. AGARWAL

(Partner)

Membership No. 90771

Sd/-

GURSHARAN SINGH

(Chairman and
Managing Director)

Sd/-

MADAN LAL

(Director)

Sd/-

ANIL SHARMA

(Director)

Sd/-

K. K. SHUKLA

(Director)

Sd/-

V. K. SETH

(Director)

Sd/-

D. R. ARYA

(Director & C.S.)

Place : New Delhi

Date : 31st May, 2010

Statement as required by Part-IV of Schedule VI to the Companies Act, 1956

D) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 31.03.2010

| | | |
|---------------------------|--------------------------------|-----------------------|
| I. Registration Details : | CIN: L34300DL1983PLC010136 | State Code : 055 |
| | Balance Sheet date : Date : 31 | Month : 3 Year : 2010 |

| | |
|---|------|
| II. Capital Raised during the year (Rs. in lacs) | 0.00 |
|---|------|

| | | |
|---|------------------------------|-------------------------|
| III. Position of Mobilisation and Deployment of Funds (Rs. in lacs) : | Total Liabilities : 5,147.67 | Total Assets : 5,147.67 |
|---|------------------------------|-------------------------|

Sources of Funds

| | |
|------------------------|------------|
| Paid Up Capital | : 793.16 |
| Secured Loan | : 2,072.81 |
| Deferred Tax Liability | : 145.85 |

| | |
|-------------------|----------|
| Reserve & Surplus | : 620.65 |
| Unsecured Loans | : — |

Application of Funds

| | |
|--------------------|------------|
| Net Fixed Assets | : 3,032.23 |
| Net Current Assets | : 592.64 |

| | |
|-------------------|--------|
| Investments | : NIL |
| Misc. Expenditure | : 7.60 |

**IV. Performance of
Company
(Rs. in lacs)**

| | |
|--------------------------|------------|
| Turnover | : 6,982.32 |
| Profit before Tax | : 320.09 |
| Earning per share in Rs. | : 3.13 |

| | |
|-------------------|------------|
| Total Expenditure | : 6,696.16 |
| Profit after Tax | : 248.60 |
| Dividend Rate % | : — |

**V. Generic Names of
Principal Products
of the Company
(as per monetary terms)**

| | |
|---------------------|--------------------|
| Item Code No. | : 87089900 |
| Product Description | : Automotive Gears |

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

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

Sd/-
GURSHARAN SINGH
(Chairman and
Managing Director)

Sd/-
MADAN LAL
(Director)

Sd/-
ANIL SHARMA
(Director)

Place : New Delhi
Date : 31st May, 2010

Sd/-
K. K. SHUKLA
(Director)

Sd/-
V. K. SETH
(Director)

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

By order of the Board
For Raunaq Automotive Components Ltd.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

| | Year ended 31st Mar, 2010 (Rs.in Lacs) | Year ended 31st Mar, 2009 (Rs.in Lacs) |
|--|--|--|
| A) CASH FLOW FROM OPERATING ACTIVITIES: | | |
| NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS | 321.05 | 248.83 |
| Adjustments for: | | |
| Depreciation | 267.01 | 184.21 |
| Miscellaneous expenses written off | 6.59 | 10.93 |
| Interest | 240.65 | 202.22 |
| Development Expenses recovered/incurred | 30.28 | 12.60 |
| (Profit)/ Loss on sale of fixed assets | (15.67) | (22.50) |
| Operating Profit before Working Capital Changes | 849.91 | 636.29 |
| Changes in Working Capital | | |
| Decrease/(Increase) in Inventories | (139.91) | (168.99) |
| Decrease/(Increase) in Sundry Debtors | (25.08) | (122.11) |
| Decrease/(Increase) in Loan & Advances | (114.82) | 18.58 |
| (Decrease)/Increase in Current Liabilities | 560.91 | (1.61) |
| Cash Generated From Operations | 1,131.01 | 362.17 |
| Interest paid | (240.65) | (202.22) |
| Cash Flow before Extraordinary Items | 890.36 | 159.95 |
| Extraordinary Items(Prior Year Income)/(Expenditure) | (0.96) | (0.64) |
| Tax paid during the Year | (54.54) | (34.32) |
| Others | (16.95) | (5.43) |
| Net Cash Flow from Operating Activities | 817.91 | 119.56 |
| B) CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Inflow/(Out flow) | | |
| Purchase of Fixed Assets | (1,042.07) | (560.75) |
| Development Expenses | (22.16) | (25.31) |
| Sale of Fixed Assets | 21.83 | 26.13 |
| (Increase)/Decrease in Advance for Capital | (123.66) | (41.18) |
| Net Cash Flow from Investing Activities | (1,166.06) | (601.11) |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Inflow/(Outflow) | | |
| Repayment of Long Term Borrowings | — | — |
| (Decrease)/Increase in Term Loan from State Bank of India. | 227.23 | 320.76 |
| Increase/(Decrease) in Cash Credit Utilisation | 85.08 | (50.60) |
| Loan from Car finance Co | 25.39 | (6.22) |
| Proceeds from Cw/premium | — | 38.00 |
| Interest Free Sales Tax Loan | (14.41) | 169.34 |
| Net cash flow from financing activities | 323.29 | 471.28 |



