

# ANNUAL REPORT & ACCOUNTS 2011-2012



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## **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**

Mrs. Jyoti Singh

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### ★ **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,

It gives me great pleasure to share with you another good years performance. Your Company which is now 41 years young, 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 one years we have grown slowly and steadily. In the last six years we have built up a significant growth momentum, sustaining which continues to be both our challenge and our goal.

Your company has posted impressive results in the Financial Year 2011-12. The gross operating turnover at ` 37733.16 lacs, EBIDTA at ` 5518.8 lacs and profit after tax at ` 3416.72 lacs are all time highs and reflect the fact that our growth story is intact. Overall our compound annual growth rate over the last 5 years works out to be over 45% and is accompanied by excellent profits. Our Earnings per share at ` 32.57 is at an all time high.

Our profitability indices compare well with those of peers. This is a reflection of our intrinsic strengths that have been gradually and painstakingly built up over long years, the success of the strategic initiatives that have been adopted and the dedication of our employees.

### OUR STRENGTHS

Last year I had shared with you the multiple strengths that your Company has built up over the years and it is not my intention to repeat them. Instead I would like to dwell upon the underlying business philosophies which have led to the creation of these strengths over long years. These include:

#### Focus On Cash Flow And Profitability

Focussing on and ensuring a positive cash flow gets our highest priority, and this in turn, we believe, ensures profitability. We believe it is futile to have top line growth unless it is a profitable growth.

#### Proper Risk Evaluation

No business is without risks and ours has more than its fair share. Since risk is unavoidable we have concentrated on developing our skills and capabilities on evaluating and managing risks. We avoid situations where we see risks that we are unable to evaluate and appropriately cater for.

#### Customer focus

That the customer is the *raison d etre* for any business is stating the obvious. To us this translates into identifying and securing new customers and thereafter in achieving customer satisfaction through excellence in project management.

#### Control of costs

We must relentlessly look at improving our abilities for controlling and cutting costs whether direct or overheads.



## **Keep It Simple**

This reflects both my personal philosophy as well as that of the Company.

## **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**

As you will see from the Directors Report, the business environment is no longer optimistic. The evidence of an economic slowdown is clear. The fact that we continue to grow is largely due the various strategic initiatives that we took in recent years. We see testing times ahead and are focused on successfully coping with them. We still have a large number of bids in the pipeline and a fair amount of L 1 positions. Most of our ongoing projects are progressing fairly well but a couple of them continue to wait for financial closure.

We are still fairly optimistic that we will continue to carry forward our growth momentum even if it is at a slower pace than we have been used to in the last few years.

Thank You

**Avinash C Gupta**

Chairman & Managing Director



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 41<sup>st</sup> Annual General Meeting of the members of Technofab Engineering Limited will be held at the **PHD Chamber of Commerce and Industry, August Kranti Marg, New Delhi-16** at 10:30 A.M. on **Monday, the 10<sup>th</sup> day of September, 2012** to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2012, 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, 2012
3. To appoint a Director in place of Mr. Arjun Gupta, Director who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Arun Mitter, Director who retires by rotation and being eligible offers himself for reappointment.
5. To appoint auditors and fix their remuneration.

### 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. 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 September 11, 2012 onwards to the members, whose names appear on the Register of Members on close of business hours on September 4, 2012.
3. The Register of Members and the Share transfer books of the Company shall remain closed from 5th September, 2012 to 10th September, 2012 (both days inclusive).
4. Members are requested:
  - a. To notify the change of address, if any, to the Company immediately.
  - b. To carry along their copy of the Annual Report at the Annual General Meeting for ready reference.
  - c. To produce at the entrance the enclosed attendance slip duly completed and signed for admission to the meeting place.

By order of the Board  
For **Technofab Engineering Limited**

Place : New Delhi  
Dated : 01-08-2012

**Jyoti Singh**  
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, 2012.

### THE FINANCIAL HIGHLIGHTS ARE SET OUT BELOW

|   | Year ended<br>March 31, 2012<br>(` in Million) | Year ended<br>March 31, 2011<br>(` in Million) |
|---|--|--|
| Turnover (from operations incl. export incentives)    | 3,773.32                                       | 2,900.79                                       |
| Other Income  | 43.33  | 13.13  |
| Total Income  | 3,816.65                                       | 2,913.92                                       |
| Total Expenditure                                     | 3,264.77                                       | 2,483.61                                       |
| Profit before Interest, depreciation and Tax (EBIDTA) | 551.88   | 430.31   |
| Less: Interest & finance charge                       | 37.13  | 33.38  |
| Less: Depreciation                                    | 21.15  | 11.58  |
| Profit before Tax                                     | 493.60   | 385.35   |
| Less: Provision for Tax - current tax                 | 149.00   | 120.00   |
| Less: Wealth Tax                                      | 0.27   | 0.13   |
| Profit before Deferred Tax                            | 344.33   | 265.22   |
| Add/(Less): Deferred Tax Credit/(Debit)               | (2.27)   | (3.22)   |
| Profit after Tax                                      | 342.06   | 262.00   |
| Add/(Less): Income Tax for earlier years              | (0.40)   | (1.74)   |
| Profit Available for Appropriation                    | 341.66   | 260.26   |
| Proposed Dividend including Dividend Tax              | 24.38  | 18.29  |
| Transfer to General Reserve                           | 150.00   | 150.00   |
| Profit After Appropriation                            | 167.28   | 91.97  |
| Balance Brought Forward From Last Year                | 225.52   | 133.55   |
| Profit & Loss Account balance                         | 392.80   | 225.52   |



## **REVIEW OF OPERATIONS**

### **Financial Highlights**

The financial year 2011-12 has seen your Company build upon the momentum that it had created since 2005-2006. Your company achieved a gross operating turnover of ` 3773.32 Million for the year ended 31st March, 2012 as against ` 2900.78 Million for the previous financial year registering an incremental turnover of ` 832.53 Million and recording a growth rate of 28.7% over the previous year. The EBIDTA at ` 551.88 Million increased by 22% 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 31% to ` 341.67 Million as compared to ` 260.25 Million in the previous year.

