



# TECHNOFAB ENGINEERING

L I M I T E D

India • Kenya • Ethiopia • Ghana • Fiji

An Engineering Procurement and Construction Company



ANNUAL REPORT & ACCOUNTS  
**2010-2011**





<b>CONTENTS</b>		<b>PAGE NO.</b>
General Information		2
Chairman's Message		3
Notice of the AGM		5
Directors Report		13
Report on Corporate Governance		20
Management Discussions and Analysis		33
Financial Statements (Standalone)		36
Financial Statements (Consolidated)		63
Statement u/s 212 of the Companies Act, 1956		80



## **GENERAL INFORMATION**

### **Board of Directors**

Mr. Avinash C Gupta  
Chairman & Managing Director

Mr. Arjun Gupta  
Whole Time Director

Mr. Nakul Gupta  
Whole Time Director

Mr. Pawan Chopra  
Non Executive and Independent Director

Mr. V S Mathur  
Non Executive and Independent Director

Mr. Arun Mitter  
Non Executive and Independent Director

### **Company Secretary & Compliance Officer**

Mr. Pankaj Arora

### **STATUTORY AUDITORS**

Rajesh Suresh Jain & Associates (Chartered Accountants)  
E-3/38, IInd Floor, Sector-7, Rohini, Delhi-110085

### **WEBSITE**

[www.technofabengineering.com](http://www.technofabengineering.com)

### **REGISTRAR & TRANSFER AGENTS**

Link Intime India Private Limited, C – 13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West), Mumbai - 400078

### **INVESTOR SERVICES E-MAIL ID**

[investors@technofabengineering.com](mailto:investors@technofabengineering.com)



## CHAIRMAN'S MESSAGE

Dear Shareholder,

I would like first of all to welcome all our new members who have become shareholders after our Initial Public Offer last summer. I also wish to take this opportunity to once again express gratitude to the investors for reposing faith in us. Your 40 year young Company continues its journey with the confidence of rewarding all stakeholders.

Your Company's ability to successfully provide EPC Services is founded on long years of experience. Ours is not a glamorous business. It is based on hard work and sweat, perseverance and patience, caution in eschewing undue risks and optimism born out of confidence in our capabilities and unwavering focus.

Over these forty years we have grown slowly and steadily. In the last five years we have built up a significant growth momentum, sustaining which is both our challenge and our goal.

It gives me pleasure to confirm that your company's growth story is intact. Your company has posted impressive results in the Financial Year 2010-11. The gross operating turnover at Rs. 29007.9 lacs, EBIDTA at Rs. 4136.2 lacs and profit after tax at Rs.2602.5 lacs are not only at all time highs but are also substantially higher than the previous year. Our profitability indices compare well with those of peers. Even our earnings per share at Rs 26.98 is at an all time high despite the increase in paid up capital during the year.

### OUR STRENGTHS

Over the years, slowly and steadily, your Company has built up multiple strengths which are the key to our recent and our ongoing growth. These include:

#### **Project execution capabilities**

Our Company has been in business for the last forty years and has developed strong abilities to minimize overheads, control costs and prevent overruns on project schedules along with strong skills in construction and contract management. This has contributed towards securing multiple orders from several prestigious customers.

#### **Diversified business and capabilities**

We believe that the capabilities and skills we have developed enables us to pursue our business in multiple sectors and geographies, This has not only resulted in increased business opportunities but also protects us from a slow down in any particular sector or geography and thereby de risks our business.

#### **Cost competitiveness**


We believe our strong in-house engineering and project management team helps us control the entire process. We control costs by optimizing design and engineering, procuring equipment and materials in cost efficient manner, optimizing logistics and maximizing labour efficiency.

#### **Pre-qualification credentials**

Pre-qualification is a basic requirement in our industry. Our experience of over forty years with over 125 completed and 45 ongoing projects enables us to meet customers' prequalification requirement either independently or in association with joint-venture partners. The recent IPO has increased our net worth and enables us to meet financial criteria for projects much larger in size than the ones we have traditionally competed for.

#### **Established Marketing Set-up**

Our Company's strong marketing strengths evolve from a multi-pronged strategy. Multiple / repeat orders from existing customers and a thorough scanning of all opportunities particularly, projects financed by multilateral financing agencies are the key to our marketing approach. In our newer sectors like electrical distribution and



rural electrification, water and waste water treatment, and in Oil & Gas, we have dedicated personnel for development of business.

This has enabled us to create a strong order book which is well diversified sectorially and geographically.

## **BUSINESS STRATEGY**

Our strategy is to continue to drive profitable growth by pursuing good prospects so that we can be cost competitive and obtain reasonable profit margins with an acceptable level of contractual risk. In particular we are targeting assignments of sizes significantly larger than our past average ticket size. Alongside we are forging tie ups for newer sectors to overcome any pre qualification shortfalls.

## **OUTLOOK**

The current year has started on a good note. Well before the end of the first quarter we had secured fresh business aggregating approximately Rs 15000 lacs of which half is from overseas customers. There is a large volume of outstanding bids. Our ongoing projects are largely progressing well and we are poised to sustain our growth momentum.

At the same time we see increased competition and are alert to the likelihood of a slight dip in business opportunities within the country. We believe our strengths will enable us to cope well with such developments..

We are truly excited about our Company's future and believe strongly in its ability to deliver.

Thank You

**Avinash C Gupta**

Chairman & Managing Director



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of the members of Technofab Engineering Ltd will be held at the **PHD Chamber of Commerce and Industry, August Kranti Marg, New Delhi-16** at **10:30 A.M.** on **Wednesday, the 10th day of August, 2011** to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2011, the Balance Sheet as on date and the Reports of the Board of Directors and the Auditors attached thereto.
2. To declare the dividend for the year ended March 31, 2011
3. To appoint a Director in place of Mr. Pawan Chopra, Director who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr V S Mathur, Director who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

### **SPECIAL BUSINESS**

1. **INCREASE IN REMUNERATION OF SHRI AVINASH C GUPTA AS THE MANAGING DIRECTOR OF THE COMPANY**

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 Sections 198, 269, 309, 310, 311 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time, approval of the members be and is hereby given for alteration in terms and conditions including increase in remuneration of Shri Avinash C. Gupta, Managing Director of the Company with effect from April 1, 2011 as set out below for the remaining term of his tenure:

1. **Basic Salary:** Rs. 4.50 Lacs per month with authority to the Board of Directors (which expression shall include a Committee thereof) to revise the basic salary from time to time taking into account the performance of the Company.
2. **Housing:** Fully furnished residential accommodation, the cost of which shall not exceed 50% of the basic salary per annum or House Rent Allowance in lieu thereof.
3. **Medical Expenses:** Reimbursement of medical expenses incurred in India and abroad (including insurance premium for medical and hospitalization policy, if any) on actual basis for self and family, subject to ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
4. **Leave Travel Allowance:** For self and family, in accordance with Rules of the Company.
5. **Club Fees:** Membership of two Clubs in India (including admission and membership fee).
6. **Entertainment:** Travelling and all other expenses incurred for the business of the Company shall be reimbursed as per Rules of the Company.

7. **Car & Telephone:** The Company shall provide car with driver and telephone at the residence of the Managing Director for business purposes of the Company.
8. **PF Contribution:** Contribution to Provident Fund shall be as per Rules of the Company and applicable laws.
9. **Gratuity:** Gratuity payable shall be as per Rules of the Company and applicable laws.
10. **Performance Incentive:** Upto 2% of the net profit of the Company P.A.

subject to the condition that the total managerial remuneration during a financial year does not cross the threshold limit of 5% or 10% of the net profits of the Company, as the case may be, as per Section 309 of the Companies Act, 1956.

**RESOLVED FURTHER THAT** in the event of no profit or the profits being inadequate in any financial year of the Company during the currency of tenure of his office, he shall be paid such Salary, commission and perquisites not exceeding limits as set out in Schedule XIII to the Companies Act, 1956 unless approved by the Central Government.

The following perquisites however shall not be included in the computation of the ceiling on remuneration:

1. 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
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.

**RESOLVED FURTHER THAT** he shall be entitled to the re-imbursement of all out of pocket expenses which may be incurred by him for and in the course of business of the Company.

**RESOLVED FURTHER THAT** so long as Shri Avinash C. Gupta functions as the Managing Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do such acts and deeds as may be necessary to give effect to the aforesaid resolution."

## 2. **REAPPOINTMENT OF SHRI ARJUN GUPTA AS WHOLE TIME DIRECTOR OF THE COMPANY**

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 Sections 198, 269, 309, 311 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time, approval of the members be and is hereby given for re-appointment of Shri Arjun Gupta as the Whole Time Director of the Company with effect from April 1, 2011 for a period of 3 years on the following terms & remuneration as set out below:

1. **Basic Salary:** Rs. 2.34 Lacs per month with authority to the Board of Directors (which expression shall include a Committee thereof) to revise the basic salary from time to time taking into account the performance of the Company.
2. **Housing:** Fully furnished residential accommodation, the cost of which shall not exceed 50% of the basic salary per annum or House Rent Allowance in lieu thereof.





3. **Medical Expenses:** Reimbursement of medical expenses incurred in India and abroad (including insurance premium for medical and hospitalization policy, if any) on actual basis for self and family, subject to ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
4. **Leave Travel Allowance** for self and family, in accordance with Rules of the Company.
5. **Club Fees:** Membership of one Club in India (including admission and membership fee).
6. **Entertainment:** Travelling and all other expenses incurred for the business of the Company shall be reimbursed as per Rules of the Company.
7. **Car & Telephone:** The Company shall provide car with driver and telephone at the residence of the Whole Time Director for business purposes of the Company.
8. **PF Contribution:** Contribution to Provident Fund shall be as per Rules of the Company and applicable laws.
9. **Gratuity:** Gratuity payable shall be as per Rules of the Company and applicable laws.
10. **Performance Incentive:** Upto 1% of the net profit of the Company P.A.

subject to the condition that the total managerial remuneration during a financial year does not cross the threshold limit of 5% or 10% of the net profits of the Company, as the case may be, as per Section 309 of the Companies Act, 1956.

**RESOLVED FURTHER THAT** in the event of no profit or the profits being inadequate in any financial year of the Company during the currency of tenure of his office, he shall be paid such Salary, commission and perquisites not exceeding limits as set out in Schedule XIII to the Companies Act, 1956 unless approved by the Central Government.

The following perquisites however shall not be included in the computation of the ceiling on remuneration:

1. 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
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.

**RESOLVED FURTHER THAT** he shall be entitled to the re-imbursement of all out of pocket expenses which may be incurred by him for and in the course of business of the Company.

**RESOLVED FURTHER THAT** so long as Shri Arjun Gupta functions as the Whole Time Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do such acts and deeds as may be necessary to give effect to the aforesaid resolution."

### 3. **REAPPOINTMENT OF SHRINAKUL GUPTA AS WHOLE TIME DIRECTOR OF THE COMPANY**

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 Sections 198, 269, 309, 311 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time, approval of the members be and is hereby given for the re-appointment of Shri Nakul Gupta as the Whole Time Director of the Company with effect from April 1, 2011 for a period of 3 years on the following terms & remuneration as set out below:

1. **Basic Salary:** Rs. 2.34 Lacs per month with authority to the Board of Directors (which expression shall include a Committee thereof) to revise the basic salary from time to time taking into account the performance of the Company.
2. **Housing:** Fully furnished residential accommodation, the cost of which shall not exceed 50% of the basic salary per annum or House Rent Allowance in lieu thereof.
3. **Medical Expenses:** Reimbursement of medical expenses incurred in India and abroad (including insurance premium for medical and hospitalization policy, if any) on actual basis for self and family, subject to ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
4. **Leave Travel Allowance :** For self and family, in accordance with Rules of the Company.
5. **Club Fees:** Membership of one Club in India (including admission and membership fee).
6. **Entertainment:** Travelling and all other expenses incurred for the business of the Company shall be reimbursed as per Rules of the Company.
7. **Car & Telephone:** The Company shall provide car with driver and telephone at the residence of the Whole Time Director for business purposes of the Company.
8. **PF Contribution:** Contribution to Provident Fund shall be as per Rules of the Company and applicable laws.
9. **Gratuity:** Gratuity payable shall be as per Rules of the Company and applicable laws.
10. **Performance Incentive:** Upto 1% of the net profit of the Company P.A.  
subject to the condition that the total managerial remuneration during a financial year does not cross the threshold limit of 5% or 10% of the net profits of the Company, as the case may be, as per Section 309 of the Companies Act, 1956.

**RESOLVED FURTHER THAT** in the event of no profit or the profits being inadequate in any financial year of the Company during the currency of tenure of his office, he shall be paid such Salary, commission and perquisites not exceeding limits as set out in Schedule XIII to the Companies Act, 1956 unless approved by the Central Government.

The following perquisites however shall not be included in the computation of the ceiling on remuneration:

1. 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
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.

**RESOLVED FURTHER THAT** he shall be entitled to the re-imbursement of all out of pocket expenses which may be incurred by him for and in the course of business of the Company.



**RESOLVED FURTHER THAT** so long as Shri Nakul Gupta functions as the Whole Time Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do such acts and deeds as may be necessary to give effect to the aforesaid resolution.”

**4. INCREASE IN THE BORROWING POWERS OF THE COMPANY FROM RS. 800 CRORES TO RS. 1500 CRORES**

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a ordinary resolution

“**RESOLVED THAT** in supersession of the resolution limiting the borrowing powers of the Board of Directors of the Company up to Rs 800 Crores passed at the Annual General Meeting held on 30th September 2008, the Board of Directors of the Company be and is hereby authorised under Section 293(1)(d) of the Companies Act, 1956, to borrow moneys from time to time upto a limit not exceeding in the aggregate of Rs. 1500 Crores notwithstanding that monies to be borrowed, together with the monies already borrowed by the Company apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose.”

**Notes:**

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy forms to be valid should be deposited at the registered office of the Company at least 48 hours before the commencement of the meeting.
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts in respect of items 1 to 4 of the notice is attached.
3. After declaration of the dividend at the Annual General Meeting, the dividend warrants/ pay orders/ demand drafts for the dividend amount are scheduled to be posted from Aug. 10, 2011 onwards to the members, whose names appear on the Register of Members on close of business hours on Aug. 4, 2011.

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

**Item No. 1**

Mr Avinash C Gupta Managing Director of the Company was appointed by the Board of Directors of the Company for a period of 5 years w.e.f. 01.04.2009 Under his able leadership and guidance, the Company has been able to successfully come out with its first IPO and has today become a multi locational profit generating unit. It is proposed to revise the terms and conditions including remuneration of Mr Avinash C Gupta for the remaining 3 years of his existing term.

The revised terms and conditions w.e.f. 01.04.2011 are as under:-

1. **Basic Salary:** Rs. 4.50 Lacs per month with authority to the Board of Directors (which expression shall include a Committee thereof) to revise the basic salary from time to time taking into account the performance of the Company.
2. **Housing:** Fully furnished residential accommodation, the cost of which shall not exceed 50% of the basic salary per annum or House Rent Allowance in lieu thereof.

3. **Medical Expenses:** Reimbursement of medical expenses incurred in India and abroad (including insurance premium for medical and hospitalization policy, if any) on actual basis for self and family, subject to ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
4. **Leave Travel Allowance :** For self and family, in accordance with Rules of the Company.
5. **Club Fees:** Membership of two Clubs in India (including admission and membership fee).
6. **Entertainment:** Travelling and all other expenses incurred for the business of the Company shall be reimbursed as per Rules of the Company.
7. **Car & Telephone:** The Company shall provide car with driver and telephone at the residence of the Managing Director for business purposes of the Company.
8. **PF Contribution:** Contribution to Provident Fund shall be as per Rules of the Company and applicable laws.
9. **Gratuity:** Gratuity payable shall be as per Rules of the Company and applicable laws.
10. **Performance Incentive:** Upto 2% of the net profit of the Company P.A.

subject to the condition that the total managerial remuneration during a financial year does not cross the threshold limit of 5% or 10% of the net profits of the Company, as the case may be, as per Section 309 of the Companies Act, 1956.

In terms of the provisions of the Companies Act read with Schedule XIII, consent of members of the Company by way of Special Resolution is required to give effect to the proposed increase in remuneration of Managing Director.

Mr Avinash C Gupta, Mr Arjun Gupta and Mr Nakul Gupta are deemed to be interested in the aforesaid resolution.

## Item No. 2

Mr Arjun Gupta was appointed as Whole Time Director by the Board of Directors of the Company for a period of 3 years w.e.f. 01.04.2008. The Company has been immensely benefited from its association with Mr Arjun Gupta and the Board of Directors of the Company on the recommendation of the remuneration committee of the Company has approved the re-appointment of Mr Arjun Gupta for a fresh term of 3 years w.e.f. 01.04.2011 on the terms and conditions stated hereinbelow:-

1. **Basic Salary:** Rs. 2.34 Lacs per month with authority to the Board of Directors (which expression shall include a Committee thereof) to revise the basic salary from time to time taking into account the performance of the Company.
2. **Housing:** Fully furnished residential accommodation, the cost of which shall not exceed 50% of the basic salary per annum or House Rent Allowance in lieu thereof.
3. **Medical Expenses:** Reimbursement of medical expenses incurred in India and abroad (including insurance premium for medical and hospitalization policy, if any) on actual basis for self and family, subject to ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
4. **Leave Travel Allowance :** For self and family, in accordance with Rules of the Company.
5. **Club Fees:** Membership of one Club in India (including admission and membership fee).



6. **Entertainment:** Travelling and all other expenses incurred for the business of the Company shall be reimbursed as per Rules of the Company.
7. **Car & Telephone:** The Company shall provide car with driver and telephone at the residence of the Whole Time Director for business purposes of the Company.
8. **PF Contribution:** Contribution to Provident Fund shall be as per Rules of the Company and applicable laws.
9. **Gratuity:** Gratuity payable shall be as per Rules of the Company and applicable laws.
10. **Performance Incentive:** Upto 1% of the net profit of the Company P.A.

subject to the condition that the total managerial remuneration during a financial year does not cross the threshold limit of 5% or 10% of the net profits of the Company, as the case may be, as per Section 309 of the Companies Act, 1956.

In terms of the provisions of the Companies Act read with Schedule XIII, consent of members of the Company by way of Special Resolution is required to give effect to the proposed re-appointment

Mr Avinash C Gupta, Mr Arjun Gupta and Mr Nakul Gupta are deemed to be interested in the aforesaid resolution.