| | Year ended 31st Mar, 2010 (Rs.in Lacs) | Year ended 31st Mar, 2009 (Rs.in Lacs) |
|---|--|--|
| D. NET INC./(DEC.) IN CASH AND CASH EQUIVALENT:(A+B+C) | (24.86) | (10.2) |
| Opening Balance of Cash and Cash Equivalents | 29.46 | 39.1 |
| Closing Balance of Cash and Cash Equivalents | 4.60 | 29.1 |

We have verified the above cash flow statement of RAUNAQ AUTOMOTIVE COMPONENTS LTD.derived from Audited Financial Statements for the year ended 31st March, 2010 and found the same in accordance therewith and also with the requirement of clause 32 of the listing agreement with Stock Exchanges.

Schedules 1 to 17 are forming part of Accounts
As per our separate report of even date

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

By order of the Board
For Raunaq Automotive Components Ltd.

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

Sd/-
GURSHARAN SINGH
(Chairman and
Managing Director)

Sd/-
MADAN LAL
(Director)

Sd/-
ANIL SHARMA
(Director)

Place : New Delhi
Date : 31st May, 2010

Sd/-
K. K. SHUKLA
(Director)

Sd/-
V. K. SETH
(Director)

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

RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Regd Office : 15th Floor, Chiranjiv Tower 43, Nehru Place, New Delhi - 110 019

FORM OF PROXY

I/We of in the district of being a member/members of the Raunaq Automotive Components Ltd, hereby appoint Mr/Mrs/Miss of in the district of or failing him/her Mr/Mrs/Miss of in the district of as my/our Proxy to vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held on Wednesday, the 29th September, 2010, at 10.30 AM.

Signed this day of 2010.

Signature

Folio No.

DP ID

Client ID

No. of Shares held

Affix Re
1.00
Revenue
Stamp

Note : If a member is unable to attend the meeting, he/she may sign this form and send it to the Registered Office of the Company so as to reach atleast 48 hours before the time for holding the meeting.

RAUNAQ AUTOMOTIVE COMPONENTS LIMITED

Regd Office : 15th Floor, Chiranjiv Tower 43, Nehru Place, New Delhi - 110 019

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the Entrance of the Hall. Only Members or their Proxies are entitled to be present at the meeting.

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

I hereby record my presence at the 27th Annual General Meeting of the Company at Shivam Garden, Bawana Road, Narela, Delhi- 110040 on Wednesday, the 29th September, 2010, at 10.30 AM.

| | |
|------------------------------|------------------------|
| Signature of the Shareholder | Signature of the Proxy |
| | |

- Note :**
1. The copy of Annual Report may please be brought to the Meeting Hall.
 2. Briefcases, Hand Bags etc. are not allowed inside the Meeting Hall.
 3. Please note that no gifts will be distributed at the meeting.

POSTAGE PREPAID IN CASH

BOOK - POST



If undelivered please return to :

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