The net worth of your Company, which has been steadily increasing, stands at over ` 1730 million as on 31st March, 2012.

### **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. As a result the relative contribution of various sectors has seen a continuous churning. Whereas in the previous year, the Industrial sector had the highest contribution to the turnover (49%) , the thermal power sector has, during the year, regained its position as the highest contributor to your Company's turnover, with the sector contributing around 33% of the total turnover. This was followed by the Industrial and the Oil & Gas Sectors. The Water & Waste Water infrastructure/treatment sector contributed about the same as in the previous year and is expected to significantly increase its contribution during 2012-2013.

Major customers during the year included HINDALCO, Fuel Trade, Ghana, National Thermal Power Corporation, Lanco and Wonji Showa sugar factory in Ethiopia.

### **Geographical Spread**



Your Company has strongly strived to secure and execute business in overseas markets particularly in Africa. During the year your Company continued to execute business secured in Ethiopia, Kenya, Fiji and Ghana. The geographical spread was further increased to cover Malawi, Mozambique and Bangladesh. Around one third 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**

Your company continued to put great emphasis on securing new business from existing as well as new customers and new geographies. As a result of sustained marketing efforts your Company secured new business aggregating over ` 7500 Million, of which a substantial portion was from overseas. The quantum of fresh business secured during the year represents a 65% increase over the previous year. The largest share of orders were received from the Water sector followed by the Thermal Power sector.



At present your Company has outstanding proposals worth over ` 40 billion. Several involve integrated BoP scope (as distinct from smaller individual BoP packages) where individual order sizes are much larger. The single largest outstanding bid is of the order of ` 5 billion.

## **ECONOMIC AND BUSINESS OUTLOOK**

The previous year had seen a return of confidence as the effects of the international financial crisis began to wear out and global recovery commenced. This confidence has proved to be short lived. In the first half of the year itself, clear indications of growth slippages had become evident and, as the year progressed the outlook has turned distinctly gloomy. Not only has there been a continuous downwards trend in India's rate of economic growth, the short and medium term scenario in our country is not at all encouraging. Even though our countries developmental needs in the power, urban development and related infrastructure sectors, which directly concern us, are immense and there is no dearth of viable projects, several factors which are not in the control of project developers have resulted in many of these projects coming to a virtual standstill. The macro scenario is adversely impacted by many factors. The obvious contradiction between the requirements to control inflation on the one hand and loosening of monetary policy to spur resumption of a higher growth trajectory, is just one of the many significant issues that our country faces. The uncertainties on coal mining, increased difficulties in obtaining environmental clearances and land acquisition for power and industrial projects continues to have an adverse effect. Perhaps most importantly, the continuous high fiscal and balance of payments deficits have caused a severe denting of confidence apart from the steady erosion in the value of the rupee. A slowdown in enquiries and longer than normal gestation in converting enquiries to orders and orders to revenue is visible. While the Company's decent order book will hold us in good stead, we cannot but help being concerned on the future. 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 a reasonably good promise and we have further increased our marketing efforts by going into new countries in Africa and closer home in Bangladesh. We are largely focused on developing countries where the basic demand on infrastructure and urban development remains very strong. To a great extent the projects your Company aims 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, hence these are not so strongly impacted by market related issues.

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

While we are confident that the strategic initiatives undertaken by the Company will greatly help us cope with the present gloomy scene, your Company believes it will be realistic to prune growth expectations which may now be in the 20-25% range and to be ready to face a slight dip in margins due to pressures of competition in a slowing market.

## **STRATEGIC INITIATIVES**

Being in the Service sector, the Company's success has been founded on 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. Initiatives aimed at enhancing business and improving our internal environment and processes are an ongoing feature. Briefly these include:

### **Focus on Improving Efficiency**

Since inception the Company has largely adhered to the mantra "keep it simple". Notwithstanding the



inherent complexities of our business and the environment in which we operate, we continue to have faith in and abide by this mantra. It is important however to make full use of the opportunities available by advances in IT to efficiently cope with the growth pangs that are an integral accompaniment to the rapid increase in our business volume. To this end the Company has greatly enhanced its in house IT capability and is well on the way to set up and utilize ERP systems.

### **Focus on HR**

During the year employee strength crossed the 350 mark. The biggest challenges your Company faces are on the manpower front, in terms of attracting, retaining and providing appropriate training to its employees. The Company has been able to strengthen the entire gamut of HR functions from recruitment through training, performance related rewards, employee welfare, and enhancing overall employee satisfaction.

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.

The Company continues to retain a lean, non hierarchical structure with an effective but simple, no frills office culture.