### Item No. 3

Mr Nakul Gupta was appointed as Whole Time Director by the Board of Directors of the Company for a period of 3 years w.e.f. 01.04.2008. The Company has been immensely benefited from its association with Mr Nakul Gupta and the Board of Directors of the Company on the recommendation of the remuneration committee of the Company has approved the re-appointment of Mr Nakul Gupta for a fresh term of 3 years w.e.f. 01.04.2011 on the terms and conditions stated hereinbelow:-

1. **Basic Salary:** Rs. 2.34 Lacs per month with authority to the Board of Directors (which expression shall include a Committee thereof) to revise the basic salary from time to time taking into account the performance of the Company.
2. **Housing:** Fully furnished residential accommodation, the cost of which shall not exceed 50% of the basic salary per annum or House Rent Allowance in lieu thereof.
3. **Medical Expenses:** Reimbursement of medical expenses incurred in India and abroad (including insurance premium for medical and hospitalization policy, if any) on actual basis for self and family, subject to ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
4. **Leave Travel Allowance :** For self and family, in accordance with Rules of the Company.
5. **Club Fees:** Membership of one Club in India (including admission and membership fee).
6. **Entertainment:** Travelling and all other expenses incurred for the business of the Company shall be reimbursed as per Rules of the Company.
7. **Car & Telephone:** The Company shall provide car with driver and telephone at the residence of the Whole Time Director for business purposes of the Company.
8. **PF Contribution:** Contribution to Provident Fund shall be as per Rules of the Company and applicable laws.
9. **Gratuity:** Gratuity payable shall be as per Rules of the Company and applicable laws.



10. **Performance Incentive:** Upto 1% of the net profit of the Company P.A.

subject to the condition that the total managerial remuneration during a financial year does not cross the threshold limit of 5% or 10% of the net profits of the Company, as the case may be, as per Section 309 of the Companies Act, 1956.

In terms of the provisions of the Companies Act read with Schedule XIII, consent of members of the Company by way of Special Resolution is required to give effect to the proposed re-appointment

Mr Avinash C Gupta, Mr Arjun Gupta and Mr Nakul Gupta are deemed to be interested in the aforesaid resolution.

**Item No. 4**

In view of the very good order book position, the turnover of the Company during the financial year 2011-12 is expected to increase by at least 30%. For timely execution of all the contracts in hand, greater amount of funds (both fund based and non-fund based) would be required. Therefore your Directors recommend increase in the borrowing powers of the Board from Rs. 800 Crores to Rs. 1500 Crores notwithstanding that monies to be borrowed, together with the monies already borrowed by the Company apart from temporary loans obtained from the Company's Bankers in the ordinary course of business will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose.

Your Directors recommend passing of the aforesaid resolution.

None of the Directors are interested in the aforesaid resolutions except as shareholders of the Company.

By order of the Board

For Technofab Engineering Ltd.

Date: 02.07.2011

Place: New Delhi

PANKAJARORA  
Company Secretary



## DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their Annual Report on the business and operations of your Company along with the audited statement of accounts for the year ended 31st March, 2011.

### THE FINANCIAL HIGHLIGHTS ARE SET OUT BELOW

	Year ended March 31, 2011 (Rs. in Million)	Year ended March 31, 2010 (Rs. in Million)
Turnover (from operations incl export incentives)	2900.79	2003.70
Other Income	15.94	1.11
Total Income	2916.73	2004.82
Total Expenditure	2487.15	1667.14
Profit before Interest, depreciation and Tax (EBIDTA)	429.58	337.68
Less: Interest & finance charge	32.65	31.66
Less: Depreciation	11.58	13.53
Profit before Tax	385.35	292.48
Less: Provision for Tax- current tax	120.00	100.00
Less: Wealth Tax	0.13	0.09
Profit before Deferred Tax	265.22	192.39
Add/(Less): Deferred Tax Credit/(Debit)	(3.22)	(1.49)
Profit after Tax	262.00	190.90
Add/(Less): Income Tax for earlier years	(1.74)	--
Profit Available for Appropriation	260.26	190.90
Proposed Dividend including Dividend Tax	18.29	13.11
Transfer to General Reserve	150.00	150.00
Profit After Appropriation	91.97	27.79
Balance Brought Forward From Last Year	133.55	105.76
Profit & Loss Account balance	225.52	133.55



## **REVIEW OF OPERATIONS**

### **Financial Highlights**

The financial year 2010-11 has seen your Company sustain the growth momentum that it had built up in recent years. Your company achieved a gross operating turnover of Rs. 2900.79 Million for the year ended 31st March, 2011 as against Rs. 2003.70 Million for the previous financial year registering an incremental turnover of Rs.897.09 Million and recording a growth rate of 45% over the previous year. The EBIDTA at Rs. 429.58 Million increased by 27.2% in comparison to the previous year. This rate of gross profit compares well with those of peers in the sector in which your Company operates. The profit after tax in the period under review increased by 37.82% to Rs. 262.00 Million as compared to Rs. 190.09 Million in the previous year.

The net worth of your Company as on 31 March 2011 was over Rs 1411 million

### **Sectoral Overview**

Your Company's capabilities to undertake turnkey EPC Services has been deployed across diverse sectors. Whereas over 90% of the Company's business traditionally accrued from the Power Sector, in recent years your Company has been successful in diversifying across other sectors. In the year 2010-2011, for the first time the Industrial sector had the highest contribution to the turnover (48 %) with the Power Sector in second position at 30% (one third of which was from the Nuclear Power Sector). Our major customers include HINDALCO, Nuclear Power Corporation of India (NPCIL), Rashtriya Ispat Nigam Ltd (RINL), National Thermal Power Corporation (NTPC) and Wonji Showa Sugar Factory in Ethiopia.

The Water & Waste Water Infrastructure/Treatment Sector contributed around 12% of the years turnover.

The Electrical Substation & Distribution business for which a separate line of business was recently established contributed 8 % of the years turnover.

The Oil and Gas Sector contributed 3% of the years turnover.

### **Geographical Spread**

Your Company has always strived to secure business in overseas markets particularly in Africa. During the year your Company continued to execute business secured in Ethiopia, Kenya, Fiji and Ghana. Around 21% of the Company's revenue came from overseas assignments.

### **Overseas Branch Offices**

Your Company continued to operate overseas branch offices in Fiji, Ethiopia and Kenya with the permission of RBI to cater to the needs of overseas projects.

### **Fresh business Secured**

During the year under review your Company intensified its strong marketing endeavors to secure business from existing as well as new customers. As a result your Company secured new business aggregating over Rs 4520 Million, of which over a third was from overseas. The quantum of fresh business secured during the year was an all time high and represented a 45% increase over the previous year. The largest share of orders were received from the Thermal Power sector (42%), followed by the Oil and Gas Sector(27%) and the Industrial and Infrastructure sectors(25%)

At present we have outstanding proposals worth over Rs 25 billion. Several involve integrated BoP scope(as distinct from smaller individual BoP packages) where individual order sizes may go up to Rs 2 billion.

## **ECONOMIC AND BUSINESS OUTLOOK**

The year under review started with steady growth and increased confidence as the effects of the international financial crisis began to wear out and global recovery commenced. The long term scenario in our country in the areas in which we operate have been largely encouraging. The country's developmental needs in the power,



urban development and related infrastructure sectors are immense. Our governments focus on development in these areas is ensuring that our addressable market will remain robust. However, towards the end of the year worrisome signs have appeared on the overall picture and are a cause of some concern. The macro scenario is adversely impacted by the governments attempts to control inflation. The increase in interest rates, the uncertainties on coal mining, increased difficulties in obtaining environmental clearances and land acquisition for power and industrial projects of interest to us is causing us concern. While the Company's ongoing business is not particularly impacted, there are concerns on the possible impact of an overall slowdown adversely affecting future business. The Company's proven ability to target multiple sectors and geographies will hopefully help it tide over these concerns.

The overseas markets continue to present good promise. Focused as we are largely on developing countries, the basic demand on infrastructure and urban development remains very strong. To some extent the projects we aim at are not profit oriented or privately financed, being more likely to be the subject of developmental finance, whether governmental or from multilateral development banks/bodies.

Both domestically and in the overseas markets there are strong signs of increased competition which in turn has the potential of affecting margins.

Nevertheless, your company believes that the overall business scenario continues to be encouraging, and, along with the strategic initiatives undertaken, be sufficient to sustain a robust growth. In the medium term, your Company expects, barring unforeseen circumstances, to be able to sustain a 30% or better growth rate.

### **STRATEGIC INITIATIVES**

Being in the Service sector, the Company's success has been founded on achieving Customer Satisfaction. Achieving Customer Satisfaction through Excellence in Project Management has been and will continue to remain the cornerstone of your Company's business philosophy. In recent years this has been accompanied by a strong initiative to diversify the market, both in terms of newer sectors and newer geographies. Your Company has undertaken several strategic initiatives, governed in large part by this philosophy. Briefly, these include:

#### **Enhanced Focus on HR**


Your Company has always prided itself on its relatively high employee retention which in turn is largely on account of the informal, achievement oriented, merit and loyalty rewarding work atmosphere that the Company provides. With the recent substantial growth in business, the employee strength has also grown. During the year, employee strength crossed the 300 mark. The biggest challenge your Company faces is on the manpower front, both in terms of attracting and retaining fresh talent. It has become imperative to ensure appropriate training to our employees at all levels. The Company is now well on the way to achieve its objective of having an in house training facility. Apart from this your Company is progressing well in its endeavour to strengthen the entire gamut of HR functions from recruitment through training, performance related rewards, employee welfare, and enhancing overall employee satisfaction.

#### **Marketing Initiatives**

The Company's core competence of providing turnkey EPC services enabled it to serve virtually all infrastructure and industrial sectors and it is no longer dependent on the thermal power sector as was the case till recently. Apart from providing increased growth avenues, it also protects the Company from slowdowns in any particular sector. The Company's revenue mix and major customers therefore keeps changing from year to year.

Your Company recognises that sustaining the growth momentum built up in recent years will call for our business to gravitate toward higher value jobs. Furthermore it will be necessary to address pre qualification issues by forging suitable tie-ups. Your company is working along these lines and expects to be making several bids in the plus one billion rupees region in the coming months, both in India and overseas. These larger bids will be in the areas of Water and Waste Water Treatment/Infrastructure, Oil & Gas, as well as in comprehensive Balance of Plant packages in the Thermal Power Sector.

Your Company has created new specialized groups to secure jobs in specialised sectors like Water and Waste Water Treatment/Infrastructure and Oil & Gas apart from the previously established group for Electrical Distribution and Rural Electrification.



Your Company continues to look at the consolidated Mechanical, Electrical and Public Health services (MEP) Sector which is expected to grow in volume substantially. However the market for MEP services is still somewhat nascent and is expected to take off only when the real estate sector emerges out of its current travails.

Traditionally your Company has been doing civil construction only to the extent required as a part of its predominantly electro-mechanical contracts. One of your Company's recent assignments in the Nuclear Power Sector involved significant and highly specialized civil works. In another assignment involving a turnkey tank farm fuel terminal, the scope begins from a virgin site and the Company's responsibilities include complete site development and civil and structural works. With substantial civil experience having now being gained the Company has begun to look even at stand alone civil works particularly in overseas markets.

### **Quality Upgradation**

Your Company secured ISO 9001 accreditation in 2007. This was a first milestone towards continuous quality enhancement.. Your company is totally committed to a continuous ongoing initiative in this direction. During the year external auditors have conducted a rigorous audit and recertified our ISO 9001 accreditation. Internal audits are carried out regularly.

### **INITIAL PUBLIC OFFER OF EQUITY SHARES OF THE COMPANY**

During the year under review, your Company successfully made an Initial Public Offering of 29,90,000 equity shares (including 50,000 equity shares to eligible employees) of Rs. 10/- each constituting 28.50% of the post issue share capital of the Company at a premium of Rs. 230/- per equity share (Rs. 210/- per equity shares to eligible employees) and aggregating Rs. 71,66,24,000/-. The issue was opened for subscription to public on June 29, 2010 and closed on July 2, 2010. Your Company's issue received a tremendous response from the investors. The issue was oversubscribed by 13 times on overall basis. The Equity Shares of the Company got listed on National Stock Exchange and Bombay Stock Exchange. The trading in the fully paid shares of the Company commenced on July 16, 2010 at BSE and NSE.

The funds raised are to be used for meeting working capital needs, procurement of construction equipment/maintenance facilities and general corporate purposes including training centre. By March 31, 2011 over 40% of the funds had been utilized for the purposes envisaged. This was lower than envisaged due to lesser construction equipment being procured due to slower start of some of the projects and inability to acquire suitable land for the maintenance facility (this has now been acquired in the first quarter of the current fiscal). Lesser funds were needed for working capital due to the same reason and also due to better cash flow management. Most of the remaining unutilized funds are expected to be utilized by the end of the current fiscal year.

### **DIVIDEND**

Your Directors have pleasure in recommending a dividend of 15% i.e. Rs.1.50/- per share of Rs. 10/- each on 10,490,000 equity shares of Rs. 10/- each for the financial year ended 31st March, 2011, which, if approved at the ensuing Annual General Meeting, will be paid to all those members whose names appear in the Register of members as on the close of business hours on August 4, 2011. The dividend payable will result in an outgo of Rs.18.29 Million including the corporate dividend tax of Rs.2.55 Million. The dividend pay out for the year under review is keeping in view the growth plans of the Company and is in accordance with the Company's policy and intent of meeting the need for capital to finance such plans through internal accruals to the maximum.

### **RESERVES**

It is proposed to transfer Rs.150.00 Million to the General Reserves of the Company, constituting 57.69% of the profits made during the year.



## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii. The Directors have selected such appropriate accounting policies and applied them consistently and have 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 the profit of the Company for the period;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting of fraud and other irregularities;
- iv. The Annual Accounts have been prepared on a going-concern basis.

## **PARTICULARS OF EMPLOYEES**

Details of employees who were in receipt of remuneration in terms of the provisions of Section of 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given below.

**(Rs. in million)**

<b>Name of Employee</b>	<b>Designation</b>	<b>Remuneration Received during FY 2010-11</b>
Mr Avinash C Gupta	Chairman & Managing Director	10.52

## **INVESTMENT IN SUBSIDIARY COMPANY**

During the period under review, your Company has acquired 373,000 fully paid up equity shares constituting 100% shareholding of Woodlands Instruments Pvt. Ltd. by way of purchasing the same from its erstwhile promoters; thereby making Woodlands Instruments Pvt. Ltd. its Wholly Owned Subsidiary Company.

A statement pursuant to Section 212(3) of the Companies Act, 1956 relating to subsidiary company is attached.

The Annual Accounts of subsidiary company and the detailed information are available for inspection by the shareholders at the registered office of the Company and at the office of the subsidiary company.

## **CONSOLIDATED FINANCIAL STATEMENTS**

As required under Accounting Standards AS-21 of the Institute of Chartered Accountants of India, the consolidated financial statements have been prepared on the basis of the financial statements of the company and its subsidiary.


## **PUBLIC DEPOSITS:**

The Company has not accepted any deposit in the year under review.

## **CORPORATE GOVERNANCE REPORT**

The corporate governance philosophy of your Company is driven by the interest of stakeholders and business needs of the Company. Therefore, enhancing corporate governance is on our highest priority in order to keep the trust of the shareholders and to fulfill our social responsibilities as a Company. The Directors adhere to the Corporate Governance requirements set out by the Securities and Exchange Board of India and your Company has implemented all the stipulations prescribed by SEBI.





The Board of Directors of the Company had also evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally. The Code is available on the website of the Company [www.technofabengineering.com](http://www.technofabengineering.com).

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from Auditors, M/s Rajesh Suresh Jain & Associates confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is attached to this report.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is presented in a separate section forming part of the Annual Report.

## **DIRECTORS**

Mr. Pawan Chopra and Mr. V S Mathur being longest in office will retire at the ensuing AGM and they have offered themselves for reappointment. During the year Dr. Nitish Kumar Sengupta, Director of the Company has resigned. The Board places on record its sincere thanks to the contribution made by him.

## **AUDITORS**

The Auditors Rajesh Suresh Jain & Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received confirmation that their appointment, if made, would be within the limits prescribed under Sec. 224(1B) of the Companies Act, 1956.

## **AUDITORS' REPORT**

The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

## **PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:**

### **I. CONSERVATION OF ENERGY**

Though the operations of your Company do not consume high level of energy, adequate measures have been taken by the management to conserve energy to the extent possible through conservation measures. Your Company is on a constant look out for newer and efficient energy conservation technologies and introduces them appropriately. As the cost of energy consumed by the Company forms a very small portion of the total cost, the impact of change in energy cost on total cost is insignificant.

### **II. TECHNOLOGY ABSORPTION**

The Company being engaged in the business of providing complete engineering, procurement and construction services for auxiliary / balance of plant systems on a complete turnkey basis, constant efforts are made to develop new products/systems to give trouble free service in its line of activities.





### **III.FOREIGN EXCHANGE EARNINGS & OUTGO**

Foreign Exchange Earnings - Rs. 70,71,52,934.55  
Foreign Exchange Outgo - Rs. 25,46,46,615.59

### **INDUSTRIAL RELATIONS**

The Company enjoyed cordial relations with the employees during the year under review and the Management appreciates the efforts and dedication shown by all employees of the Company in offering their support and expects their continued support for achieving higher level of productivity to enable meeting the targets set for the future.

### **ACKNOWLEDGEMENT**

Your Directors wish to express their sincere appreciation to the Banks, Central and State Governments, Private Sector Organizations and the Company's valued shareholders for their continued co-operation and support. Your Directors particularly wish to thank all the employees of the Company whose enthusiasm, vitality and application have been vital to the Company's business performance.

BY ORDER OF THE BOARD

**AVINASH C GUPTA**

Chairman & Managing Director

Place : New Delhi.  
Dated : 02.07.2011



## REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement entered into with the stock exchange, the Company hereby submits the report on matters as mentioned in the said clause and corporate governance practices followed by the Company.

### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The corporate governance philosophy of the Company is driven by the interest of stakeholders and business needs of the Company. Therefore, the Company firmly believes that Corporate Governance is a powerful tool for long term growth of the Company and continues to give high priority to the principles and practice of Corporate Governance in order to keep the trust of the shareholders and to fulfill our social responsibilities as a Company.

### II. BOARD OF DIRECTORS

The Board of Directors alongwith its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the company.

The Company has a Executive Chairman who is also a Promoter Director. The number of Non-Executive Directors is half of the total Board strength. The total Board strength is six out of which three are independent Directors.

#### COMPOSITION, MEETINGS AND ATTENDANCE: -

During the Financial year ended March 31, 2011, Seven Board meetings were held on May 11, 2010, May 24, 2010, August 12, 2010, September 18, 2010, November 01, 2010, January 15, 2011 and January 25, 2011.