### **Marketing Initiatives**

The Company's recent rapid growth has been built around its core competence of providing turnkey electro mechanical EPC services. All recent diversification has been achieved around this core competence and no unrelated diversification is planned unless there is a strong strategic fit. The Company is able to serve virtually all infrastructure and industrial sectors and it is no longer dependent on the thermal power sector as was the case a few years ago. Simultaneously the Company has targeted the overseas market and as the result of the success of these endeavours, the Company has been able to grow in a profitable manner. Not only does this protect the Company from slowdowns in any particular sector, it also results in the Company's revenue mix and major customers changing from year to year.

The Company intends to continue with this market diversification strategy. In fact the recent deterioration in the overall economic scene has made it imperative for us to redouble our marketing efforts as the strike rate is expected to go down.

Simultaneously the Company has been gravitating toward higher value jobs which is essential to sustain growth. This has made pre qualification issues ever more important and the Company is addressing this issue through suitable tie ups and partnerships.

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

As before, the Company continues to look at the consolidated Mechanical, Electrical and Public Health services (MEP) Sector which is expected to provide opportunities sometimes in the near future.

### **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. Internal audits are carried out regularly. Recently our external auditors have conducted a rigorous audit and recertified our ISO 9001 accreditation.



## **DIVIDEND**

Your Directors have pleasure in recommending an increased dividend of 20% i.e. ` 2/ per share of ` 10/- each on 10,490,000 equity shares of ` 10/- each for the financial year ended 31st March, 2012, 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 a book closure date that shall be separately identified. The dividend payable will result in an outgo of ` 24.38 Million.

The Directors are aware that the good financial results could have supported a higher dividend but have deliberately chosen to follow a cautious and conservative path on account of the uncertain outlook and to facilitate growth and sustainability

## **RESERVES**

It is proposed to transfer ` 150.00 Million to the General Reserves of the Company, constituting 43.85% of the profits after tax 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.

(` in Million)

| Name of the Employee | Designation                  | Remuneration received during FY 2011-12 |
|----------------------|------------------------------|---|
| Mr Avinash C Gupta   | Chairman & Managing Director | 14.63                                   |

## **INVESTMENT IN SUBSIDIARY COMPANY**

During the period under review, your Company has acquired 58228 fully paid up equity shares constituting 100% shareholding of Arihant Flour Mills Pvt. Ltd. by way of purchasing the same from its erstwhile promoters; thereby making Arihant Flour Mills Pvt. Ltd. its Wholly Owned Subsidiary Company.



The facilities of the Company are suitable for setting up our facility for refurbishment / temporary storage of our construction equipment

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.

### **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. Arjun Gupta and Mr Arun Mitter being longest in office will retire at the ensuing AGM and they have offered themselves for reappointment.

### **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 - ₹ 1,12,69,93,670

Foreign Exchange Outgo - ₹ 42,46,10,966

## **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, Public and Private Sector Customers in India and abroad 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 : 01-08-2012



## 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 the stakeholders and business needs of the Company. Therefore the Company firmly believes that Corporate Governance is a powerful tool for the long term growth of the Company and continues to give high priority to the principle 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 an Executive Chairman who is also a promoter Director. The number of Non-Executive Directors is half of the total 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, 2012, 8 Board Meetings were held on 24.05.2011, 02.07.2011, 09.08.2011, 05.10.2011, 29.10.2011, 13.01.2012, 31.01.2012 and 14.03.2012.

The Composition and category of Directors alongwith number of directorship/membership of the Committees in other Companies and also the attendance of each director at the Board Meetings of Technofab Engineering Ltd. held during financial year 2011-12 and the last Annual General Meeting are as on next page -



| Name of the Directors                                 | Directorships* | Committee Memberships (including Chairmanship) |              | No. of Board Meetings |          | Attendance at Last AGM |
|---|----------------|--|--------------|-----------------------|----------|------------------------|
|   |                | Member-ships                                   | Chairmanship | Held during tenure    | Attended |                        |
| PROMOTERS & EXECUTIVE DIRECTORS                       |                |  |              |                       |          |                        |
| Mr. Avinash C Gupta<br>(Chairman & Managing Director) | NIL            | NIL  | NIL          | 8                     | 7        | Yes                    |
| Mr. Arjun Gupta<br>(Whole Time Director)              | NIL            | NIL  | NIL          | 8                     | 7        | Yes                    |
| Mr. Nakul Gupta<br>(Whole Time Director)              | NIL            | NIL  | NIL          | 8                     | 7        | Yes                    |
| NON EXECUTIVE / INDEPENDENT DIRECTORS                 |                |  |              |                       |          |                        |
| Mr. Arun Mitter                                       | 8              | 12   | NIL          | 8                     | 7        | No                     |
| Mr. Pawan Chopra                                      | 1              | 1  | 1            | 8                     | 8        | No                     |
| Mr. V S Mathur  | 3              | 3  | 1            | 8                     | 7        | Yes                    |

\* Excluding Technofab Engineering Limited, Private Companies, Section 25 Companies and Foreign Companies.

#### **BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT**

**Mr. Arjun Gupta**, 41 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 Twelve (12) 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. Arun Mitter**, 49 year, is a fellow member of Institute of Chartered Accountants of India, and has been appointed as a Director of our Company in 2009. Mr. Mitter has more than twenty two (22) years of experience in Motor and General Finance Limited as Executive Director.

## DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR 2011-12

### (a) Remuneration to Directors

The Remuneration/Sitting fees paid to the Directors during the financial year 2011-12 are mentioned below:

(Amount in `)

| Sl. No. | Name of Directors   | Salary & Allowances | Commission | Sitting Fees | Total      |
|---------|---------------------|---------------------|------------|--------------|------------|
| 1.      | Mr. Avinash C Gupta | 76,34,850           | 70,00,000  | Nil          | 146,34,850 |
| 2.      | Mr. Arjun Gupta     | 44,55,651           | 35,00,000  | Nil          | 7,955,651  |
| 3.      | Mr. Nakul Gupta     | 43,91,928           | 35,00,000  | Nil          | 78,91,928  |
| 4.      | Mr. Arun Mitter     | Nil                 | Nil        | 2,40,000     | 2,40,000   |
| 5.      | Mr. Pawan Chopra    | Nil                 | Nil        | 2,60,000     | 2,60,000   |
| 6.      | Mr. V S Mathur      | Nil                 | Nil        | 2,40,000     | 2,40,000   |

### (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.

| Sl.No. | Nature of Meeting      | Sitting Fees Payable ( ` ) |
|--------|------------------------|----------------------------|
| 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 Composition of Audit Committee as on March 31, 2012:**

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

###### **Secretary:**

Mrs. Jyoti Singh, Company Secretary of the Company is the secretary of the Committee

The minutes of the Audit committee meetings are noted by the Board of Directors at the subsequent Board Meeting.

###### **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, 2012, Four Audit Committee meetings were held on 24.05.2011, 09.08.2011, 29.10.2011 and 31.01.2012

###### **The attendance details are as under:**

| <b>Name of the Member</b> | <b>No. of Meetings Attended</b> |
|---------------------------|---------------------------------|
| Mr. Arun Mitter           | 4                               |
| Mr. Pawan Chopra          | 4                               |
| Mr. V S Mathur            | 4                               |



## (ii) REMUNERATION COMMITTEE

### Composition:

#### The Composition of Remuneration Committee as on March 31, 2012:

1. Mr. Pawan Chopra : Chairman, Independent, Non-Executive
2. Mr. Arun Mitter : Member, Independent, Non-Executive
3. Mr. V S Mathur : Member, Independent, Non-Executive

### Secretary:

Mrs. Jyoti Singh, 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.

### Meetings and Attendance:

During the financial year ended March 31, 2012, One Remuneration Committee meetings was held on 02.07.2011.

#### The attendance details are as under:

| Name of the Member | No. of Meetings Attended |
|--------------------|--------------------------|
| Mr. Pawan Chopra   | 1                        |
| Mr. Arun Mitter    | 1                        |
| Mr. V S Mathur     | 1                        |

### 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, 2012:

1. Mr. Pawan Chopra : Chairman, Independent, Non-Executive
2. Mr. Arun Mitter : Member, Independent, Non-Executive
3. Mr. V S Mathur : Member, Independent, Non-Executive

### Secretary:

Mrs. Jyoti Singh, Company Secretary of the Company is the secretary of the Committee.

The minutes of the shareholders / Investors Grievance committee meetings are noted by the Board of Directors at the subsequent Board meeting.



### **Brief Description of Terms of Reference of Shareholders / Investors 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.

### **Meetings and Attendance:**

During the financial year ended March 31, 2012, One Shareholders/Investors Grievance Committee meetings was held on 09.08.2011.

| <b>Name of the Member</b> | <b>No. of Meetings Attended</b> |
|---------------------------|---------------------------------|
| Mr. Pawan Chopra          | 1                               |
| Mr. Arun Mitter           | 1                               |
| Mr. V S Mathur            | 1                               |

### **COMPLIANCE OFFICER:**

Mrs. Jyoti Singh is the Company Secretary cum Compliance Officer of the Company appointed by the Board. Her 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. Company also redresses shareholders complaint coming through SEBI-SCORES mail id.

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

A status of the Complaints received from investors and attended during Financial Year 2011-12 is as follows:

| <b>Opening Balance</b> | <b>Received</b> | <b>Replied</b> | <b>Closing Balance</b> |
|------------------------|-----------------|----------------|------------------------|
| Nil                    | 31              | 31             | Nil                    |

#### IV. GENERAL BODY MEETINGS

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

| FY      | Date            | Time     | Venue  |
|---------|-----------------|----------|--|
| 2008-09 | July 8, 2009    | 11.30 AM | Registered Office : 507, Eros Apartments, 56, Nehru Place, New Delhi – 19  |
| 2009-10 | May 22, 2010    | 11.30AM  | -same as above-  |
| 2010-11 | August 10, 2011 | 10.30AM  | PHD Chamber of Commerce and Industry, August Kranti Marg, New Delhi-110016 |

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

| Year | Item  |
|------|---|
| 2011 | <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. Reappointment of Shri Arjun Gupta as Whole Time Director of the Company</li><li>3. Reappointment of Shri Nakul Gupta as Whole Time Director of the Company</li><li>4. Increase in Borrowing Powers of the Company from ` 800 Crores to ` 1500 Crores</li></ol>   |
| 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 Share Capital</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 and are transacted after obtaining necessary Central Government approvals, wherever required.

### 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>             | Complied          |
| <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>               | Complied          |
| <b>VI. Report on Corporate Governance</b>                            | <b>49 (VI)</b>              | Complied          |
| <b>VII. Compliance</b>   | <b>49 (VII)</b>             | Complied          |





## 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 posted on the Company's website [www.technofabengineering.com](http://www.technofabengineering.com). The website also hosts the official press releases.

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 Conference 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 41<sup>st</sup> Annual General Meeting of the Company is scheduled to be held as under:

**Date and Time** : Monday, 10<sup>th</sup> September, 2012 at 10:30 AM

**Venue** : PHD Chamber of Commerce and Industry, August Kranti Marg, New Delhi-110016

### 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 14/08/2012 |
| Half Yearly / Second Quarter Results | : On or before 14/11/2012 |
| Third Quarter Results                | : On or before 14/02/2013 |
| Audited Annual Results for the year  | : On or before 30/05/2013 |

### c. **Date of Book Closure:** September 05, 2012 to September 10, 2012 (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   | 5,33,216   |
| National Stock Exchange | TECHNOFAB  |

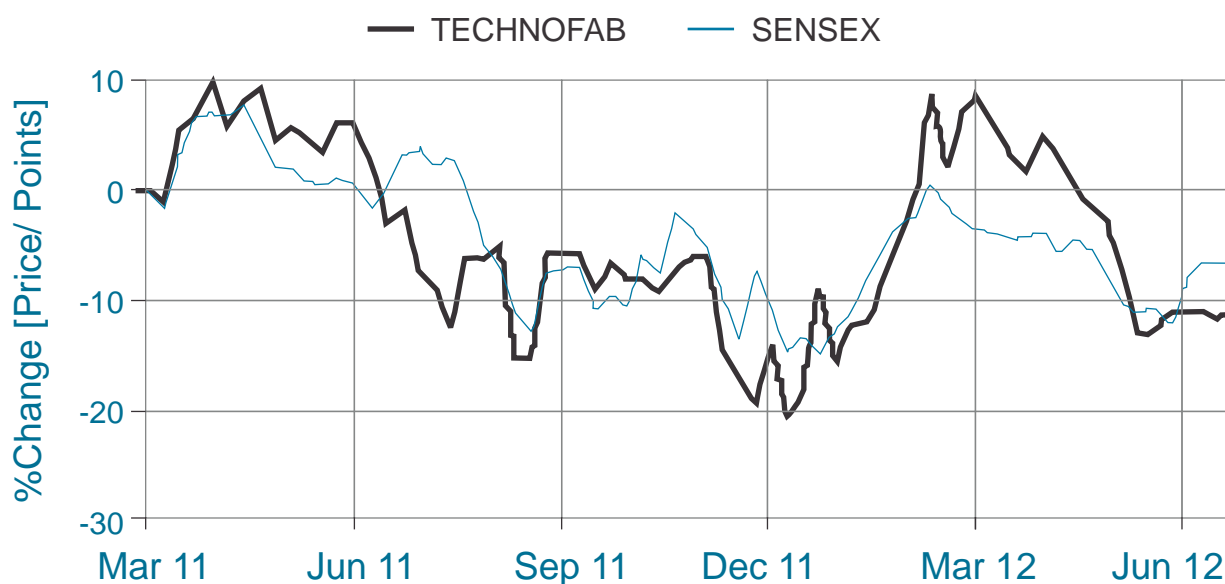
### f. **ISIN Number:** INE509K01011

**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 2011     | 166.85     | 152.50    | 167.00 | 152.00 |
| May 2011       | 161.45     | 142.65    | 161.00 | 143.00 |
| June 2011      | 162.30     | 135.00    | 167.80 | 134.40 |
| July 2011      | 152.50     | 127.20    | 150.20 | 127.00 |
| August 2011    | 145.90     | 118.30    | 146.45 | 117.00 |
| September 2011 | 144.00     | 127.00    | 145.00 | 128.00 |
| October 2011   | 145.00     | 128.15    | 147.80 | 128.50 |
| November 2011  | 143.00     | 110.00    | 144.00 | 109.15 |
| December 2011  | 140.00     | 113.05    | 137.85 | 114.00 |
| January 2012   | 140.95     | 118.20    | 139.60 | 119.00 |
| February 2012  | 162.70     | 138.05    | 164.00 | 134.70 |
| March 2012     | 164.50     | 145.40    | 179.00 | 142.10 |

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





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

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 Exchanges 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, 2012:

| S.No. | CATEGORY   | NO OF SHARES HELD  | % OF SHARE HOLDING |
|-------|--|--------------------|--------------------|
| A     | PROMOTERS HOLDING  |                    |                    |
| 1     | Promoters  |                    |                    |
|       | – Indian Promoters   | 44,39,339          | 42.32              |
|       | – Foreign Promoters  | 0                  | 0                  |
| 2     | Persons acting in Concert  | 0                  | 0                  |
|       | <b>Sub-Total</b>   | <b>44,39,339</b>   | <b>42.32</b>       |
| B     | NON - PROMOTER HOLDINGS  |                    |                    |
| 3     | Institutional Investors  | 0                  | 0                  |
| a     | Mutual Funds and UTI   | 0                  | 0                  |
| b     | Banks, Financial Institution, Insurance Companies<br>(Central/ State Government Institutions/ Non Government Institutions) | 0                  | 0                  |
| c     | FII's  | 604,873            | 5.77               |
|       | <b>Sub-Total</b>   | <b>604,873</b>     | <b>5.77</b>        |
| 4     | Others   |                    |                    |
| a     | Corporate Bodies   | 26,37,075          | 25.14              |
| b     | Indian Public  | 19,77,627          | 18.85              |
| c     | NRIs   | 67,521             | 0.64               |
| d     | Any other :  |                    |                    |
|       | (i) Trusts   | 955                | 0.01               |
|       | (ii) HUF   |                    |                    |
|       | (iii) Clearing Members (NSDL & CDSL)   | 25,554             | 0.24               |
|       | (iv) Foreign Companies   | 737,056            | 7.03               |
|       | <b>Sub-Total</b>   | <b>54,45,788</b>   | <b>51.91</b>       |
|       | <b>GRAND TOTAL</b>   | <b>1,04,90,000</b> | <b>100</b>         |



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

The shares of the Company are compulsorily traded in dematerialized form. All equity shares except 4(four) have been dematerialized as on March 31, 2012.