The composition and category of Directors alongwith number of directorships / membership of Committees in other companies and also the attendance of each Director at the Board Meetings held during financial year 2010-11 and the last Annual General Meeting is as under

Name of the Director	Directorships*	Committee Memberships (including Chairmanship)		No. of Board Meetings		Attendance at Last AGM
		Member- ships	Chairm- anships	Held	Attended	
<b>PROMOTERS &amp; EXECUTIVE DIRECTORS</b>						
Mr. Avinash C Gupta Chairman & Managing Director	Nil	Nil	Nil	7	5	Yes
Mr. Arjun Gupta Whole Time director	Nil	Nil	Nil	7	5	Yes
Mr. Nakul Gupta Whole Time Director	Nil	Nil	Nil	7	5	Yes
<b>NON EXECUTIVE / INDEPENDENT DIRECTORS</b>						
Mr. Arun Mitter	11	6	Nil	7	3	No
Mr. Pawan Chopra	2	2	Nil	7	7	No
Mr. V S Mathur	3	1	1	7	7	No
Dr. Nitish Sen Gupta #	5	Nil	Nil	7	2	No



\* Excluding Private Companies, Section 25 Companies and Foreign Companies.

# Resigned on January 25, 2011

## BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT

**Mr. Arjun Gupta**, 40 years, is the Whole Time Director of our Company. Mr. Arjun Gupta holds a Bachelor's degree in Mechanical Engineering from University of Texas, Austin. He has been associated with our Company as Director since the year 2004 till date. He has about eleven (11) years of experience in Turnkey Projects and products related Sales & Marketing, Contracts and Design & Engineering. He was instrumental in completion of many Turnkey Projects for our Company both in India and abroad.

**Mr. Nakul Gupta**, 39 years, is the Whole Time Director of our Company. Mr. Nakul Gupta holds Bachelor of Science (Marketing & Psychology) degree from Indiana University (Bloomington). Mr. Gupta completed the Owner President Management Program (OPM) from Harvard Business School in March 2010. He has been associated with our Company since 1994 and in these seventeen (17) years has been handling finance & accounts and banking activities of our Company. He has been individually managing the export business of our Company.

**Mr. V.S. Mathur**, 64 years, is a retired Indian Revenue Service officer. He has been appointed as a Director of our Company in 2009. Mr. Mathur has more than thirty six (36) years of experience in almost all areas of work in the Income Tax Department. Mr. Mathur retired as Director General (Systems), Income Tax Department.

**Mr. Pawan Chopra**, 66 years, is a retired Indian Administrative Service officer. He has been appointed as a Director of our Company in 2009. Mr. Chopra has more than thirty six (36) years of experience working with Government of Rajasthan and Government of India in various capacities and sectors. Mr. Chopra retired as a Secretary to Government of India, Ministry of Information & Broadcasting.

## DETAILS OF THE REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR 2010-11

### (a) Remuneration to Directors

The remuneration/sitting fees paid to the Directors during the financial year 2010-11 are mentioned below:

(Amount in Rs.)

S No.	Name of Directors	Salary & Allowances	Commission	Sitting Fees	Total
1.	Mr. Avinash C Gupta	65,22,500	40,00,000	Nil	1,05,22,500
2.	Mr. Arjun Gupta	31,50,000	20,00,000	Nil	51,50,000
3.	Mr. Nakul Gupta	31,50,000	20,00,000	Nil	51,50,000
4.	Mr. Arun Mitter	Nil	Nil	1,20,000	1,20,000
5.	Mr. Pawan Chopra	Nil	Nil	2,20,000	2,20,000
6.	Ms. V S Mathur	Nil	Nil	2,20,000	2,20,000
7.	Dr. Nitish Sengupta	Nil	Nil	1,00,000	1,00,000

### (b) Criteria of making payments to Non-Executive Directors

The Company considers the time and efforts put in by the Non-Executive Directors in deliberations at Board/Committee meetings. They are compensated through sitting fees, as per table below, for attending the meetings and are not entitled to any other payments.

S. No.	Nature of Meeting	Sitting Fees payable (Rs.)
1.	Board	20,000
2.	Audit Committee	20,000
3.	Remuneration Committee	20,000



### III. COMMITTEES OF THE BOARD

The Board of Directors has constituted Committees of Directors with adequate delegation of powers to discharge urgent business of the Company. Committee members are appointed by the Board. The Committees meet as often as required.

Each Committee has its own charter. The Charters of Committees set forth the purposes, goals and responsibilities of the Committees.

The various Committees are:

#### A. CORPORATE GOVERNANCE COMMITTEES

- Audit Committee
- Remuneration Committee
- Shareholders / Investors Grievance Committee

The details regarding terms of reference, composition, quorum and other details of the Corporate Governance Committees are as under:

#### (i) AUDIT COMMITTEE

##### COMPOSITION:

All Members of the Committee have good financial and accounting knowledge. The Chairman of the Audit Committee is having accounting and financial management expertise. The Statutory Auditors and Internal Auditors are invitees to the Audit Committee Meetings. During the year, the Committee reviewed key audit findings covering operational, financial and compliance areas. The minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

The Composition of Audit Committee as on March 31, 2011: -

- |    |                     |   |                                      |
|----|---------------------|---|--------------------------------------|
| 1) | Mr. Arun Mitter     | : | Chairman, Independent, Non-Executive |
| 2) | Mr. Pawan Chopra    | : | Member, Independent, Non-Executive   |
| 3) | Mr. V S Mathur      | : | Member, Independent, Non-Executive   |
| 4) | Dr. Nitish Sengupta | : | Member, Independent, Non-Executive # |

# Resigned on January 25, 2011

##### Secretary

Mr. Pankaj Arora, Company Secretary of the Company is the Secretary of the Committee

##### BRIEF DESCRIPTION OF TERMS OF REFERENCE OF AUDIT COMMITTEE:

The Terms of Reference of Audit Committee includes overseeing the audit functions, review of Company's financial performance, review critical findings of Internal Audit, compliance with the Accounting Standards & all other matters specified under Clause 49 of the Listing Agreement of the Stock Exchange and in Section 292A of the Companies Act, 1956.



## MEETINGS AND ATTENDANCE:

During the financial year ended March 31, 2011, four Audit Committee meetings were held on May 11, 2010, August 12, 2010, November 01, 2010 and January 25, 2011.

The attendance details are as under: -

Name of the Member	No. of Meetings Attended
Mr. Arun Mitter	2
Mr. Pawan Chopra	4
Mr. V S Mathur	4
Dr. Nitish Sengupta	1

## (ii) REMUNERATION COMMITTEE

### COMPOSITION :

The composition of Remuneration Committee as on March 31, 2011: -

- 1) Mr. Pawan Chopra : Member, Independent, Non-Executive
- 2) Mr. Nakul Gupta : Member, Independent, Non-Executive
- 3) Dr. Nitish Sengupta : Chairman , Non-Executive #

# Resigned on January 25, 2011

### Secretary

Mr. Pankaj Arora, Company Secretary of the Company is the Secretary of the Committee.

The minutes of the Remuneration Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

### BRIEF DESCRIPTION OF TERMS OF REFERENCE OF REMUNERATION COMMITTEE:

Remuneration Committee is responsible for deciding and fixing the remuneration of the Executive Directors of the Company.

### REMUNERATION POLICY OF THE COMPANY:

The Remuneration policy aims at encouraging and rewarding good performance/contribution to Company objectives.

## (iii) SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

### COMPOSITION:

The composition of Shareholders / Investor Grievance Committee as on March 31, 2011:

- Mr. Pawan Chopra : Chairman, Independent, Non-Executive
- Dr. Nitish Sengupta : Member, Independent, Non-Executive#
- Mr. Arun Mitter : Member, Non-Executive.
- Mr. V S Mathur : Member, Non-Executive.

# Resigned on January 25, 2011



## Secretary

Mr. Pankaj Arora, Company Secretary of the Company is the Secretary of the Committee

## BRIEF DESCRIPTION OF TERMS OF REFERENCE OF SHAREHOLDER INVESTOR GRIEVANCE COMMITTEE:

The Committee supervises the systems of redressal of Investor Grievances and ensures cordial investor relations.

The Company Secretary cum Compliance Officer of the Company has been delegated the power to approve transfer and transmission of physical shares and other matters like consolidation of certificates, issue of duplicate share certificates, dematerialisation/ rematerialisation of shares in stipulated period of time.

## COMPLIANCE OFFICER:

Mr. Pankaj Arora is the Company Secretary cum Compliance Officer of the Company appointed by the Board. His contact details are as follows:

Technofab Engineering Limited  
Plot No. 5, Sector-27C.  
Mathura Road, Faridabad-121003  
Ph : +91-129-2270202  
Fax : +91-129-2270201  
E-mail : investors@technofabengineering.com

The Company welcomes the members to make more effective use of the electronic means to communicate with their company for quicker redressal of their grievances. The Company has appointed a Share Transfer Agent, whose particulars are given elsewhere in this report. The members may address their queries / complaints to the above address / phone / fax / e-mail id or to those of the Registrar's.

## DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED & REPLIED: -

A status of the Complaints received from investors and attended is as follows:

Opening Balance	Received	Replied	Closing Balance
Nil	32	32	Nil

## IV. GENERAL BODY MEETINGS

The location and time of the last three Annual General Meetings were as under:

FY	Date	Time	Venue
2007-08	Sept. 30, 2008	11.30AM	Registered Office : 507, Eros Apartments, 56, Nehru Place, New Delhi - 19
2008-09	July 8, 2009	11.30 AM	-same as above-
2009-10	May 22, 2010	11.30AM	-same as above-





In the last three Annual General Meetings, following special business items were approved by the members by means of Special Resolution:

Year	Item
2010	<ol style="list-style-type: none"> <li>1. Increase In Remuneration of Shri Avinash C Gupta As The Managing Director of the Company</li> <li>2. Increase in Remuneration of Shri Arjun Gupta, Whole Time Director</li> <li>3. Increase In Remuneration of Shri Nakul Gupta, Whole Time Director</li> </ol>
2009	<ol style="list-style-type: none"> <li>1. Reappointment of Shri Avinash C Gupta as the Managing Director of the Company</li> <li>2. Increase in remuneration of Shri Arjun Gupta, Whole Time Director</li> <li>3. Increase in remuneration of Shri Nakul Gupta, Whole Time Director</li> <li>4. Further Issue of Equity Shares</li> <li>5. Appointment of Subcommittee for The IPO</li> <li>6. Repeal of old Articles of Association and Adoption of new set of Articles of Association</li> <li>7. Increase in Authorized Capital</li> </ol>
2008	<ol style="list-style-type: none"> <li>1. Increase in remuneration of Mr Avinash C Gupta, Chairman &amp; Managing Director of the Company</li> <li>2. To appoint Mr Arjun Gupta as Whole Time Director</li> <li>3. To appoint Mr Nakul Gupta as Whole Time Director</li> <li>4. To consider increase in the borrowing powers of the Company from Rs. 300 Crs. to Rs. 800 Crs.</li> <li>5. Authority to create charge on the present or future assets of the Company.</li> <li>6. To amend Article 38 of the Articles of Association of the Company</li> <li>7. Amendment in 'Other Objects' Clause of the Memorandum of Association.</li> <li>8. Commencement of Business/ Activities pursuant to Section 149 (2A) of the Companies Act, 1956.</li> </ol>

## V. POSTAL BALLOT

No resolution was put to vote through Postal Ballot in the last year and there is no resolution which is required to be passed by Postal Ballot at present.

## VI. DISCLOSURES

### a. Related Party Transactions

The Company has not entered into any materially significant transactions with the related parties viz. Promoters, Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Transactions with related parties are being disclosed in the Notes to Accounts forming part of the Annual Report.

## b. Non-Compliances by the Company

During the last three years, there were no strictures or penalties imposed on the Company either by the Stock Exchanges or SEBI, or any other statutory authority for non-compliance of any matter related to capital markets.

## c. Whistle Blower Policy

The Company is committed to develop a culture of highest standards of ethical, moral and legal business conduct wherein it is open for communication regarding the Company's business practices, avenues for employees to raise concerns about any poor or unacceptable practice and to protect employees from unlawful victimization, retaliation or discrimination for their having disclosed or reported fraud, unethical behaviour, violation of Code of Conduct, questionable accounting practices, grave misconduct etc.

To enforce the above, the Company has put in place a Whistle Blower Policy with a view to provide opportunity to employees to raise a concern about the serious irregularities within the company and to provide the necessary safeguards to these employees from unlawful victimization.

A complaint under the policy may be made to the designated officials and to the Audit Committee in terms of the Policy. During the year, no employee of the Company has been denied access to the Audit Committee.

## d. Details of compliance with mandatory requirements

Particulars	Clause of Listing Agreement	Compliance Status
<b>I. Board of Directors</b>	<b>49 (I)</b>	
Composition of Board	49 (I A)	Complied
Non-Executive Directors Compensation & Disclosures	49 (I B)	Complied
Other provisions as to Board and Committees	49 (I C)	Complied
Code of Conduct	49 (I D)	Complied
<b>II. Audit Committee</b>	<b>49 (II)</b>	
Qualified & Independent Audit Committee	49 (II A)	Complied
Meeting of Audit Committee	49 (II B)	Complied
Powers of Audit Committee	49 (II C)	Complied
Role of Audit Committee	49 (II D)	Complied
Review of Information by Audit Committee	49 (II E)	Complied
<b>III. Subsidiary Companies</b>	<b>49 (III)</b>	<b>Complied</b>
<b>IV. Disclosures</b>	<b>49 (IV)</b>	
Basis of related party transactions	49 (IV A)	Complied
Disclosure of Accounting Treatment	49 (IV B)	N.A.
Board Disclosures – Risk Management	49 (IV C)	Complied
Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Complied
Remuneration of Directors	49 (IV E)	Complied
Management	49 (IV F)	Complied
Shareholders	49 (IV G)	Complied
<b>V. CEO/ CFO Certification</b>	<b>49 (V)</b>	<b>Complied</b>
<b>VI. Report on Corporate Governance</b>	<b>49 (VI)</b>	<b>Complied</b>
<b>VII. Compliance</b>	<b>49 (VII)</b>	<b>Complied</b>



## VII. MEANS OF COMMUNICATION

The quarterly / half-yearly results are forthwith communicated to the Bombay Stock Exchange Limited and the National Stock Exchange, with whom the Company has listing arrangements, as soon as these are approved and taken on record by the Board of Directors of the Company. The results are published in leading newspapers, namely, Business Standard both English and Hindi, Financial Express in English, Jansatta in Hindi, etc., along with the official news releases in accordance with the guidelines of the Stock Exchanges.

The results are also put- up on Company's website [www.technofabengineering.com](http://www.technofabengineering.com). The website also hosts official news release.

For investors, the Company has created a separate e-mail ID [investors@technofabengineering.com](mailto:investors@technofabengineering.com). During the financial year, the Company organized Earnings Calls after announcement of Quarterly Results, which were well attended by the analysts, fund managers and investors.

## VIII. GENERAL SHAREHOLDER INFORMATION

### a. Annual General Meeting: -

The 40th Annual General Meeting of the Company is scheduled to be held as under :-

#### Date and Time :

**Venue** : As per the Notice of the 40th Annual General Meeting

### b. Financial Calendar (Tentative): -

The Quarterly/Annual results will be taken on record by the Board of Directors as per the following schedule:

First Quarter Results	:	On or before 14/08/2011
Half Yearly results	:	On or before 14/11/2011
Third Quarter Results	:	On or before 14/02/2012
Audited Annual results for the year	:	On or before 30/05/2012

### c. Date of Book Closure: - August 5, 2011 to August 10, 2011 (both days inclusive)

### d. Dividend Payment Date: - Within 30 days from the date of AGM

### e. Listing on Stock Exchanges: -

Name of Stock Exchanges	Stock Code
Bombay Stock Exchange	533216
National Stock Exchange	TECHNOFAB

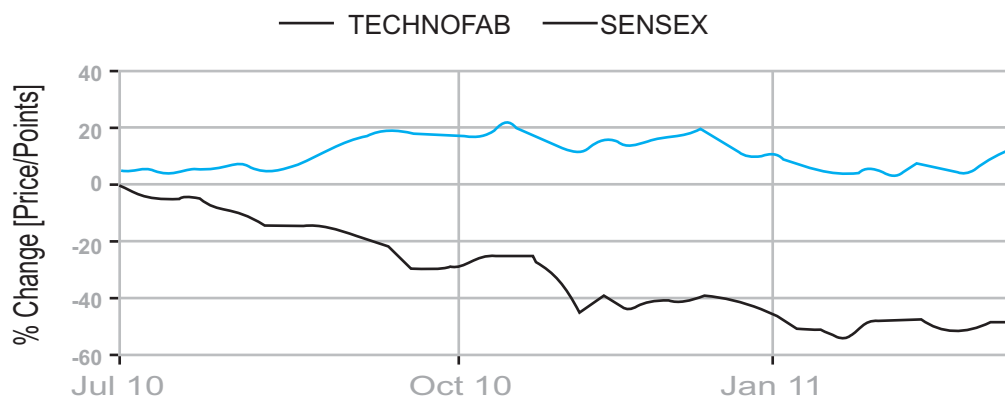
### f. ISIN Number: INE509K01011

**g. Market Price Data & Share price performance: -**

Monthly High, Low (based on the closing prices) during each month, in last financial year, is as below:

MONTH	BSE		NSE	
	HIGH (Rs.)	LOW (Rs.)	HIGH	LOW
April 2010	-	-	-	-
May 2010	-	-	-	-
June 2010	-	-	-	-
July 2010	310.75	265.00	307.80	268.00
August 2010	298.00	234.00	298.90	242.20
September 2010	279.90	234.00	269.00	233.05
October 2010	240.00	164.90	238.50	204.00
November 2010	241.90	158.70	241.95	159.05
December 2010	193.30	135.60	194.90	135.00
January 2011	186.55	139.05	187.30	138.00
February 2011	182.65	116.50	183.00	119.90
March 2011	184.00	136.30	183.80	136.00

Index Comparison



**COMPANY'S EQUITY SHARE PRICE COMPARISON WITH BSE SENSEX**

**h. Registrar and Share Transfer Agent: -**

M/s. Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company to whom communications regarding change of address, transfer of shares, change of mandate etc. can be addressed as per the details mentioned below:

**Link Intime India Private Limited**

A-40, Second Floor, Naraina Industrial Area, Phase II,  
New Delhi – 110028 Ph : 011-41410592/93/94 Fax : 011-41410591



Detailed list of Link Intime Offices is available at their website – [www.linkintime.co.in](http://www.linkintime.co.in)

**i. Share Transfer System: -**

The Company's shares are traded in the Stock Exchange compulsorily in dematerialized mode. Physical Shares which are lodged with the Registrar and Share Transfer Agent and / or Company for transfer are processed and returned to the shareholders duly transferred within the time stipulated under the Listing Agreement subject to documents being found valid and complete in all respects. The dematerialized shares are transferred directly to the beneficiaries by the depositories.