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 Manger (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, 2012.

**AVINASH C GUPTA**

Chairman & Managing Director

Place: New Delhi

Dated: 01-08-2012



## 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 March 31, 2012 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 of 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 Accountants

**Rajesh Jain**  
Proprietor  
M.No. 98229

Place: New Delhi

Dated: 01-08-2012



**CERTIFICATE OF CEO/CFO**

We, Avinash C Gupta, Chairman & Managing Director and K P Gupta, Assistant General 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 2011-12 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  
Dated: 01-08-2012

## MANAGEMENT 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.

In the last five years the Company has been able to achieve an average compound annual growth in turnover of over 45%. This growth has been accompanied by a healthy growth in profit.

This impressive growth has been achieved by a well planned business strategy, at the heart of which has been the Company's successful endeavour to diversify its customer base beyond the traditional domestic thermal power sector market. The Company 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 5 years, as a percentage of total revenue.

| Segment  | FY 2012 | FY 2011 | FY2010 | FY2009 | FY2008 |
|--|---------|---------|--------|--------|--------|
| Conventional   | 32.9    | 19.8    | 25     | 22     | 37     |
| Power  |         |         |        |        |        |
| Nuclear Power  | 4.1     | 9.9     | 27     | 18     | 0      |
| Oil & Gas  | 22.5    | 3.7     | 1      | 13     | 55     |
| Water &<br>Waste Water<br>Treatment                        | 11.8    | 11.7    | 20     | 35     | 1      |
| Industrial &<br>Infrastructure<br>Sectors                  | 27.4    | 49.2    | 19     | 12     | 7      |
| Electrical<br>Distribution<br>and Rural<br>Electrification | 1.3     | 5.6     | 8      | 0      | 0      |



Similarly our foreign turnover has been continuously varying as seen below

| Year      | %age revenue from overseas |
|-----------|----------------------------|
| 2011-2012 | 34                         |
| 2010-2011 | 21                         |
| 2009-2010 | 10                         |
| 2008-2009 | 39                         |
| 2007-2008 | 55                         |
| 2006-2007 | 0                          |

This diversity and consequent growth has been achieved whilst remaining focussed on our core competence of turnkey project execution. The Company has neither pursued nor plans to pursue any unrelated diversification beyond its core competence, unless there are compelling attractions for the same

## ORDER BOOK

The Company received fresh orders aggregating around Rs 75000 lakhs during the course of the year of which over a third was from overseas. This has been the largest ever aggregate orders secured in a single year. The order book of the Company as on 31st march 2012 stands at around 95000 lakhs. The sector wise break up is as follows:

| No. | Segment   | % Contribution |
|-----|---|----------------|
| 1.  | Conventional Power                                | 38.6           |
| 2.  | Nuclear Power                                     | 2.7            |
| 3.  | Water & Waste Water Treatment                     | 28.4           |
| 4.  | Electrical Distribution and Rural Electrification | 2.1            |
| 5.  | Industrial & Infrastructure Sectors               | 16.0           |
| 6.  | Oil & Gas   | 12.2           |

Over a third of the order book is on account of foreign orders.

## **BUSINESS ENVIRONMENT AND OUTLOOK**

One year ago the Company was cautiously optimistic. The optimism came from the opportunities provided in the domestic market on account of economic growth in general and spending on infrastructure sectors relevant to us in particular. The caution arose due to the incomplete global recovery from the crisis of 2008 and the various early warnings visible from the dark clouds on the domestic economic scene.

Today the optimism has considerably dimmed as the dark clouds that were already visible a year ago have had a pronounced negative impact. Our country's over 8% rate of growth has turned into a mirage. The problems besetting virtually all the sectors where our customers operate; in particular the thermal and nuclear power sectors and the industrial sector are well known and don't need repetition here.

What is of prime importance to our stakeholders is how well we are able to cope with these adverse conditions. While we do hope and pray that these conditions are like a passing storm that will blow over, we cannot be dependent on just our prayers. It is in coping with these conditions that our mettle will be tested to the full. The various business and strategic initiatives we have taken in recent years and which are dwelt upon in the Directors Report will, we are confident, help us cope. The record orders secured last year when the adverse conditions had clearly manifested themselves is the result of our efforts over the last few years to diversify our market beyond the traditional domestic thermal power sector. Our ongoing initiatives, particularly in the areas of computerisation and HR are expected to help us remain lean and control costs

As was mentioned last year, 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. Though the water sector has provided us some good business during the year, we continue to face problems in the water and waste water treatment sector due to qualification issues. Our strategy of having tie ups yielded its first success when the Company secured a prestigious order for a Demineralised Water Plant of fairly large capacity. The sector as a whole however continues 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.

Internationally, while we continue to see good opportunities particularly in Africa and South Asia, we see increased competitive pressures. We have developed a strong dedicated marketing team for International business, and have identified 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. Our efforts have yielded satisfactory results during the year.

## **COMPARISON OF PERFORMANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2012 VIS-À-VIS FINANCIAL YEAR ENDED MARCH 31, 2011**

**Turnover:** Our turnover increased to ` 37733.16 lakhs in fiscal 2012 from ` 29007.86 lakhs in fiscal 2011, representing an increase of 30%. The growth in our revenues was on account of executing substantially more projects in the thermal power and the Oil & Gas sectors.