**j. Shareholding Pattern as on March 31, 2011: -**

S. No.	CATEGORY	NO OF SHARES HELD	% OF SHARE HOLDING
A	PROMOTERS HOLDING		
1	Promoters		
	– Indian Promoters	4108486	39.17
	– Foreign Promoters	0	0
2	Persons acting in Concert	0	0
	<b>Sub-Total</b>	<b>4108486</b>	<b>39.17</b>
B	NON- PROMOTER HOLDINGS		
3	Institutional Investors	2700	0.02
a	Mutual Funds and UTI	181677	1.73
b	Banks, Financial Institution, Insurance		
	Companies (Central/ State Government		
	Institutions/ Non - Government Institutions	504823	4.81
c	FII's	1408279	13.43
	<b>Sub-Total</b>	<b>2097479</b>	<b>19.99</b>
4	Others		
a	Corporate Bodies	1676495	15.98
b	Indian Public	2468721	23.54
c	NRIs	65880	0.62
d	Any other :		
	(i) Trusts	955	0.01
	(ii) HUF	0	0
	(iii) Clearing Members (NSDL & CDSL)	71984	0.6
	(iv) Foreign Nationals	0	0
	<b>Sub-Total</b>	<b>4284035</b>	<b>40.84</b>
	<b>GRAND TOTAL</b>	<b>10490000</b>	<b>100.00</b>

**k. Dematerialisation of Shares and Liquidity: -**

The shares of the Company are compulsorily traded in dematerialized form. 100% of equity shares have been dematerialized as on March 31, 2011.

The equity shares of the Company are actively traded at BSE & NSE.

There are no outstanding GDRs / ADRs / Warrants or any convertible or other instruments

**IX. CODE OF CONDUCT**

The Board of Directors has laid down a Code of Conduct, which is applicable to all Directors and Senior Management of the Company. The Code has also been posted on the website of the Company.

All Board Members and Senior Management Executives have affirmed compliance with the Code of Conduct.

The declaration signed by the Chairman & Managing Director affirming compliance to the Code by the Board of Directors and the Senior Management has been placed at the end of Report.

**X. CEO/ CFO CERTIFICATION**

In compliance with Clause 49(V) of the Listing Agreement, a declaration by Chairman & Managing Director & Senior Manager (Accounts) has been attached which, inter-alia, certifies to the Board, the accuracy of Financial Statements and the adequacy of internal controls pertaining to Financial Reporting.

**DECLARATION**

As provided under clause 49 of the Listing Agreement with the Stock Exchange(s), it is hereby declared that all the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended March 31, 2011.

Date : 02.07.2011

Place : New Delhi

**Avinash C Gupta**  
Chairman & Managing Director





## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
TECHNOFAB ENGINEERING LIMITED

- 1 We have examined the compliance of conditions of the Corporate Governance by TECHNOFAB ENGINEERING LIMITED for the financial year ended on March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the other conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. The minutes of some of the unlisted subsidiary companies however needs to be placed regularly before the board of the holding company.
4. We state that no investor grievance is pending for a period exceeding one month against the Company from the date of receipt of the grievance by the company as per the records and other documents maintained by the Shareholders / Investor Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future validity of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### **For Rajesh Suresh Jain & Associates**

Chartered Accountant

Rajesh Jain

Proprietor

M.No. 098229

FRN No. 017163N

Date : 02.07.2011

Place : New Delhi



### CERTIFICATE OF CEO/CFO

We, Avinash C Gupta, Chairman & Managing Director and K P Gupta, Senior Manager (Accounts) of Technofab Engineering Limited to the best of our knowledge and belief, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year 2010-11 and that to the best of our 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 our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Avinash C Gupta**  
Chairman & Managing Director

**K P Gupta**  
Senior Manager (Accounts)

Place : New Delhi  
Date : 02.07.2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

Your Company, incorporated in the year 1971, provides EPC services on a complete turnkey basis across a number of industrial and infrastructure sectors. Over the years the Company has slowly and steadily forged ahead towards its vision of being a world class, globally versatile, medium sized EPC service provider, creating value for customers and stakeholders through excellence in Project Management.

Income from operations for the year ended March 2011, 2010 and 2009 was Rs. 29007.86 lakhs, 20,037.02 lakhs, and Rs. 14,930.57 lakhs respectively. Your Company's turnover has shown a CAGR of over 45% in the last 5 years. PAT for the year ended March 2011, 2010 and 2009 was Rs. 2602.52 lakhs, Rs. 1909.02 and Rs. 1,173.11 lakhs respectively.

In recent years the Company has diversified its customer base beyond the traditional thermal power sector and now serves multiple sectors and geographies. This diversity is clearly evidenced by the following table showing sector wise contribution to the overall revenue in the last 4 years, as a percentage of total revenue.

Segment	FY 2011	FY2010	FY2009	FY2008
Conventional Power	20%	25%	22%	37%
Nuclear Power	10%	27%	18%	0
Oil & Gas	4%	1%	13%	55%
Water & Waste Water Treatment	11%	20%	35%	1%
Industrial & Infrastructure Sectors	49%	19%	12%	7%
Electrical Distribution and Rural Electrification	6%	8%	0	0

Similarly our foreign turnover has been continuously varying as seen below

Year	%age revenue from overseas
2010-2011	21
2009-2010	10
2008-2009	39
2007-2008	55
2006-2007	0

The Company received fresh orders aggregating around Rs. 45200 lakhs during the course of the year of which around one third was from overseas.

The Order Book of our Company as on March 31, 2011 stands at over Rs. 70,000 lakhs and the segment wise details of work on hand is set out below:



No.	Segment	Contribution%
1.	Conventional Power	32
2.	Nuclear Power	4
3.	Water & Waste Water Treatment	12
4.	Electrical Distribution and Rural Electrification	3
5.	Industrial & Infrastructure Sectors	34
6.	Oil & Gas	15

## BUSINESS ENVIRONMENT AND OUTLOOK

Our country's economic growth at the rate of 8% or better will continue to be very important in terms of the business opportunities it provides us. These opportunities emerge out of investment in power, water and industrial sectors. While the overall scene continues to be favourable, our business planning has to factor in some of the clouds that are visible.

The power sector which is poised for the highest ever growth in the 12th plan , may well face some slowdown due to problems of land acquisition, coal linkages/supplies and environmental clearances coupled with the problems arising out of inflationary pressures and monetary tightening.

The water sector has the greatest long term potential due to pressure on scarce resources which can only be overcome by heavy investments in treatment, recycling and water infrastructure. The sector will however continue to face financial hurdles arising out of structural factors. In particular our country's inability to price water at economical levels restricts project opportunities to industrial and JNURM funded projects at present.

The present high inflation and tight monetary policies of the government is also impacting investments in the industrial sector.

Apart from slowdowns in investments these factors also hold the potential to adversely impact the profitability of our ongoing operations. Inflation in prices of key commodities is becoming a way of life. Over the years we have been successful in coping with the uncertainties that arise as a consequence of high inflation and in many contracts we have protection in terms of escalation clauses, nevertheless any sudden and sharp rise in prices can adversely impact our profitability.

Tight monetary policies do not impact us directly to a great degree as we have, as a matter of policy, chosen not to financially leverage ourselves. However it does impact us in terms of our customers slowing down their projects.

Internationally, we continue to see good opportunities particularly in Africa and South Asia. We have developed a dedicated marketing team for International business, which identifies a few countries where we are focussing. Indian government's recent enhanced focus on Africa in terms of economic cooperation is an encouraging factor. Apart from Multilateral Agency funded projects we are identifying projects being funded by Indian government and Exim Bank for pursuing business opportunities.

Being in the Service sector, manpower is a factor that critically affects our operations. Our country's economic growth which provides us good business opportunities, also ensures that we face strong pressures in attracting , developing and retaining our skilled and experienced manpower.



## **COMPARISON OF PERFORMANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011 VIS-À-VIS FINANCIAL YEAR ENDED MARCH 31, 2010**

**Turnover:** Our turnover increased to Rs. 29007.86 lakhs in fiscal 2011 from Rs. 20037.02 lakhs in fiscal 2010, representing an increase of 45%. The growth in our revenues was on account of executing substantially more projects in Industrial and Infrastructure sector.

During the fiscal 2011, revenues from projects in Industrial and Infrastructure sector amounted to Rs. 14302 lakhs as against Rs. 3812 lakhs in the previous year..

**Other Income:** Other income increased from Rs. 11.19 lakhs for the year ended March 31, 2010 to Rs. 159.43 lakhs for the year ended March 31, 2011.

**Expenditure on Contracts:** Our Expenditure on Contracts increased by 48.99% from Rs. 15403.25 lakhs for the year ended March 31, 2010 to Rs. 22949.68 lakhs for the year ended March 31, 2011. The increase in the contracts expenditure was on account of increased turnover.

**Profit before Taxation:** Due to factors discussed above, our profit before taxation increased by 31.75% to Rs. 3853.44 lakhs in fiscal 2011 from Rs. 2924.80 lakhs in fiscal 2010.

**Net Profit after tax:** Our net profit after tax increased by 36.33% to Rs. 2602.52 lakhs in fiscal 2011 from Rs. 1909.09 lakhs in fiscal 2010.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company management recognises the necessity, and has in place adequate systems of internal controls. These aim to provide reasonable assurance with regard to maintaining proper accounting controls, monitoring economy and efficiency of operations, protecting assets from unauthorised use or losses, and ensuring reliability of financial and operational information.

## **MATERIAL DEVELOPMENTS IN HUMAN RELATIONS**

Your Company follows a philosophy whereby employee empowerment is a key area of focus. The Company strongly values the individuality of its employees, which ultimately results in a management, operations and training philosophy distinct from that of our competitors. As on March 31, 2011, there were around 300 employees on the roll of the Company. As the Company continues to grow, the number of employees may not grow substantially.

A number of employee development initiatives were undertaken with the objective of grooming the employees. We are planning to substantially increase training and development of our employees. Steps are being taken for setting up of our in house training facility.

## **CAUTIONARY STATEMENT**

Statements made in this report describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of securities laws and regulations. Actual results could differ from those anticipated because of changing ground realities, government policies, economic and political developments, market conditions etc.



**RAJESH SURESH JAIN & ASSOCIATES**  
E-3/38 IInd floor, Sector-7, Rohini, Delhi-110085  
Ph.: -9811020899, 45540899

**AUDITOR'S REPORT**

TO THE MEMBERS OF  
TECHNOFAB ENGINEERING LIMITED

We have audited the attached Balance Sheet of TECHNOFAB ENGINEERING LIMITED, as at 31st March 2011 and also the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. 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.

1. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annexe hereto a statement on the matters specified in paragraphs 4 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 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, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account.
  - d. 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 Section 211 (3C) of the Companies Act, 1956.
  - e. On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the company is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.





- f. In our opinion and to the best of our information and according to the explanation given to us, the said financial statements read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- (i) in the case of Balance Sheet, of the state of affairs of the Company as at March 31st, 2011,
- (ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date, and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For Rajesh Suresh Jain & Associates**  
Chartered Accountants

Place: New Delhi  
Dated: 24.05.2011

Rajesh Jain  
Proprietor  
M.No. 098229  
FRN No. 017163N



## ANNEXURE TO THE AUDITOR'S REPORT


**(Statement referred to in Paragraph 2 of our Report of even date)**

- i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) The Company has not disposed off any substantial part of fixed assets during the year and therefore going concern status of the Company is not affected.
- ii) In respect of its inventories:
  - (a) According to the information and explanations given to us the inventories have been physically verified by the management during the year at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) The Company has maintained the proper records of inventories. The discrepancies noticed on verification between the physical verification and the book records were not material and have been properly dealt with in the books of accounts.
- iii)
  - a) According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii)(a), (b), (c) and (d) of the order, are not applicable.
  - b) The Company has taken unsecured loans from parties covered in register maintained under Section 301 of the Companies Act, 1956. The amount of loans received during the year was Rs.1,20,00,000 from two parties, the maximum amount involved during the year was Rs.1,49,00,000 and the year end balance of loan taken from such parties was Rs.NIL.
  - c) The above loan is interest free and other terms and condition on which loan have been taken from the party listed in the register maintained under Section 301 of the Companies Act 1956, are prima facie not prejudicial to the interest of the Company.
  - d) Since the above loans were fully repaid during the year, hence there is no question of over due amount.



- iv) 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, fixed assets and for the sale of goods and services. Further on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control system.
- v) In respect of transaction covered under Section 301 of the Companies Act 1956:
- a) According to the information and explanations given to us, the particulars of contracts or arrangements that needed to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Companies Act 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Act.
- vii) According to the information and explanations given to us, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) The nature of the business activities is such that Clause 4 (viii) of the Companies (Auditors Report) Order, 2003 regarding maintenance of Cost Record, is not applicable to the company.
- ix) In respect of statutory dues:
- (a) According to the records of the Company and information and explanations given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues to the extent applicable have generally been regularly deposited with the appropriate authorities. However, there have been some delays in few cases.
- b) The disputed statutory dues that have not been deposited on account of matters pending before different Authorities as provided by the Company are stated below :-

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Sales Tax				
Orissa				
	Wrongly Assessed	13,55,000	2002-03	Before Sales Tax Tribunal – Orissa

- 
- x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediate preceding financial year.
  - xi) According to the information and explanations given to us, the Company has not made any default during the year towards dues of financial institutions, banks and debenture holders.
  - xii) According to the information and explanations given to us, the Company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
  - xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
  - xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
  - xv) According to the information and explanations given to us, during the year the Company has not given any guarantee for loans taken by others from banks and financial institutions.
  - xvi) According to the information and explanations given to us, the Company has not taken any term loans during the year.
  - xvii) On the basis of overall examination of the Balance Sheet of the Company and information and explanations given to us, we report that during the year short term funds have not been used to finance long term investments.
  - xviii) During the year, the Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of Companies Act, 1956.
  - xix) The Company has not issued any debentures during the year.
  - xx) The Management has disclosed the utilization and pending utilization of money raised by public issue and we have verified the same.
  - xxi) In our opinion and according to the information and explanations given to us, no fraud by the Company have been noticed or reported during the year nor we have been informed of any such case by the management.

**For Rajesh Suresh Jain & Associates**  
Chartered Accountants

Place: New Delhi  
Dated: 24.05.2011

Rajesh Jain  
Proprietor  
M.No. 098229  
FRN No. 017163N



## TECHNOFAB ENGINEERING LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	As At 31st March, 2011 Rs.	As At 31st March, 2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	10,49,00,000	7,50,00,000
Reserves & Surplus	2	1,30,86,77,887	42,47,71,422
		1,41,35,77,887	49,97,71,422
<b>Loan Funds:</b>			
Secured Loans	3	15,84,23,669	15,17,35,413
Unsecured Loans	4	-	4,23,47,900
		15,84,23,669	19,40,83,313
<b>Deferred Tax Liability (Net)</b>		49,73,699	17,51,176
<b>Total</b>		<b>1,57,69,75,255</b>	<b>69,56,05,911</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	5		
Gross Block		14,15,70,964	8,97,89,487
Less : Depreciation		2,82,28,187	3,49,77,620
Net Block		11,33,42,777	5,48,11,867
<b>Investments</b>	6	37,82,35,824	35,01,250
<b>Current Assets, Loans &amp; Advances</b>			
	7		
Inventories		13,30,00,209	3,45,02,312
Sundry Debtors		78,82,07,340	56,35,57,269
Cash & Bank Balances		71,99,34,664	11,02,02,507
Loans & Advances		82,33,38,452	41,22,62,840
<b>Total A</b>		<b>2,46,44,80,665</b>	<b>1,12,05,24,928</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
	8		
A. Current Liabilities		1,23,33,27,414	36,65,58,932
B. Provisions		14,57,56,597	11,66,73,202
<b>Total B</b>		<b>1,37,90,84,011</b>	<b>48,32,32,134</b>
<b>Net Current Assets (Total A-B)</b>		1,08,53,96,654	63,72,92,794
<b>Total</b>		<b>1,57,69,75,255</b>	<b>69,56,05,911</b>
Significant Accounting Policies & Notes on Accounts	13		

As per our report of even date.

**For Rajesh Suresh Jain & Associates**  
Chartered Accountants

**For & on behalf of the Board**

Rajesh Jain  
Proprietor  
M.No 098229  
FRN No. 017163N  
Date : 24.05.2011  
Place : New Delhi

Managing Director

Director

Company Secretary

# TECHNOFAB ENGINEERING LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	As On 31st March, 2011 Rs.	As On 31st March, 2010 Rs.
<b>A. INCOME</b>			
Turnover		2,90,07,86,340	2,00,37,02,120
Other Income	9	1,59,43,021	11,19,266
<b>Total (A)</b>		<b>2,91,67,29,361</b>	<b>2,00,48,21,386</b>
<b>B. EXPENDITURE</b>			
Expenditure on Contracts	10	2,29,49,67,900	1,54,03,25,310
Administrative & Other Expenses	11	19,21,85,453	12,68,23,242
Interest & Finance Charges	12	3,26,52,095	3,16,63,445
Depreciation		1,15,79,820	1,35,29,179
<b>Total (B)</b>		<b>2,53,13,85,268</b>	<b>1,71,23,41,176</b>
<b>Profit for the year before Taxation</b>	<b>( A - B )</b>	<b>38,53,44,093</b>	<b>29,24,80,210</b>
Provision for Taxation			
Current		12,00,00,000	10,00,00,000
Deferred		32,22,523	14,88,527
Wealth Tax		1,30,000	90,000
Tax adjustment for Earlier Years		17,39,628	
<b>Profit after Tax</b>		<b>26,02,51,942</b>	<b>19,09,01,683</b>
<b>Profit available for Appropriation</b>		26,02,51,942	19,09,01,683
Proposed Dividend		1,57,35,000	1,12,50,000
Tax on Dividend		25,52,610	18,68,485
Transfer to General Reserve		15,00,00,000	15,00,00,000
Balance Brought Forward from Last Year		13,35,45,961	10,57,62,763
<b>Balance Carried to Balance Sheet</b>		<b>22,55,10,293</b>	<b>13,35,45,961</b>
Significant Accounting Policies & Notes on Accounts	13		
Earning per share (Rs.)			
Basic		26.98	25.45
Diluted		26.98	25.45

As per our report of even date.