During the fiscal 2012, revenues from projects in the thermal power sector amounted to ` 12414 lakhs as against ` 5742 lakhs in the previous year.

**Other Income:** Other income increased from ` 131.31 lakhs for the year ended March 31, 2011 to ` 433.32 lakhs for the year ended March 31, 2012.

**Expenditure on Contracts:** Our Expenditure on Contracts increased by 31.69% from ` 24951.89 lakhs for



the year ended March 31, 2011 to ₹ 32859.17 lakhs for the year ended March 31, 2012. The increase in the contracts expenditure was on account of increased turnover.

**Profit before Taxation:** Due to factors discussed above, our net profit before taxation increased by 28.1% to ₹ 4936.06 lakhs in fiscal 2012 from ₹ 3853.44 lakhs in fiscal 2011.

**Net Profit after tax:** Our net profit after tax increased by 31.3% to ₹ 3416.72 lakhs in fiscal 2012 from ₹ 2602.52 lakhs in fiscal 2011.

### **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.

The Company has a number of ongoing initiatives related to employee development. Apart from various training programmes relating to the needs of the Company, there are initiatives to identify and groom future leaders.

As on March 31, 2012, there were around 350 employees on the roll of the Company. Further significant growth in employee count is not envisaged.

### **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.: +91 9811020899, +91 1145540899

## **AUDITOR'S REPORT**

TO THE MEMBERS OF  
TECHNOFAB ENGINEERING LIMITED

We have audited the attached Balance Sheet of **TECHNOFAB ENGINEERING LIMITED**, as at March 31<sup>st</sup>, 2012 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 enclose in the annexure a statement on the matters specified in paragraph 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 it 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 accounts;
  - 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 sub-section (3C) of section 211 of the Companies Act, 1956; and
  - e. on the basis of the written representations received from the Directors / Companies, as on March 31<sup>st</sup>, 2012, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31<sup>st</sup> March, 2012 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 31<sup>st</sup>, 2012;

(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.

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

**Rajesh Jain**  
**Proprietor**  
**M. No. 98229**  
**FRN No.017163N**

Place: New Delhi

Dated: 29.05.2012



## ANNEXURE TO THE AUDITOR'S REPORT

(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 all 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 not taken unsecured loans from parties covered in register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there 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 Companies Act. 1956
- 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 2003) regarding maintenance of Cost Records 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 (₹) | Period to which the amount relates | Forum where dispute is pending     |
|---------------------|------------------|------------|------------------------------------|------------------------------------|
| Sales Tax<br>Orissa | Wrongly Assessed | 13,55,000  | 2002-03                            | Before Sales Tax Tribunal - Orissa |
| Income Tax          | On Assessment    | 26,02,637  | A.Y. 2004-05                       | Before CIT Appeal                  |
| Income Tax          | On Assessment    | 3,58,789   | A.Y. 2005-06                       | Before CIT Appeal                  |

- 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 has an internal audit system commensurate with the size and nature of its business.



- xiv) 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.
- xvi) 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 (as amended) are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions during the year.
- xvii) According to the information and explanations given to us, the Company has not taken any term loans during the year.
- xviii) 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.
- xix) During the year, the Company has not made any preferential allotment of shares to parties covered in the register maintained u/s 301 of Companies Act, 1956.
- xx) The Company has not issued any debentures during the year.
- xxi) The Management has disclosed the utilization and pending utilization of money raised by public issue and we have verified the same.
- xxii) In our opinion and according to the information and explanations given to us, no material fraud on or by the Company have been noticed or reported during the year nor have we been informed of any such case by the management.