**For Rajesh Suresh Jain & Associates**  
Chartered Accountants

**For & on behalf of the Board**

Rajesh Jain  
Proprietor  
M.No 098229  
FRN No. 017163 N  
Date : 24.05.2011  
Place : New Delhi

Managing Director

Director

Company Secretary





## TECHNOFAB ENGINEERING LIMITED

### SCHEDULES TO THE ACCOUNTS

	As On 31st March, 2011 Rs.	As On 31st March, 2010 Rs.
<b>1. SHARE CAPITAL</b>		
Authorised		
1,50,00,000 (Previous Year Rs.1,50,00,000) Equity shares of Rs.10/- each	15,00,00,000	15,00,00,000
Issued,Subscribed & Paid up		
1,04,90,000 (Previous Year 75,00,000) Equity shares of Rs.10/- each fully paid up	10,49,00,000	7,50,00,000
	<b>10,49,00,000</b>	<b>7,50,00,000</b>
<b>2. RESERVES AND SURPLUS</b>		
i) Share Premium (As per Last Balance Sheet)	6,00,00,000	6,00,00,000
Add : Addition during the year	68,67,24,000	-
Less : Public issue expenses	4,47,81,867	-
	70,19,42,133	6,00,00,000
ii) General Reserve (As per Last Balance Sheet)	23,12,25,461	8,12,25,461
Add : Transfer from Profit & Loss A/c	15,00,00,000	15,00,00,000
	38,12,25,461	23,12,25,461
iv) Profit & Loss Account (As per Annexed Account)	22,55,10,293	13,35,45,961
	<b>1,30,86,77,887</b>	<b>42,47,71,422</b>
<b>3. SECURED LOANS</b>		
From Banks		
Vehicles / Equipment Loans	9,07,978	24,406
Working Capital	14,26,39,906	14,02,83,996
From Others		
Vehicles / Equipment Loans	1,48,75,785	1,14,27,011
	<b>15,84,23,669</b>	<b>15,17,35,413</b>
<b>4. UNSECURED LOANS</b>		
From Directors	-	1,19,50,000
Intercompany Loans	-	3,03,97,900
	-	<b>4,23,47,900</b>

# TECHNOFAB ENGINEERING LIMITED

## 5. FIXED ASSETS AS AT 31ST MARCH, 2011

Description	GROSS BLOCK				DEPRECIATION				Net Block	
	As At 1st April 2010 Rs.	Addition During the year Rs.	Sales/Adjust ment during the year Rs.	Total upto 31.03.11 Rs.	Upto 31st March 2010 Rs.	For the Year Rs.	Sale/Adjustment during the year Rs.	Total 31st march 2011 Rs.	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
Factory Land	1,65,532	-	-	1,65,532	-	-	-	-	1,65,532	1,65,532
Factory Premises	75,21,017	40,06,639	-	1,15,27,656	55,16,156	2,53,768	-	57,69,924	57,57,732	20,04,861
Purely Temp. Construction	1,54,19,145	1,30,99,517	1,54,19,145	1,30,99,517	1,54,19,145	51,48,401	1,54,19,145	51,48,401	79,51,116	-
Plant & Machinery	3,25,66,915	4,00,10,952	11,77,697	7,14,00,170	54,21,104	22,41,286	11,77,697	64,84,693	6,49,15,477	2,71,45,811
Furniture & Fixture	32,78,143	6,66,514	4,27,986	35,16,671	18,55,617	2,17,454	4,27,986	16,45,085	18,71,586	14,22,526
Office Equipment	4,68,622	2,16,094	1,39,892	5,44,824	1,95,958	23,993	1,39,892	80,059	4,64,765	2,72,664
Electric Installation	2,08,300	-	25,050	1,83,250	70,978	9,843	25,050	55,771	1,27,479	1,37,322
Reproduction Machines	76,670	-	-	76,670	76,669	-	-	76,669	1	1
Cooling Systems	15,40,219	3,85,382	-	19,25,601	5,18,696	87,434	-	6,06,130	13,19,471	10,21,523
Vehicles	1,66,71,090	70,01,034	16,05,386	2,20,66,738	30,10,080	18,21,194	3,40,910	44,90,364	1,75,76,374	1,36,61,010
Computers	81,66,541	48,61,281	7,98,573	1,22,29,249	24,78,774	15,98,602	7,98,573	32,76,803	89,52,446	56,87,767
Generator	33,92,412	11,27,793	-	45,20,205	3,77,768	1,64,888	-	5,42,656	39,77,549	30,14,644
DIGITAL BUSINESS COMM SYSTEMS	3,14,881	-	-	3,14,881	36,675	14,957	-	51,632	2,63,249	2,78,206
Total	8,97,89,487	7,13,75,207	1,95,93,729	14,15,70,964	3,49,77,620	1,15,79,820	1,83,29,253	2,82,28,187	11,33,42,777	5,48,11,867
Previous Year	6,32,93,290	2,70,94,803	5,98,606	8,97,89,487	2,17,00,071	1,35,29,179	2,51,630	3,49,77,620	5,48,11,867	4,15,93,219



## TECHNOFAB ENGINEERING LIMITED

### 6 INVESTMENTS

	Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
		Qty Nos.	Amount Rs.	Qty Nos.	Amount Rs.
<b>A Current Investments (other than trade)</b>					
<b>Unquoted, Fully Paid up units of mutual fund</b>					
Units JM Agri & Infra Fund (Dividend Plan)	10	2,00,000	20,00,000	2,00,000	20,00,000
IDFC Monthly Income Plan	10	1,00,000	10,00,000	1,00,000	10,00,000
Birla Sunlife Fixed Term Plan Series Growth	10	1,03,67,406	10,36,74,060	-	-
BNP Paribas Fixed Term Fund - Series 20C	10	50,00,000	5,00,00,000	-	-
Kotak FMP Series 34	10	40,00,000	4,00,00,000	-	-
Kotak FMP Series 34	10	1,01,08,800	10,10,88,000	-	-
Reliance Fixed Horizon Fund XIX Growth	10	50,32,880	5,03,28,798	-	-
<b>TOTAL A (Current Investments)</b>			<b>34,80,90,858</b>		<b>30,00,000</b>
<b>B Long Term Investments</b>					
<b>(I) Quoted Equity Shares, Fully Paid up</b>					
Ahluwalia Contracts Ltd.	2	100	11,820	-	-
C & C Construction Ltd.	10	100	15,002	-	-
Gammon India Ltd.	2	100	11,642	-	-
Hind Dorr-oliver Ltd.	2	7,037	5,56,105	-	-
Hindustan Construction Ltd.	1	100	3,434	-	-
IVRCL Infrastructure Ltd.	2	100	6,718	-	-
Jai Prakash Associates Ltd.	2	41,000	33,53,119	-	-
Larsen & Toubro Ltd.	2	100	1,52,745	-	-
Nagarjuna Construction Ltd.	2	100	9,900	-	-
Patel Engineering Ltd.	1	100	15,658	-	-
Sadbhav Engineering Ltd.	1	37,600	42,50,897	-	-
Shriram EPC Ltd.	10	200	29,751	-	-
Unitech Ltd.	2	2,000	70,715	-	-
<b>Total (I)</b>			<b>84,87,506</b>		-
<b>(II) Unquoted Equity shares, Fully Paid up</b>					
Hydro Air Tectonics (PCD) Ltd.	10	3,90,000	1,56,39,000	-	-
<b>Total (II)</b>			<b>1,56,39,000</b>		-
<b>(III) In wholly owned subsidiary company</b>					
Unquoted, fully paid up equity shares (Trade)					
Rivu Infrastructural Developers Pvt. Ltd.	10	1,00,000	5,01,250	1,00,000	5,01,250
Woodland Instruments Pvt. Ltd.	10	3,73,000	45,17,210	-	-
<b>Total (III)</b>			<b>50,18,460</b>		<b>5,01,250</b>
<b>(IV) Debentures (Equity Linked Debt) (unquoted other than trade)</b>					
Barclays Inv & Loans (I) Ltd Series-169	1000000	1	10,00,000	-	-
<b>Total (IV)</b>			<b>10,00,000</b>		-
<b>TOTAL B (Long Term Investments)</b>			<b>3,01,44,966</b>		<b>5,01,250</b>
<b>GRAND TOTAL (A+B)</b>			<b>37,82,35,824</b>		<b>35,01,250</b>

1. Cost of Quoted Investment Rs. 84,87,506.00 (Previous Year NIL). Market Value Rs. 93,54,638.60 (Previous Year NIL).
2. Cost of Unquoted Investment other than Mutual fund units Rs. 2,16,57,460 (Previous Year Rs.5,01,250)
3. Cost of Unquoted Investment in Mutual Fund Rs. 34,80,90,858 (Previous Year Rs. 30,00,000). Net Asset Value Rs. 35,03,69,205.26 (Previous Year Rs. 16,07,980)

SCHEDULES TO THE ACCOUNTS

7. CURRENT ASSETS, LOANS AND ADVANCES

A. CURRENT ASSETS

Inventories :

(As taken, valued and certified by the Management)

Raw Material	8,22,21,542	46,57,481
Work in Progress	4,20,89,749	37,60,724
Stores & Spares	86,88,918	2,60,84,107

<b>Total A</b>	<b>13,30,00,209</b>	<b>3,45,02,312</b>
----------------	---------------------	--------------------

Sundry Debtors

(Unsecured , considered good)

Outstanding exceeding six months	9,37,92,624	3,74,74,989
Others	69,44,14,716	52,60,82,280

<b>Total B</b>	<b>78,82,07,340</b>	<b>56,35,57,269</b>
----------------	---------------------	---------------------

Cash and Bank Balances

Cash in Hand	16,65,549	5,50,049
Balance with Banks		
- in Current Account with Scheduled Banks	27,67,22,144	19,23,013
- in Fixed Deposit A/c with Scheduled Banks	43,42,92,949	10,45,17,113
- Interest Accrued but not due on above	50,08,138	24,30,474
- in Current Account with Foreign Banks	22,45,884	7,81,858

<b>Total C</b>	<b>71,99,34,664</b>	<b>11,02,02,507</b>
----------------	---------------------	---------------------

B. LOANS AND ADVANCES

(Unsecured, considered good unless stated otherwise)

Advances recoverable in cash or kind or for value to be received	15,32,26,124	5,59,13,244
Retention Money	50,41,94,359	23,60,23,134
Advances with Income Tax, Sales Tax, Excise, Customs etc.	15,06,10,467	10,92,39,855
Deposit with Govt. Departments & Others	1,53,07,502	1,10,86,607

<b>Total D</b>	<b>82,33,38,452</b>	<b>41,22,62,840</b>
----------------	---------------------	---------------------

<b>Grand Total (A+B+C+D)</b>	<b>2,46,44,80,665</b>	<b>1,12,05,24,928</b>
------------------------------	-----------------------	-----------------------



## TECHNOFAB ENGINEERING LIMITED

### SCHEDULES TO THE ACCOUNTS

#### 8. CURRENT LIABILITIES & PROVISIONS

##### Current Liabilities :

Sundry Creditors (Other than micro & small enterprises)	81,83,29,409	22,23,87,423
Advances from Customers	34,01,54,621	3,50,75,305
Other Liabilities	7,48,43,384	10,90,96,204

##### Total A

1,23,33,27,414

36,65,58,932

##### Provisions :

For Income Tax	12,00,00,000	10,00,00,000
For Proposed Dividend	1,57,35,000	1,12,50,000
For Tax on Dividend	25,52,610	18,68,485
For Leave Encashment	32,51,107	15,69,212
For Gratuity	40,87,880	18,95,505
For Wealth Tax	1,30,000	90,000

##### Total B

14,57,56,597

11,66,73,202

##### Grand Total (A+B)

1,37,90,84,011

48,32,32,134

For the Year ended  
31st March, 2011

For the Year ended  
31st March, 2010

#### 9. OTHER INCOME

Dividend Income on Non-trade Current Investment	1,27,68,052	-
Misc Income	31,74,969	11,19,266

##### Total

1,59,43,021

11,19,266



SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2011 Rs.	For the year ended 31st March, 2010 Rs.
<b>10. EXPENDITURE ON CONTRACTS</b>		
Material Consumed	13,31,91,31,171	96,06,93,696
Design, Fabrication, Installation, Machining & Stores Consumed	75,47,96,780	39,66,33,694
Power & Fuel	1,65,47,473	88,36,079
Inspection & Testing	32,50,124	1,32,19,137
Personnel Expenses	8,60,89,408	5,75,07,113
Repairs & Maintenance	76,65,523	59,76,099
Freight, Forwarding & Clearing	6,77,78,171	4,13,67,545
Rent, Rates & Taxes	2,87,98,299	4,52,48,550
Insurance	1,09,10,951	1,08,45,397
	<b>2,29,49,67,900</b>	<b>1,54,03,25,310</b>
<b>11. ADMINISTRATIVE AND OTHER EXPENSES</b>		
Salaries, Wages, Gratuity, Bonus, Allowances etc.	8,59,17,595	5,42,51,135
Employer's Contributions to Provident Fund, ESI & Others	73,40,243	41,59,842
Staff Welfare	36,37,245	21,24,334
Repair & Maintenance - Plant & Machinery	2,21,304	2,20,757
Repair & Maintenance - Others	1,12,30,060	56,08,706
Rent	45,09,098	21,43,497
Rates, Fees & Taxes	29,45,558	19,78,507
Insurance	6,27,773	6,23,418
Legal & Professional	1,96,10,445	1,66,31,497
Miscellaneous	41,38,176	27,78,606
Exchange Rate Variation	80,89,555	9,78,243
Director's Sitting Fees	6,61,500	7,80,000
Travelling & Conveyance	2,84,48,714	2,15,88,540
Vehicle Running	39,00,962	25,50,761
Printing & Stationary	47,59,348	52,89,378
Communication	37,71,536	37,24,375
Electricity & Water	23,76,341	13,91,646
	<b>19,21,85,453</b>	<b>12,68,23,242</b>
<b>12. INTEREST &amp; FINANCE CHARGES</b>		
Bank Charges	3,27,84,283	3,11,02,114
Interest		
To Bank		
On Working Capital	1,26,73,009	90,88,950
On Hire Purchase	1,31,000	1,31,438
To Others		
On Unsecured Loan	20,43,000	23,31,000
On Hire Purchase	11,12,702	18,89,223
	<b>4,87,43,994</b>	<b>4,45,42,725</b>
<b>LESS:</b>		
Interest Income on FDR's	1,60,91,899	1,28,79,280
(Tax Deducted at Source Current Year Rs.16,08,194 Previous Year Rs.13,32,840)		
<b>Total</b>	<b>3,26,52,095</b>	<b>3,16,63,445</b>



## TECHNOFAB ENGINEERING LIMITED

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES  
ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE  
YEAR ENDED 31.03.2011**

**A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

- i) The Financial Statements have been prepared under the Historical Cost Convention method in accordance with the generally accepted Accounting Principles and the Accounting Standard referred to in Section 211(3C) of the Companies Act, 1956.
- ii) **USE OF ESTIMATES:** - The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**2. Recognition of Income/Expenditure**

All expenditure and income are accounted for on accrual basis except as otherwise stated.

Income which arises out of invoicing of contract work and the contract costs which are accounted on accrual basis are both credited to income or charged to revenue, as the case may be, only after at least 10% of the total estimated contract costs (i.e. direct and indirect costs) are incurred (on accrual basis). Till such time, all the costs are carried forward to the next accounting year as "Work in Progress" under "Inventories" and recognition of revenue is correspondingly postponed. Direct costs include all expenses specifically attributable to the contract. Variation in Cost and Profit is recognized by evaluation of the percentage of work completed at the end of the accounting period. The percentage of work completed is determined by the expenditure incurred on the job till each review date to total expected contract costs of the job. Estimates of contract costs are updated each year by technical certification.

Other items of the revenue are recognized in accordance with the Accounting Standard (AS-9) issued by the Institute of Chartered Accountants of India. Accordingly, wherever there are uncertainties in the ascertainment/realisation of income, the same is not accounted for.

**3. Fixed Assets**

- a) All fixed assets are stated at historical cost less depreciation.
- b) Depreciation is provided on straight-line method at the rates specified in Schedule XIV of Companies Act, 1956.

#### 4. **Inventories**

Inventories are valued at lower of cost or net realizable value.

#### 5. **Employee Benefits**

Employee Benefits are recognized/accounted for on the basis of revised AS-15 detailed as under:-

- i) Short Term Employee benefits are recognized as expense at the undiscounted amount in the Profit & Loss account of the year in which they are incurred.
- ii) Employee benefits under defined contribution plan Comprise of contribution to Provident Fund. Contributions to Provident Fund are deposited with appropriate authorities and charged to Profit & Loss account.
- iii) Employee Benefits under defined benefit plans comprise of gratuity and leave encashment which are accounted for as at the year end based on actuarial valuation by following the Projected Unit Credit (PUC) method. Liability for gratuity is funded with LIC of India.
- iv) Termination benefits are recognized as an expense as and when incurred.
- v) The actuarial gains and losses arising during the year are recognized in the Profit & Loss account of the year without resorting to any amortization.

#### 6. **Investment**

- i) Current Investments are valued at cost less diminution in value on category wise basis.
- ii) Investments Long Term are stated at cost. Provision for diminution is made which is other than temporary.

#### 7. **Foreign exchange transactions**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account except in cases where they relate to acquisition of fixed assets in which they are adjusted to the carrying cost of such assets.

However, in contracts for overseas projects where payment has been made in designated foreign currencies, since the exchange rates are prefixed and therefore consistently translated at the contractual rates of exchange, difference, if any, from these contractual rates to the rates existing on the date of the transaction have been accounted as "Exchange Rate fluctuation".

Foreign Currency transactions remaining unsettled at the year end are translated at the year end closing rate.



## 8. **Taxes on Income**

Tax expenses comprise current tax, deferred tax & wealth tax. Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## 9. **Impairment of Fixed Assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

## 10. **Contingencies**

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## B. **NOTES ON ACCOUNTS**

### 1. **Contingent Liability**

- a. Claims against the Company not acknowledged as debt (net) amount to Rs. 14,91,755 (Previous year Rs. 14,91,755).
- b. The Bank guarantees/letters of credit/Bills discounted given by the Banks for and on behalf of the Company outstanding at the end of the year amounted to Rs.2,67,55,00,338 (Previous year Rs.1,22,64,49,874).
- c. In respect of demand against Sales Tax amounting to Rs. 13,55,000 (Previous year Rs. 13,55,000 ) raised by the authorities, appeals are pending before the authorities.
- d. Capital commitment (Net of advances) Rs. 1,26,50,000 (Previous year NIL)

2. Fixed Deposits/cash margin with banks amount to Rs.24,30,09,161 (Previous year Rs.10,45,17,113) are under lien with banks as per banking arrangements.
3. Loan from Banks (working capital facilities) are secured against tangible movable assets including stock, stores and book debts of the Company and against equitable mortgage of the Company's immovable properties comprising land, building and other structures and fittings, fixed plant and machinery and other fixtures and fittings erected or installed at factory land and building and personal guarantees of three Directors. Vehicles/ Equipments loans are secured by hypothecation of respective Vehicle/ Equipments financed.
4. Auditor's Remuneration consist of Audit Fees of Rs. 40,000 (Previous Year Rs. 25,000) and Rs.57,908 (Previous Year Rs. 79,550) for other services.
5. In the opinion of the management current assets, loans and advances are approximately of the value stated, if realized, in the ordinary course of business. The balances of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation/reconciliation.
6. Deferred tax asset comprised of the following: -

Particulars	As on 31.03.2011	As on 31.03.2010
Liability - Fixed Assets	73,54,833	29,02,155
Assets - Expenses allowable under Income Tax Act on payment basis	23,81,134	11,50,979
<b>Net Deferred Tax Asset / (Liability)</b>	<b>(49,73,699)</b>	<b>(17,51,176)</b>

7. Earning per share

Particulars	As on 31.03.2011	As on 31.03.2010
Profit for the year after Tax	26,02,51,942	19,09,01,683
Weighted average No. Of equity Shares of Rs.10/- each for Basic EPS	9646246	7500000
Basic Earning per Share	26.98	25.45
Weighted average No. Of equity Shares of Rs.10/- each for Diluted EPS	9646246	7500000
Diluted Earning per Share	26.98	25.45



8. There is no separate reportable segment as per accounting standard AS-17.

9. Related Party Transactions

(1) Name of Related Parties

(A) Key Management Person / Control

- (a) Avinash C. Gupta
- (b) Arjun Gupta
- (c) Nakul Gupta

(B) Enterprises under Common Control / enterprises where persons described in "A" above is able to exercise significant influence.

- Techfab International Pvt. Ltd.
- Techfab Systems Pvt. Ltd.
- Bakool Venture Pvt. Ltd.

(C) Relatives of Key managerial Person

- (a) Meera Gupta
- (b) Gunjan Gupta
- (c) Sucheta Sarvadaman Nakul

(D) Wholly owned Subsidiary Company

- (a) Rivu Infrastructural Developers Pvt. Ltd.
- (b) Woodlands Infrastructure Pvt. Ltd.



(2) Transaction with related parties as defined in (1) above:

Amount in (Rs.)					
Sr. No.		(A)	(B)	(C)	(D)
1.	Loan / Security / Advance Taken and recovery of advance given	70,00,000 (1,45,00,000)	50,00,000 (75,29,250)	NIL (NIL)	NIL (NIL)
2.	Loan / Security / Advance given	1,89,50,000 (1,74,50,000)	50,00,000 (1,27,29,250)	NIL (NIL)	NIL (NIL)
3.	Remuneration Paid	2,08,22,500 (1,38,20,000)	NIL (NIL)	NIL (NIL)	NIL (NIL)
4.	Reimbursement of Expenses	NIL (NIL)	1,87,089 (3,59,240)	NIL (NIL)	NIL (48,238)
5.	Dividend Paid	39,26,838 (26,17,892)	2,25,000 (NIL)	15,85,662 (1,057,108)	NIL (NIL)
6.	Fabrication & Installation	NIL (NIL)	NIL (NIL)	NIL (NIL)	1,13,600 (56,83,065)
7.	Legal & Professional Charges	NIL (NIL)	NIL (NIL)	NIL (NIL)	95,000 (NIL)
8.	Outstanding Balance as on 31.03.2011				
	- Payable in respect of Loan	NIL (1,19,50,000)	NIL (NIL)	NIL (NIL)	NIL (NIL)
	- Outstanding Receivable in respect of Current Assets	NIL (NIL)	NIL (NIL)	NIL (NIL)	45,69,558 (5,12,155)

Figures in brackets are in respect of previous year.

10. Expenditure and earning in foreign currency:-

	Current Year	Previous Year
Travelling Expenses	62,73,254	31,93,072
Tender Expenses	77,850	6,50,796
Expenditure on Contract	20,80,79,888	6,08,45,147
Material	3,18,15,024	3,78,68,607
Service Charges	3,60,000	33,30,000
Purchase of Fixed Assets	80,40,600	21,81,084
FOB Value of Net Exports	70,71,52,935	24,13,46,548





11. The nature of business of the company is such that it is not practicable to give quantitative information.
12. Turnover is net of Procurement and other related charges.
13. Balance with Foreign banks:-

Name of Banks	As on 31.03.2011		As on 31.03.2010	
	Outstanding Balance	Maximum balance during the year	Outstanding Balance	Maximum balance during the year
Prudential Bank Ltd.	15,05,736	1,10,17,288	3,22,646	49,86,624
Bank of Abyssinia	7,40,148	94,21,221	4,59,212	1,74,41,737

14. (a) Salary wages etc. includes Managerial Remuneration detailed as under:-

	Current Year	Previous Year
Salary	88,20,000	58,80,000
HRA / Rent	40,02,500	29,40,000
Free accommodation		
Commission	80,00,000	50,00,000
	-----	-----
	<b>2,08,22,500</b>	<b>1,38,20,000</b>
	=====	=====

- (b) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to Directors.

(Amount in Rs.)

Particulars	31 <sup>st</sup> March , 2011	31 <sup>st</sup> March , 2010
Profit before tax as per profit & loss account	35,83,44,093	29,24,80,210
Add:		
Director 's remuneration	2,08,22,500	1,38,20,000
Depreciation	2,54,37,180	1,35,29,179
Less:		
Depreciation under Section 350 of the Companies Act, 1956	(2,54,37,180)	(1,35,29,179)
<b>Net profit as per section 349</b>	<b>37,91,66,593</b>	<b>30,63,00,210</b>
Permissible commission to Whole time Directors- 4%	1,51,66,664	1,22,52,008
Commission paid or to be paid to Whole time Directors	80,00,000	50,00,000

15. Disclosure pursuant to Accounting Standard – 15

a) Defined Contribution Plan

Amount recognized as expense for defined contribution plans are as under: -

Particulars	Amount (in Rs.)	Head under which shown in Profit & Loss Account
Contribution to Provident Fund	34,27,030 (23,06,056)	Contribution to Provident Fund

b) Defined Benefit Plan  
Movement in net liability

Particulars	Gratuity		Leave Encashment (Unfunded)	
	Current Year (Funded)	Previous Year (Unfunded)	Current Year	Previous Year
Present value of obligations as at the beginning of the year (A)	54,90,574	35,30,220	15,69,212	13,29,523
Adjustment for increase (decrease) in opening obligation (B)	NIL	NIL	NIL	NIL
Interest Cost (C)	4,39,246	2,82,418	1,25,537	1,06,362
Past service cost	NIL	8,27,781	NIL	NIL
Current service cost (D)	13,08,079	7,27,764	10,13,898	4,89,429
Benefits paid (E)	NIL	NIL	(1,52,301)	(40,432)
Actuarial (gain) / loss on obligation (F)	7,73,999	1,22,391	6,94,761	(3,15,670)
Present value of obligations as at the end of year (G=A+B+C+D-E+F)	80,11,898	54,90,574	32,51,107	15,69,212



- c) The amounts recognized in the balance sheet and Profit & loss account are as follows:

Particulars	Gratuity		Leave (Unfunded)	
	Current Year (Funded)	Previous Year (Unfunded)	Current Year	Previous Year
Present value of obligation (A)	80,11,898	54,90,574	32,51,107	15,69,212
Estimated fair value of plan assets (B)	39,24,018	35,95,069	NIL	NIL
<b>Net Liability (C=A-B)</b>	<b>40,87,880</b>	<b>18,95,505</b>	<b>32,51,107</b>	<b>15,69,212</b>
Amounts in the Balance Sheet				
Liabilities	40,87,880	18,95,505	32,51,107	15,69,212

Amount charged to Profit & Loss Account				
Current Service Cost	13,08,079	7,27,764	10,13,898	4,89,429
Past service cost	NIL	8,27,781	NIL	NIL
Interest Cost	4,39,246	2,82,418	1,25,537	1,06,362
Expected return on plan assets	(3,23,556)	(79,601)	NIL	NIL
Actuarial (Gain)/Loss	7,68,606	(33,279)	6,94,761	(3,15,670)
	<b>21,92,375</b>	<b>17,25,083</b>	<b>18,34,196</b>	<b>2,80,121</b>
Head under which shown in the Profit & Loss account	Salaries, Wages, Gratuity, Bonus, Allowances etc.		Salaries, Wages, Gratuity, Bonus, Allowances etc.	

- d) Changes in the fair value of plan assets

	31/03/2011	31/03/2010
A Fair value of plan assets at the beginning of the period	35,95,069	8,84,450
B Acquisition adjustment	—	—
C Expected return on plan assets	3,23,556	79,601
D Contributions	—	24,75,348
E Benefits paid	—	—
F Actuarial gain/(loss) on plan assets	5,393	1,55,670
G Fair value of plan assets at the end of the period	39,24,018	35,95,069

16. (a) To the extent information available with the company, Sundry Creditors include Nil, (Previous year Nil) due to Small Scale Industrial Undertaking.
- (b) The company has not received any information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent of information available with the company, the company does not owe any sum including interest required to be disclosed under the said Act.
17. Un-hedged position of Foreign Exchange:-

Particulars	As At 31.03.2011		As At 31.03.2010	
	Amt (in Foreign Currency)	Amt (in INR)	Amt (in Foreign Currency)	Amt (In INR)
<b>In Respect of receivables</b>				
USD	33,85,881	15,03,33,126	17,14,378	7,70,95,569
EURO	19,46,955	12,26,19,245	7,90,748	4,80,77,500
ETB	5,10,682	13,94,163	NIL	NIL
GHS	1,88,013	55,29,783	2,856	1,01,982
KSH	84,66,293	46,77,509	1,53,869	92,692
FJD	18,496	4,62,406	NIL	NIL
<b>TOTAL</b>		<b>28,50,16,232</b>	<b>TOTAL</b>	<b>12,53,67,743</b>
<b>- In Respect of Payable</b>				
USD	26,20,291	11,63,40,909	17,58,567	7,90,82,750
EURO	92,461	58,23,164	2,31,771	1,40,91,688
GHS	28,34,331	77,44,073	2,75,952	12,37,452
ETB	5,37,756	1,58,16,354	1,902	67,944
KSH	2,54,89,787	1,40,82,755	60,98,851	36,74,007
FJD	1,54,888	38,72,200	NIL	NIL
<b>TOTAL</b>		<b>16,36,79,455</b>	<b>TOTAL</b>	<b>9,81,53,841</b>

18. Disclosure as per AS-7

S. No.	Particulars	As At 31.03.2011	As At 31.03.2010
1	Contract Revenue	2,90,07,86,340	2,00,37,02,120
2	Cost incurred on Contract	2,29,49,67,900	1,54,03,25,310
3	Advance received	34,01,54,621	3,50,75,305
4	Amount of Retentions	50,41,94,359	23,60,23,134
5	Amount due from Customers	78,82,07,340	56,35,57,269
6	Contract Profit / losses recognized	60,58,18,440	46,33,76,810



19. Investments Purchased and Sold during the year:-

	Face value (Rs.)	Nos.	Cost (Rs.)
<b>Mutual fund Units</b>			
Axis Treasury Advantage fund -institutional Daily Dividend Reinvestment	1,000	2,00,000	20,00,00,000
Reliance Fixed Horizon Fund-XV series	10	50,00,000	5,00,00,000
Reliance Medium Term Fund-Daily Dividend Plan	10	1,16,98,711	20,00,00,000
Reliance Money Manager fund-Retail Option	1,000	99,635	10,00,00,000
Reliance Monthly Interval fund-Series II	10	89,97,431	9,00,00,000
Birla sun life cash plus- Instl -Daily Dividend	10	46,28,644	5,00,00,000
Birla sun life short term Opportunities Fund-weekly Dividend	10	99,95,302	10,00,00,000
Birla sun life ultra short term Fund- Inst. weekly Dividend	10	1,00,97,662	10,28,40,653
BSL interval income fund-quarterly series 1	10	50,00,000	5,00,00,000
DSP Blackrock FMP-3M Series 18-Dividend Payout	10	50,00,000	5,00,00,000
DSP Blackrock FMP-3M Series 21-Dividend Payout	10	50,00,000	5,00,00,000
DSP Blackrock Money Manager Fund- Inst. Plan	1,000	99,920	10,00,00,000
Fortis Short term Income fund	10	1,99,94,002	20,00,00,000
BNP Paribas Short Term Income Fund	10	69,076	6,91,131
BNP Paribas Money Plus Regular Plan	10	68,749	6,91,131
L & T FMP-1(JULY 5M A) Div payout	10	50,00,000	5,00,00,000
L & T Freedom income STP	10	49,23,586	5,00,00,000

20. Utilization of funds raised from initial public offering:- (Amounts in Lacs)

Particulars	Current year		Previous year	
	Projected as per Prospectus	Actual Utilization	Projected as per Prospectus	Actual Utilization
Long Term Working Capital Requirement	3,000.00	1,720.55	NIL	NIL
Procurement of construction equipment	1,623.83	420.58	NIL	NIL
Setting up of maintenance and storage facility for construction equipment	499.48	Nil	NIL	NIL
Training centre for employees	540.69	135.00	NIL	NIL
General corporate purposes	939.75	202.05	NIL	NIL
Issue Expenses	562.25	447.82	NIL	NIL
<b>Total</b>	<b>7,166.00</b>	<b>2,926.00</b>	<b>NIL</b>	<b>NIL</b>

\*Rs. 4,240.00 Lakhs Invested in FMPs and Bank Fixed Deposits of the Company.



21. Dividend Remitted to Foreign Institutional Investors:

	Current Year	Previous Year
-No of shareholders	2	----
-No of Shares	11,87,056	----
-Dividend paid	17,80,584	----
-Year to which dividend pertain	2009-10	2008-09

22. Previous year figures have been regrouped / rearranged wherever considered necessary.

23. As on 31st March 2011 no amount was due from directors / related firm & companies in which they are interested. However an advance of Rs. 45,69,558 ( Previous Year Rs. 5,12,155) was due from wholly owned subsidiary company Rivu Infrastructural Developers Pvt. Ltd. (Previous Year – NIL).

24. Additional information as required under Part-IV of Schedule VI to the Companies Act 1956 has been annexed herewith.

25. Annexure I to 13 form an integral part of the Accounts.

Certified in terms of our report of even date.

**For Rajesh Suresh Jain & Associates**  
Chartered Accountants

For & on behalf of the Board

Rajesh Jain  
Proprietor  
M. No. 098229  
FRN No. 017163N  
Place: New Delhi  
Dated:24.05.2011

Managing Director

Director

Company Secretary





## **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

### **I Registration Details**

Registration No. U74210DL1971PLC005712 State Code 55

Balance Sheet Date 31.03.2011

### **II Capital raised during the year (Amount in Rs. thousand)**

Public Issue  
Rs. 29,900

Right Issue  
NIL

Bonus Issue  
NIL

Private Placement  
NIL

### **III Position of mobilization and deployment of funds (Amount in Rs. thousand)**

Total Liabilities:	15,76,975	Total Assets:	15,76,975
Source of Funds:		Application of Funds:	
Paid-up Capital	1,04,900	Net Fixed Assets	1,13,343
Reserve & Surplus	13,08,678	Investments	3,78,236
Secured Loans	1,58,424	Net Current Assets	10,85,397
Unsecured Loans	—		
Deferred tax Liability	4,974		

### **IV Performance of Company (Amount in Rs. thousand)**

Total Income	29,16,729	Total Expenditure	25,31,385
Profit/(Loss) Before Tax	3,85,344	Profit and Loss After Tax	2,60,252
Earning per share Basic in Rs.	26.98	Dividend Rate %	15%
Earning per share Diluted in Rs.	26.98		

### **V Generic Name of Principal Products of the Company (as per monetary terms)**

Item Code No.  
(ITC Code)

Product Description

Turnkey Projects

**TECHNOFAB ENGINEERING LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

<b>PARTICULARS</b>	<b>(Rs.) Year Ended on 31st March, 11</b>	<b>(Rs.) Year Ended on 31st March, 10</b>
<b>(A) CASH FLOW OPERATION ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Item	38,53,44,093	29,24,80,210
<b>Adjustment for :</b>		
Depreciation	1,15,79,820	1,35,29,179
Finance charges	3,26,52,095	3,16,63,445
Net Loss on Sale of Fixed Assets	1,26,241	96,428
Provision for Leave Encashment	18,34,197	2,39,689
Provision for Gratuity	21,92,375	17,25,083
Dividend Received	(1,27,68,052)	-
Profit On Sale of Mutual Funds	(19,995)	-
Operating Profit before Working Capital Changes	42,09,40,774	33,97,34,034
<b>Adjustment for :</b>		
Trade and other Receivables	(22,46,50,071)	(24,46,21,852)
Loans & Advances	(37,83,24,442)	(6,76,60,574)
Inventories	(9,84,97,897)	1,05,30,829
Trade and Other payables	86,67,68,482	(4,54,22,934)
Cash Generated from Operation	58,62,36,846	(74,40,497)
Direct Taxes Paid	(13,36,84,497)	(8,62,62,922)
Leave Encashment Paid	(1,52,302)	-
Cash Flow Before Extraordinary Items	45,24,00,047	(9,37,03,419)
<b>Net Cash Flow from Operation Activities (A)</b>	<b>45,24,00,047</b>	<b>(9,37,03,419)</b>
<b>(B) CASH FLOW FROM INVESTMENTS ACTIVITIES</b>		
Purchase of Fixed Assets	(7,13,75,207)	(2,70,94,803)
Sale of Fixed Assets	2,41,935	(82,626)
Profit On Sale of Mutual Funds	19,995	-
Sale/ (Purchase) of Investments	(37,47,34,574)	(15,01,250)
Dividend Received	1,27,68,052	-
<b>Net Cash from (-used) in Investment Activities (B)</b>	<b>(43,30,79,799)</b>	<b>(2,86,78,679)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase of share capital	2,99,00,000	-
Increase in Share Premium	64,19,42,133	-
Finance charges	(3,26,52,095)	(3,16,63,445)
Proceeds / Repayment from / of Long term Borrowings (Net)	66,88,256	3,34,02,524
Proceeds / Repayment from / of Short term Borrowings (Net)	(4,23,47,900)	(14,36,767)
Dividend Paid	(1,12,50,000)	(75,00,000)
Tax on Dividend	(18,68,485)	(12,74,625)
<b>Net Cash Flow From Financing Activities (C)</b>	<b>59,04,11,909</b>	<b>(84,72,313)</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>60,97,32,157</b>	<b>(13,08,54,411)</b>
Cash & Cash Equivalents (Opening Balance)	11,02,02,507	24,10,56,918
Cash & Cash Equivalents (Closing Balance)	7,19,99,34,664	11,02,02,507

As per our report of even date.

**For Rajesh Suresh Jain & Associates**

Chartered Accountants

Rajesh Jain (Proprietor)

M.No 098229. FRN No. 017163N

Date : 24/05/2011

Place: New Delhi

For & on behalf of the Board

Managing Director

Director

Company Secretary



**RAJESH SURESH JAIN & ASSOCIATES**

E-3/38 IInd Floor, Sector-7, Rohini, Delhi-110085

Ph.: -9811020899, 45540899

**AUDITOR'S REPORT**

TO  
THE MEMBERS OF  
TECHNOFAB ENGINEERING LIMITED

Report on the Consolidated Financial Statements of TECHNOFAB ENGINEERING LIMITED and its Subsidiary.

We have audited the attached Consolidated Balance Sheet of TECHNOFAB ENGINEERING LIMITED and its two subsidiaries as at 31<sup>st</sup> March, 2011 and the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date.

These Consolidated financial statements are the responsibility of the TECHNOFAB ENGINEERING LIMITED'S Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the subsidiaries whose total assets and total revenue are Rs.1,92,98,824 and Rs.40,78,893 respectively have not been Audited by us and these financial statements have been audited by other auditors and our opinion, in so far as it relates to amount included in respect of this subsidiary is based solely on their reports.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard(AS)21, Consolidated Financial Statements notified pursuant to Companies (Accounting Standard) Rules, 2006.

On the basis of the information and explanations given to us and based on our audit on the consideration of the separate audit reports on individual audited financial statements of TECHNOFAB ENGINEERING LIMITED and its aforesaid one subsidiary and on the other financial information of the components, we are of the opinion that the said Consolidated Financial Statement gives a true and fair view in conformity with the accounting principles generally accepted in India:-

- a) In the case of Consolidated Balance Sheet of the consolidated state of affairs as at 31<sup>st</sup> March, 2011 and
- b) In the case of Consolidated Profit & Loss Account of the consolidated results of operations for the year ended on that date and
- c) In the case of Consolidated Cash Flow Statement of the Consolidated Cash Flow for the year ended on that date.

**For Rajesh Suresh Jain & Associates**  
Chartered Accountants

Dated: 24.05.2011  
Place: New Delhi

Rajesh Jain  
Proprietor  
M.No. 098229  
FRN No. 017163N

# TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

## BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	As At 31st March, 2011 Rs.	As At 31st March, 2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	10,49,00,000	7,50,00,000
Reserves & Surplus	2	<u>1,30,63,58,534</u>	<u>42,67,67,378</u>
		1,41,12,58,534	50,17,67,378
<b>Loan Funds:</b>			
Secured Loans	3	15,84,23,668	15,17,35,413
Unsecured Loans	4	-	<u>4,23,47,900</u>
		15,84,23,668	19,40,83,313
<b>Deferred Tax Liability (Net)</b>		49,73,699	17,51,176
<b>Total</b>		<u><u>1,57,46,55,902</u></u>	<u><u>69,76,01,867</u></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	14,22,74,845	9,03,15,405
Less : Depreciation		<u>2,84,53,597</u>	<u>3,50,79,628</u>
Net Block		11,38,21,249	5,52,35,777
<b>Investments</b>	6	37,32,17,364	30,00,000
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	13,41,21,106	3,62,68,900
Sundry Debtors		78,97,10,811	57,49,61,804
Cash & Bank Balances		72,39,66,664	11,06,73,867
Loans & Advances		82,63,85,760	41,96,55,418
<b>Total A</b>		<u>2,47,41,84,341</u>	<u>1,14,15,59,990</u>
<b>Less : Current Liabilities &amp; Provisions</b>			
A. Current Liabilities	8	1,24,08,10,455	38,52,00,698
B. Provisions		14,57,56,597	11,69,93,202
<b>Total B</b>		<u>1,38,65,67,052</u>	<u>50,21,93,900</u>
<b>Net Current Assets (Total A-B)</b>		1,08,76,17,290	63,93,66,090
<b>Total</b>		<u><u>1,57,46,55,902</u></u>	<u><u>69,76,01,867</u></u>
Significant Accounting Policies & Notes on Accounts	13		

As per our report of even date.

**For Rajesh Suresh Jain & Associates**  
Chartered Accountants

For & on behalf of the Board

Rajesh Jain  
Proprietor  
M.No 098229  
FRN No. 017163N  
Date : 24.05.2011

Managing Director

Director

Company Secretary

**PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2011**

	<b>Schedule No.</b>	<b>As On 31st March, 2011 Rs.</b>	<b>As On 31st March, 2010 Rs.</b>
<b>A. INCOME</b>			
Turnover		2,90,43,93,777	2,01,48,82,616
Other Income	9	1,62,44,291	13,01,783
<b>Total (A)</b>		<b><u>2,92,06,38,068</u></b>	<b><u>2,01,61,84,399</u></b>
<b>B. EXPENDITURE</b>			
Expenditure on Contracts	10	2,30,13,05,747	1,54,77,69,695
Administrative & Other Expenses	11	19,36,19,692	12,96,15,248
Interest & Finance Charges	12	3,25,00,557	3,16,84,750
Depreciation		1,17,03,221	1,36,31,187
<b>Total (B)</b>		<b><u>2,53,91,29,217</u></b>	<b><u>1,72,27,00,880</u></b>
<b>Profit for the year before Taxation (A - B)</b>		<b>38,15,08,851</b>	<b>29,34,83,519</b>
Provision for Taxation			
Current		12,00,00,000	10,03,20,000
Deferred		32,22,523	14,88,527
Wealth Tax		1,30,000	90,000
Tax adjustment for Earlier Years		17,63,173	
<b>Profit after Tax</b>		<b>25,63,93,155</b>	<b>19,15,84,992</b>
<b>Profit available for Appropriation</b>		<b>25,63,93,155</b>	<b>19,15,84,992</b>
Proposed Dividend		1,57,35,000	1,12,50,000
Tax on Dividend		25,52,610	18,68,485
Transfer to General Reserve		15,00,00,000	15,00,00,000
Balance Brought Forward from Last Year		13,50,43,167	10,65,76,661
<b>Balance Carried to Balance Sheet</b>		<b>22,31,48,712</b>	<b>13,50,43,167</b>
Significant Accounting Policies & Notes on Accounts	13		
Earning per share (Rs.)			
Basic		26.58	25.54
Diluted		26.58	25.54

As per our report of even date.

**For Rajesh Suresh Jain & Associates**  
Chartered Accountants

For & on behalf of the Board

Rajesh Jain  
Proprietor  
M.No 098229  
FRN No. 017163N  
Date : 24.05.2011  
Place: New Delhi

Managing Director

Director

Company Secretary

**SCHEDULES TO THE ACCOUNTS**

	As On 31st March, 2011 Rs.	As On 31st March, 2010 Rs.
<b>1. SHARE CAPITAL</b>		
Authorised		
1,50,00,000 (Previous Year Rs.1,50,00,000)		
Equity shares of Rs.10/- each	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued,Subscribed & Paid up		
1,04,90,000 (Previous Year 75,00,000)		
Equity shares of Rs.10/- each fully paid up	10,49,00,000	7,50,00,000
	<u>10,49,00,000</u>	<u>7,50,00,000</u>
<b>2. RESERVES AND SURPLUS</b>		
i) Share Premium (As per Last Balance Sheet)	6,00,00,000	6,00,00,000
Add : Addition during the year	68,67,24,000	--
Less : Public issue expenses	<u>4,47,81,867</u>	<u>--</u>
	70,19,42,133	6,00,00,000
ii) Capital Reserve	42,228	4,98,750
iii) General Reserve (As per Last Balance Sheet)	23,12,25,461	8,12,25,461
Add : Transfer from Profit & Loss A/c	<u>15,00,00,000</u>	<u>15,00,00,000</u>
	38,12,25,461	23,12,25,461
iv) Profit & Loss Account (As per Annexed Account)	22,31,48,712	13,50,43,167
	<u>1,30,63,58,534</u>	<u>42,67,67,378</u>
<b>3. SECURED LOANS</b>		
From Banks		
— Vehicles / Equipment Loans	9,07,978	24,406
— Working Capital	14,26,39,906	14,02,83,996
From Others		
— Vehicles / Equipment Loans	1,48,75,785	1,14,27,011
	<u>15,84,23,668</u>	<u>15,17,35,413</u>
<b>4. UNSECURED LOANS</b>		
From Directors	—	1,19,50,000
Intercompany Loans	—	3,03,97,900
	<u>—</u>	<u>4,23,47,900</u>



## TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

### 5. FIXED ASSETS AS AT 31ST MARCH, 2011

Description	GROSS BLOCK				DEPRECIATION				Net Block	
	As At 1st April 2010 Rs.	Addition During the year Rs.	Sales/Adjust ment during the year Rs.	Total upto 31.03.11 Rs.	Upto 31st March 2010 Rs.	For the Year Rs.	Sale/Adjustment during the year Rs.	Total 31st March 2011 Rs.	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
Factory Land	1,65,532	-	--	1,65,532	-	-	-	-	1,65,532	1,65,532
Factory Premises	75,21,017	40,06,639	-	1,15,27,656	55,16,156	2,53,768	-	57,69,924	57,57,732	20,04,861
Purely Temp. Construction	1,54,19,145	1,30,99,517	1,54,19,145	1,30,99,517	1,54,19,145	51,48,401	1,54,19,145	51,48,401	79,51,116	-
Plant & Machinery	3,26,27,046	4,00,10,952	11,77,697	7,14,60,301	54,28,940	22,63,809	11,77,697	65,15,052	6,49,45,249	2,71,98,106
Furniture & Fixture	33,07,425	6,73,014	4,27,986	35,52,453	18,58,922	2,22,744	4,27,986	16,53,680	18,98,773	14,48,503
Office Equipment	5,88,053	2,71,594	1,39,892	7,19,755	2,05,759	35,093	1,39,892	1,00,960	6,18,795	3,82,294
Electric Installation	2,08,300	-	25,050	1,83,250	70,978	9,843	25,050	55,771	1,27,479	1,37,322
Reproduction Machines	76,670	-	-	76,670	76,669	-	-	76,669	1	1
Cooling Systems	15,40,219	3,85,382	-	19,25,601	5,18,696	87,434	-	6,06,130	13,19,471	10,21,523
Vehicles	1,69,57,667	70,45,550	16,05,386	2,23,97,832	30,84,275	18,81,942	3,40,910	46,25,307	1,77,72,524	1,38,73,392
Computers	81,97,038	49,32,729	7,98,573	1,23,31,195	24,85,645	16,20,342	7,98,573	33,07,414	90,23,781	57,11,393
Generator	33,92,412	11,27,793	-	45,20,205	3,77,768	1,64,888	-	5,42,656	39,77,548	30,14,644
DIGITAL BUSINESS COMMN SYSTEMS	3,14,881	-	-	3,14,881	36,675	14,957	-	51,632	2,63,249	2,78,206
Total	9,03,15,405	7,15,53,171	1,95,93,729	14,22,74,845	3,50,79,629	1,17,03,221	1,83,29,253	2,84,53,597	11,38,21,249	5,52,35,777
Previous Year	6,38,19,208	2,70,94,803	5,98,606	9,03,15,405	2,17,00,071	1,36,31,187	2,51,630	3,50,79,628	5,52,35,777	4,15,93,219

# TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

		Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
			Qty Nos.	Amount Rs.	Qty Nos.	Amount Rs.
<b>6</b>	<b>INVESTMENTS</b>					
<b>A</b>	<b>Current Investments (other than trade)</b>					
	<b>Unquoted, Fully Paid up units of mutual fund</b>					
	Units JM Agri & Infra Fund (Dividend Plan)	10	2,00,000	20,00,000	2,00,000	20,00,000
	IDFC Monthly Income Plan	10	1,00,000	10,00,000	1,00,000	10,00,000
	Birla Sunlife Fixed Term Plan Series Growth	10	1,03,67,406	10,36,74,060	-	-
	BNP Paribas Fixed Term Fund - Series 20C	10	50,00,000	5,00,00,000	-	-
	Kotak FMP Series 34	10	40,00,000	4,00,00,000	-	-
	Kotak FMP Series 34	10	1,01,08,800	10,10,88,000	-	-
	Reliance Fixed Horizon Fund XIX Growth	10	50,32,880	5,03,28,798	-	-
	<b>TOTAL A (Current Investments)</b>			<b>34,80,90,858</b>		<b>30,00,000</b>
<b>B</b>	<b>Long Term Investments</b>					
<b>(I)</b>	<b>Quoted Equity Shares, Fully Paid up</b>					
	Ahluwalia Contracts Ltd.	2	100	11,820	-	-
	C & C Construction Ltd.	10	100	15,002	-	-
	Gammon India Ltd.	2	100	11,642	-	-
	Hind Dorr-oliver Ltd.	2	7,037	5,56,105	-	-
	Hindustan Construction Ltd.	1	100	3,434	-	-
	IVRCL Infrastructure Ltd.	2	100	6,718	-	-
	Jai Prakash Associates Ltd.	2	41,000	33,53,119	-	-
	Larsen & Toubro Ltd.	2	100	1,52,745	-	-
	Nagarjuna Construction Ltd.	2	100	9,900	-	-
	Patel Engineering Ltd.	1	100	15,658	-	-
	Sadbhav Engineering Ltd.	1	37,600	42,50,897	-	-
	Shriram EPC Ltd.	10	200	29,751	-	-
	Unitech Ltd.	2	2,000	70,715	-	-
	<b>Total (I)</b>			<b>84,87,506</b>		<b>-</b>
<b>(II)</b>	<b>Unquoted Equity shares, Fully Paid up</b>					
	Hydro Air Tectonics (PCD) Ltd.	10	3,90,000	1,56,39,000	-	-
	<b>Total (II)</b>			<b>1,56,39,000</b>		<b>-</b>
<b>(III)</b>	<b>Debentures (Equity Linked Debt) (unquoted other than trade)</b>					
	Barclays Inv & Loans (I) Ltd Series-169	1000000	1	10,00,000	-	-
	<b>Total (III)</b>			<b>10,00,000</b>		<b>-</b>
	<b>TOTAL B (Long Term Investments)</b>			<b>2,51,26,506</b>		<b>-</b>
	<b>GRAND TOTAL (A+B)</b>			<b>37,32,17,364</b>		<b>30,00,000</b>

1 Cost of Quoted Investment Rs. 84,87,506.00 (Previous Year NIL). Market Value Rs. 93,54,638.60 (Previous Year NIL).

2 Cost of Unquoted Investment in Mutual Fund Rs. 34,80,90,858 (Previous Year Rs. 30,00,000). Net Asset Value Rs. 35,03,69,205.26 (Previous Year Rs. 16,07,980)

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2011 Rs.	For the year ended 31st March, 2010 Rs.
<b>7 CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
<b>Inventories :</b>		
(As taken, valued and certified by the Management)		
Raw Material	8,22,61,992	46,57,481
Work in Progress	4,31,70,196	55,27,312
Stores & Spares	86,88,918	2,60,84,107
<b>Total A</b>	<b><u>13,41,21,106</u></b>	<b><u>3,62,68,900</u></b>
<b>Sundry Debtors</b>		
(Unsecured , considered good)		
Outstanding exceeding six months	9,46,89,928	3,77,17,890
Others	69,50,20,883	53,72,43,915
<b>Total B</b>	<b><u>78,97,10,811</u></b>	<b><u>57,49,61,804</u></b>
<b>Cash and Bank Balances</b>		
Cash in Hand	16,67,013	5,68,700
Balance with Banks		
- in Current Account with Scheduled Banks	27,96,62,759	23,75,722
- in Fixed Deposit A/c with Scheduled Banks	43,64,62,998	10,45,17,113
- Interest Accrued but not due on above	50,08,138	24,30,474
- in Current Account with Foreign Banks	11,65,755	7,81,858
<b>Total C</b>	<b><u>72,39,66,664</u></b>	<b><u>11,06,73,867</u></b>
<b>B. LOANS AND ADVANCES</b>		
(Unsecured, considered good unless stated otherwise)		
Advances recoverable in cash or kind or for value to be received	15,52,66,750	6,29,34,394
Retention Money	50,41,94,359	23,60,23,134
Advances with Income Tax, Sales Tax, Excise, Customs etc.	15,16,17,149	10,95,78,283
Deposit with Govt. Departments & Others	1,53,07,502	1,11,19,607
<b>Total D</b>	<b><u>82,63,85,760</u></b>	<b><u>41,96,55,418</u></b>
<b>Grand Total (A+B+C+D)</b>	<b><u>2,47,41,84,341</u></b>	<b><u>1,14,15,59,990</u></b>

## TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

### SCHEDULES TO THE ACCOUNTS

#### 8 CURRENT LIABILITIES & PROVISIONS

##### Current Liabilities

Sundry Creditors (Other than micro & small enterprises)  
Advances from Customers  
Other Liabilities

##### Total A

##### Provisions :

For Income Tax  
For Proposed Dividend  
For Tax on Dividend  
For Leave Encashment  
For Gratuity  
For Wealth Tax

##### Total B

##### Grand Total (A+B)

#### 9. OTHER INCOME

Dividend Income on Non-trade Investment  
Misc Income

##### Total

	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
	82,30,33,637	23,67,96,743
	33,95,94,281	3,50,75,305
	7,81,82,537	11,33,28,650
	<b><u>1,24,08,10,455</u></b>	<b><u>38,52,00,698</u></b>
	12,00,00,000	10,03,20,000
	1,57,35,000	1,12,50,000
	25,52,610	18,68,485
	32,51,107	15,69,212
	40,87,880	18,95,505
	1,30,000	90,000
	<b><u>14,57,56,597</u></b>	<b><u>11,69,93,202</u></b>
	<b><u>1,38,65,67,052</u></b>	<b><u>50,21,93,900</u></b>
	For the year ended 31st March 2011	For the year ended 31st March 2010
	1,27,68,052	-
	34,76,239	13,01,783
	<b><u>1,62,44,291</u></b>	<b><u>13,01,783</u></b>



## TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

### SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2011 Rs.	For the year ended 31st March, 2010 Rs.
<b>10 EXPENDITURE ON CONTRACTS</b>		
Material Consumed	1,32,65,31,981	96,85,27,291
Design, Fabrication, Installation, Machining & Stores Consumed	75,34,49,220	39,09,50,628
Power & Fuel	1,65,47,473	88,36,079
Inspection & Testing	32,58,824	1,32,19,137
Personnel Expenses	8,60,89,408	6,27,99,269
Repairs & Maintenance	77,98,610	59,76,099
Freight, Forwarding & Clearing	6,78,77,361	4,13,67,245
Rent, Rates & Taxes	2,88,41,919	4,52,48,550
Insurance	1,09,10,951	1,08,45,397
	<b><u>2,30,13,05,747</u></b>	<b><u>1,54,77,69,695</u></b>
<b>11 ADMINISTRATIVE AND OTHER EXPENSES</b>		
Salaries, Wages, Gratuity, Bonus, Allowances etc.	8,62,15,595	5,63,31,499
Employer's Contributions to Provident Fund, ESI & Others	73,61,573	42,23,118
Staff Welfare	37,30,112	21,24,628
Repair & Maintenance - Plant & Machinery	2,21,304	2,20,757
Repair & Maintenance - Others	1,12,72,223	56,29,186
Rent	46,76,098	21,91,997
Rates, Fees & Taxes	29,81,054	19,84,107
Insurance	6,37,927	6,31,959
Legal & Professional	1,97,45,976	1,66,93,497
Miscellaneous	41,58,658	28,49,139
Exchange Rate Variation	80,89,555	9,78,243
Director's Sitting Fees	6,61,500	7,80,000
Travelling & Conveyance	2,86,91,598	2,18,72,538
Vehicle Running	40,93,414	25,50,761
Printing & Stationary	48,05,946	53,14,073
Communication	38,88,172	38,43,530
Electricity & Water	23,88,985	13,96,216
	<b><u>19,36,19,692</u></b>	<b><u>12,96,15,248</u></b>
<b>12 INTEREST &amp; FINANCE CHARGES</b>		
Bank Charges	3,28,02,931	3,11,23,419
Interest		
To Bank		
On Working Capital	1,26,73,009	90,88,950
On Hire Purchase	1,31,000	1,31,438
To Others		
On Unsecured Loan	20,43,000	23,31,000
On Hire Purchase	11,12,702	18,89,223
	<b><u>4,87,62,643</u></b>	<b><u>4,45,64,030</u></b>
<b>LESS:</b>		
Interest Income on FDR's	1,62,62,085	1,28,79,280
(Tax Deducted at Source Current Year Rs.16,32,071 Previous Year Rs.13,32,840)		
<b>Total</b>	<b><u>3,25,00,557</u></b>	<b><u>3,16,84,750</u></b>

**TECHNOFAB ENGINEERING LIMITED****SIGNIFICANT ACCOUNTING POLICIES AND NOTES  
ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED 31.03.2011****A. SIGNIFICANT ACCOUNTING POLICIES****1. PRINCIPLES OF CONSOLIDATION**

The consolidated Financial Statements relate to TECHNOFAB ENGINEERING LIMITED (the company) and its subsidiaries companies Rivu Infrastructural Developers Pvt. Ltd. And Woodland Instruments Pvt. Ltd. The consolidated financial statements have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" on the following basis :

- i) The Financial statements of the Company and the subsidiaries companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses.
- ii) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in the similar circumstances and are presented to, to the extent possible, in the same manner as the company's separate financial statements.
- iii) In case of associates, where the company directly or indirectly through subsidiaries holds more than 20% of the equity, Investments in Associates are accounted for using equity method in accordance with The Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements".
- iv) The company accounts for its shares in the change in net assets of the associates, post acquisition after eliminating unrealized profit & loss resulting from transaction between the company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balances, based on available information.

**2. OTHER SIGNIFICANT ACCOUNTING POLICIES**

These are said out under "Significant Accounting Policies" as given in the Financial Statements of TECHNOFAB ENGINEERING LIMITED and its subsidiaries Rivu Infrastructural Developers Pvt. Ltd and Woodland Instrument Pvt. Ltd.





## B. NOTES ON ACCOUNTS

1. The accompanying consolidated financial statement includes the accounts of TECHNOFAB ENGINEERING LIMITED and its following subsidiary :-

Name of Company	Country of Incorporation	Proportion of ownership interest and relationship	Financial Year Ended
Rivu Infrastructural Developers Pvt. Ltd..	India	100% subsidiary of TECHNOFAB ENGINEERING LIMITED	31.03.2011
Woodland Instruments Pvt. Ltd	India	100% subsidiary of TECHNOFAB ENGINEERING LIMITED	31.03.2011

### 2. Contingent Liability

- a. Claims against the Company not acknowledged as debt (net) amount to Rs. 14,91,755 (Previous Year Rs. 14,91,755)
  - b. The Bank guarantees/letters of credit/Bill discounted given by the Banks for and on behalf of the Company outstanding at the end of the year amounted to Rs. 2,67,55,00,338 (Previous Year Rs. 1,22,64,49,874.)
  - c. In respect of demand against Sales Tax amounting to Rs. 13,55,000 (Previous year 13,55,000) raised by the authorities, appeals are pending before the authorities.
  - d. Capital commitment (Net of Advances) Rs. 1,26,50,000 (Previous year NIL)
3. Fixed Deposits/cash margin with banks amount to Rs.24,30,09,161 (Previous Year Rs. 10,45,17,113) are under lien with banks as per banking arrangements.
4. Loan from Banks (working capital facilities) are secured against tangible movable assets including stock, stores and book debts of the Company and against equitable mortgage of the Company's immovable properties comprising land, building and other structures and fittings, fixed plant and machinery and other fixtures and fittings erected or installed at factory land and building and personal guarantees of three Directors. Vehicles/ Equipments loans are secured by hypothecation of respective Vehicle/ equipments financed.
5. In the opinion of the management current assets, loans and advances are approximately of the value stated, if realized, in the ordinary course of business. The balances of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation/reconciliation.

6. Deferred tax asset comprised of the following: -

Particulars	As on 31.03.2011	As on 31.03.2010
Liability - Fixed Assets	73,54,833	29,02,155
Assets - Expenses allowable under Income Tax Act on payment basis	23,81,134	11,50,979
<b>Net Deferred Tax Asset / (Liability)</b>	<b>(49,73,699)</b>	<b>(17,51,176)</b>

7. Earning per share

Particulars	As on 31.03.2011	As on 31.03.2010
Profit for the year after Tax	25,63,93,155	19,15,84,992
Weighted average No. Of equity Shares of Rs.10/- each for Basic EPS	96,46,246	75,00,000
Basic Earning per Share	26.58	25.54
Weighted average No. Of equity Shares of Rs.10/- each for Diluted EPS	96,46,246	75,00,000
Diluted Earning per Share	26.58	25.54

8. There is no separate reportable segment as per accounting standard AS-17.

9. Related Party Transactions

(1) Name of Related Parties

(A) Key Management Person / Control

- (a) Avinash C.Gupta
- (b) Arjun Gupta
- (c) Nakul Gupta

(B) Enterprises under Common Control / enterprises where persons described in "A" above is able to exercise significant influence.

- Techfab International Pvt. Ltd.
- Techfab Systems Pvt. Ltd.
- Bakool Venture Pvt. Ltd.

(C) Relatives of Key managerial Person

- (a) Meera Gupta
- (b) Gunjan Gupta
- (c) Sucheta Sarvadaman Nakul



(2) Transaction with related parties as defined in (1) above:

Sr. No.		(A)	(B)	(C)
1.	Loan / Security / Advance Taken and recovery of advance given	70,00,000 (1,45,00,000)	50,00,000 (75,29,250)	NIL (NIL)
2.	Loan / Security / Advance given	1,89,50,000 (1,74,50,000)	50,00,000 (1,27,29,250)	NIL (NIL)
3.	Remuneration Paid	2,08,22,500 (1,38,20,000)	NIL (NIL)	NIL (NIL)
4.	Reimbursement of Expenses	NIL (NIL)	1,87,089 (3,59,240)	NIL (NIL)
5.	Dividend Paid	39,26,838 (26,17,892)	2,25,000 (Nil)	15,85,662 (10,57,108)
6.	Fabrication & Installation	NIL (NIL)	NIL (NIL)	NIL (NIL)
7.	Outstanding Balance as on 31.03.2011			
8.	- Payable in respect of Loan	NIL (1,19,50,000)	NIL (NIL)	NIL (NIL)
9.	- Payable in respect of Sundry Creditors	NIL (19,181)	(NIL) (NIL)	NIL (NIL)
10.	- Outstanding Receivable in respect of Current Assets	NIL (NIL)	NIL (NIL)	NIL (NIL)

Figures in brackets are in respect of previous year.

10. Turnover is net of Procurement and other related charges.

#### 11. Disclosure pursuant to Accounting Standard – 15

##### a) Defined Contribution Plan

Amount recognized as expense for defined contribution plans are as under: -

Particulars	Amount(in Rs.)	Head under which shown in Profit & Loss Account
Contribution to Provident Fund	34,27,030 (23,06,056)	Contribution to Provident Fund



b) **Defined Benefit Plan**  
Movement in net liability

Particulars	Gratuity		Leave Encashment (Unfunded)	
	Current Year (Funded)	Previous Year (Unfunded)	Current Year	Previous Year
Present value of obligations as at the beginning of the year (A)	54,90,574	35,30,220	15,69,212	13,29,523
Adjustment for increase (decrease) in opening obligation (B)	NIL	NIL	NIL	NIL
Interest Cost (C)	4,39,246	2,82,418	1,25,537	1,06,362
Past service cost	NIL	8,27,781	NIL	NIL
Current service cost (D)	13,08,079	7,27,764	10,13,898	4,89,429
Benefits paid (E)	NIL	NIL	(1,52,301)	(40,432)
Actuarial (gain) / loss on obligation (F)	7,73,999	1,22,391	6,94,761	(3,15,670)
<b>Present value of obligations as at the end of year (G=A+B+C+D-E+F)</b>	<b>80,11,898</b>	<b>54,90,574</b>	<b>32,51,107</b>	<b>15,69,212</b>

c) The amounts recognized in the balance sheet and Profit & loss account are as follows:

Particulars	Gratuity		Leave (Unfunded)	
	Current Year (Funded)	Previous Year (Unfunded)	Current Year	Previous Year
Present value of obligation (A)	80,11,898	54,90,574	32,51,107	15,69,212
Estimated fair value of plan assets (B)	39,24,018	35,95,069	NIL	NIL
<b>Net Liability (C=A-B)</b>	<b>40,87,880</b>	<b>18,95,505</b>	<b>32,51,107</b>	<b>15,69,212</b>
<b>Amounts in the Balance Sheet Liabilities</b>	<b>40,87,880</b>	<b>18,95,505</b>	<b>32,51,107</b>	<b>15,69,212</b>



Amount charged to Profit & Loss Account				
Current Service Cost	13,08,079	7,27,764	10,13,898	4,89,429
Past service cost	NIL	8,27,781	NIL	NIL
Interest Cost	4,39,246	2,82,418	1,25,537	1,06,362
Expected return on plan assets	(3,23,556)	(79,601)	NIL	NIL
Actuarial (Gain)/Loss	7,68,606	(33,279)	6,94,761	(3,15,670)
	<b>21,92,375</b>	<b>17,25,083</b>	<b>18,34,196</b>	<b>2,80,121</b>
Head under which shown in the Profit & Loss account	Salaries, Wages, Gratuity, Bonus, Allowances etc.		Salaries, Wages, Gratuity, Bonus, Allowances etc.	

d) Changes in the fair value of plan assets

	31/03/2011	31/03/2010
A Fair value of plan assets at the beginning of the period	35,95,069	8,84,450
B Acquisition adjustment	—	—
C Expected return on plan assets	3,23,556	79,601
D Contributions	—	24,75,348
E Benefits paid	—	—
F Actuarial gain/(loss) on plan assets	5,393	1,55,670
G Fair value of plan assets at the end of the period	39,24,018	35,95,069

12. Un-hedged position of Foreign Exchange:-

Particulars		As At 31.03.2011		As At 31.03.2010	
	Amt (in Foreign Currency)	Amt (in INR)	Amt (in Foreign Currency)	Amt (in INR)	
<b>In Respect of receivables</b>					
USD	33,85,881	15,03,33,126	17,14,378	7,70,95,569	
EURO	19,46,955	12,26,19,245	7,90,748	4,80,77,500	
ETB	5,10,682	13,94,163	NIL	NIL	
GHS	1,88,013	55,29,783	2,856	1,01,982	
KSH	84,66,293	46,77,509	1,53,869	92,692	
FJD	18,496	4,62,406	NIL	NIL	
<b>TOTAL</b>		<b>28,50,16,232</b>	<b>TOTAL</b>	<b>12,53,67,743</b>	
<b>- In Respect of Payable</b>					
USD	26,20,291	11,63,40,909	17,58,567	7,90,82,750	
EURO	92,461	58,23,164	2,31,771	1,40,91,688	
GHS	28,34,331	77,44,073	2,75,952	12,37,452	
ETB	5,37,756	1,58,16,354	1,902	67,944	
KSH	2,54,89,787	1,40,82,755	60,98,851	36,74,007	
FJD	1,54,888	38,72,200	NIL	NIL	
<b>TOTAL</b>		<b>16,36,79,455</b>	<b>TOTAL</b>	<b>9,81,53,841</b>	

13. Disclosure as per AS-7

(Amount in INR)

S. No.	Particulars	As At 31.03.2011	As At 31.03.2010
1	Contract Revenue	2,90,43,93,777	2,01,48,82,616
2	Cost incurred on Contract	2,30,13,05,747	1,54,77,69,695
3	Advance received	33,95,94,281	3,50,75,305
4	Amount of Retentions	50,41,94,359	23,60,23,134
5	Amount due from Customers	78,97,10,811	57,49,61,804
6	Contract Profit / losses recognized	60,30,88,030	46,71,12,921

14. Previous year figures have been regrouped / rearranged wherever considered necessary.

15. Schedule 1 to 13 form an integral part of the Accounts.

Certified in terms of our report of even date.

**For Rajesh Suresh Jain & Associates**  
Chartered Accountants

For & on behalf of the Board

Rajesh Jain  
Proprietor  
M. No. 098229  
FRN No. 017163N  
Place: New Delhi  
Dated:24.05.2011

Managing Director

Director

Company Secretary



**TECHNOFAB ENGINEERING LIMITED (CONSOLIDATED)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

**PARTICULARS**

	Year Ended on 31st March, 11	Year Ended on 31st March, 10
<b>(A) CASH FLOW OPERATION ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Item	38,15,08,851	29,34,83,520
<b>Adjustment for :</b>		
Depreciation	1,17,03,221	1,36,31,187
Finance charges	3,24,99,783	3,16,84,750
Net Loss on Sale of Fixed Assets	1,26,241	96,428
Provision for Leave Encashment	18,34,197	2,39,689
Provision for Gratuity	21,92,375	17,25,083
Dividend Received	(1,27,68,052)	-
Profit on sale of Mutual funds	(19,995)	-
Operating Profit before Working Capital Changes	41,70,76,621	34,08,60,657
<b>Adjustment for :</b>		
Trade and other Receivables	(21,47,49,007)	(25,41,07,688)
Loans & Advances	(36,99,42,028)	(7,93,88,888)
Inventories	(9,78,52,206)	89,78,541
Trade and Other payables	85,56,09,757	(2,72,90,369)
Cash Generated from Operation	59,01,43,137	(1,09,47,749)
Direct Taxes Paid	(13,40,04,497)	(8,65,10,716)
Leave Encashment Paid	(1,52,302)	-
Cash Flow Before Extraordinary Items	45,59,86,338	(9,74,58,465)
<b>Net Cash Flow from Operation Activities (A)</b>	<b>45,59,86,338</b>	<b>(9,74,58,465)</b>
<b>(B) CASH FLOW FROM INVESTMENTS ACTIVITIES</b>		
Purchase of Fixed Assets	(7,15,53,171)	(2,72,49,076)
Sale of Fixed Assets	2,41,935	(82,626)
Profit on sale of Mutual funds	19,995	-
Sale / (Purchase) of Investments	(37,47,34,574)	(10,00,000)
Dividend Received	1,27,68,052	-
<b>Net Cash from (-used) in Investment Activities (B)</b>	<b>(43,32,57,763)</b>	<b>(2,83,31,702)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase of Share capital	2,99,00,000	-
Increase in Share Premium	64,19,42,133	-
Finance charges	(3,24,99,783)	(3,16,84,750)
Proceeds / Repayment from / of Long term Borrowings (Net)	66,88,256	3,34,02,524
Proceeds / Repayment from / of Short term Borrowings (Net)	(4,23,47,900)	(14,36,767)
Dividend Paid	(1,12,50,000)	(75,00,000)
Tax on Dividend	(18,68,485)	(12,74,625)
<b>Net Cash Flow From Financing Activities (C)</b>	<b>59,05,64,221</b>	<b>(84,93,618)</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>61,32,92,796</b>	<b>(13,42,83,785)</b>
Cash & Cash Equivalents (Opening Balance)	11,06,73,868	24,49,57,653
Cash & Cash Equivalents (Closing Balance)	72,39,66,664	11,06,73,868

As per our report of even date.

**For Rajesh Suresh Jain & Associates**  
Chartered Accountants

Rajesh Jain (Proprietor) M.No 098229  
FRN No. 017163N  
Date : 24.05.2011  
Place: New Delhi

For & on behalf of the Board

Managing Director

Director

Company Secretary



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

**FOR THE YEAR ENDED 31ST MARCH 2011**

Name of the Subsidiary	Rivu Infrastructural Developers Private Limited	Woodlands Instruments Private Limited
Financial year of the subsidiary company ended on	31st March, 2011	31st March, 2011
<b>Holding Company's interest</b>		
Number of Equity Shares	1,00,000	3,73,000
Extent of Holding	100%	100%
<b>For the financial year of the subsidiary</b>		
The net aggregate amount of the subsidiaries profits so for as it concerns members of the Company and is not dealt with in the holding Company's account	NIL	NIL
Net aggregate amount of the profit's / (loss) of the subsidiary dealt with in the Company's accounts	(34,91,893)	(3,66,894)
<b>For the previous years of the subsidiary since it became the holding Company's subsidiary</b>		
The net aggregate amount of the subsidiaries profits so far as it concerns members of the Company and is not dealt with in the holding Company's account	NIL	NIL
Net aggregate amount of the profits of the subsidiary dealt with in the Company's accounts	NIL	N.A.
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company.	NIL	N.A.

For & on behalf of the Board

Managing Director

Director

Place: New Delhi  
Date : 24.05.2010

Company Secretary



REGISTERED OFFICE  
507 Eros Apartments, 56 Nehru Place  
New Delhi-11 0019, India  
Tel : +91 11 26411931, 26415961  
Fax : +91 11 26221521



**TECHNOFAB ENGINEERING**  
L I M I T E D  
India • Kenya • Ethiopia • Ghana • Fiji

CORPORATE OFFICE: Plot 5, Sector-27C, Mathura Road, Faridabad-121 003, Haryana, India  
Phones : +91-129-227-0202, 227-5310 | Fax : +91-129-227-0201  
Email: [info@technofabengineering.com](mailto:info@technofabengineering.com) | Web: [www.technofabengineering.com](http://www.technofabengineering.com)