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

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

Place: New Delhi  
Dated: 29.05.2012



**TECHNOFAB ENGINEERING LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2012**

|                                    | Note no. | As at<br>31/03/2012 |                | As at<br>31/03/2011 |                |
|------------------------------------|----------|---------------------|----------------|---------------------|----------------|
| EQUITY AND LIABILITIES             |          |                     |                |                     |                |
| (1) Shareholder's Funds:           |          |                     |                |                     |                |
| (a) Share Capital                  | 2.1      | 10,49,00,000        |                | 10,49,00,000        |                |
| (b) Reserves and Surplus           | 2.2      | 1,62,59,66,400      | 1,73,08,66,400 | 1,30,86,77,887      | 1,41,35,77,887 |
| (2) Non-Current Liabilities        |          |                     |                |                     |                |
| (a) Long Term Borrowings           | 2.3(a)   | 36,89,648           |                | 79,46,875           |                |
| (b) Deferred Tax Liabilities (Net) | 2.12     | 72,39,414           |                | 49,73,699           |                |
| (c) Other Long Term Liabilities    | 2.4(a)   | 14,91,051           | 1,24,20,113    | 7,59,255            | 1,36,79,829    |
| (3) Current Liabilities            |          |                     |                |                     |                |
| (a) Short Term Borrowings          | 2.3(b)   | 43,93,03,951        |                | 15,04,76,794        |                |
| (b) Trade Payables                 | 2.4(b)   | 85,10,38,945        |                | 92,63,43,755        |                |
| (c) Other Current Liabilities      | 2.4(c)   | 26,57,45,114        |                | 32,20,77,570        |                |
| (d) Short Term Provisions          | 2.5      | 18,33,76,709        | 1,73,94,64,719 | 14,57,56,597        | 1,54,46,54,716 |
| Total                              |          | 3,48,27,51,232      |                | 2,97,19,12,432      |                |
| ASSETS                             |          |                     |                |                     |                |
| (1) Non-Current Assets             |          |                     |                |                     |                |
| (a) Fixed assets                   | 2.6      |                     |                |                     |                |
| (i) Tangible assets                |          | 16,96,23,849        |                | 11,33,42,777        |                |
| (i) Capital Work in Progress       |          | 37,89,931           |                | -                   |                |
| (b) Non-Current Investments        | 2.7(a)   | 10,13,44,903        |                | 3,01,44,966         |                |
| (c) Long Term Loans and Advances   | 2.8(a)   | 2,30,25,556         | 29,77,84,239   | 2,32,87,275         | 16,67,75,018   |
| (2) Current Assets                 |          |                     |                |                     |                |
| (a) Current Investments            | 2.7(b)   | 37,74,15,914        |                | 34,80,90,858        |                |
| (b) Inventories                    | 2.9      | 11,51,05,937        |                | 13,30,00,209        |                |
| (c) Trade Receivables              | 2.10     | 1,55,83,21,576      |                | 1,29,24,01,699      |                |
| (d) Cash and Cash Equivalents      | 2.11     | 67,91,36,358        |                | 71,99,34,664        |                |
| (e) Short-Term Loans and Advances  | 2.8(b)   | 45,49,87,208        | 3,18,49,66,993 | 31,17,09,984        | 2,80,51,37,414 |
| Total                              |          | 3,48,27,51,232      |                | 29,719,12,432       |                |
| SIGNIFICANT ACCOUNTING POLICIES    |          | 1                   |                |                     |                |
| NOTES ON ACCOUNTS                  |          | 2                   |                |                     |                |

As per our report attached  
Rajesh Suresh Jain & Associates  
Chartered Accountants

For & on behalf of the Board

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

Managing Director

Director

Dated : 29.05.2012  
Place : New Delhi

Company Secretary



## TECHNOFAB ENGINEERING LIMITED

### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

|   | Note no. | 2011 - 2012           | 2010 - 2011           |
|---|----------|-----------------------|-----------------------|
| <b>REVENUE:</b>   |          |                       |                       |
| Revenue from Operations   | 2.13     | 3,77,33,16,322        | 2,90,07,86,340        |
| Other Income  | 2.14     | 4,33,31,853           | 1,31,31,132           |
| <b>Total Revenue</b>  |          | <b>3,81,66,48,175</b> | <b>2,91,39,17,472</b> |
| <b>EXPENSES:</b>  |          |                       |                       |
| Cost of Materials Consumed  | 2.15     | 2,70,24,05,631        | 2,18,91,61,151        |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 2.16     | 1,85,74,171           | (11,58,93,086)        |
| Expenditure on Contracts  | 2.17     | 22,13,60,226          | 15,35,29,751          |
| Employee Benefit Expense  | 2.18     | 23,66,65,719          | 16,70,13,386          |
| Finance Cost  | 2.19     | 3,71,25,023           | 3,33,84,854           |
| Depreciation and Amortization Expense   | 2.6      | 2,11,49,353           | 1,15,79,820           |
| Other Expenses  | 2.20     | 8,57,62,048           | 8,97,97,503           |
| <b>Total Expenses</b>   |          | <b>3,32,30,42,171</b> | <b>2,52,85,73,379</b> |
| <b>Profit Before Tax</b>  |          | <b>49,36,06,004</b>   | <b>38,53,44,093</b>   |
| Tax Expense :   |          |                       |                       |
| - Current Tax   |          | 14,90,00,000          | 12,00,00,000          |
| - Deferred Tax  |          | 22,65,715             | 32,22,523             |
| - Wealth Tax  |          | 2,70,000              | 1,30,000              |
| - Tax Adjustment for Earlier Years  |          | 3,98,296              | 17,39,628             |
| <b>Profit after tax carried to Balance Sheet</b>                              |          | <b>34,16,71,993</b>   | <b>26,02,51,942</b>   |
| <b>SIGNIFICANT ACCOUNTING POLICIES</b>  | 1        |                       |                       |
| <b>NOTES ON ACCOUNTS</b>  | 2        |                       |                       |
| <b>Earning per share ( ` )</b>  |          |                       |                       |
| Basic   | 2.24     | 32.57                 | 26.98                 |
| Diluted   | 2.24     | 32.57                 | 26.98                 |

As per our report attached  
Rajesh Suresh Jain & Associates  
Chartered Accountants

For & on behalf of the Board

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

Managing Director

Director

Dated : 29.05.2012  
Place : New Delhi

Company Secretary



## TECHNOFAB ENGINEERING LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

|  | 2011 - 2012           | 2010 - 2011           |
|--|-----------------------|-----------------------|
| <b>(A) CASH FLOW OPERATING ACTIVITIES</b>                  |                       |                       |
| Net Profit Before Tax and Extraordinary Item               | 49,36,06,004          | 38,53,44,093          |
| <b>Adjustment for :</b>                                    |                       |                       |
| Depreciation   | 2,11,49,353           | 1,15,79,820           |
| Finance charges  | 3,71,25,023           | 3,26,52,095           |
| Net Loss on Sale of Fixed Assets                           | 34,793                | 1,26,241              |
| Provision for Leave Encashment                             | 16,54,779             | 18,34,197             |
| Provision for Gratuity                                     | 27,34,212             | 21,92,375             |
| Dividend Received  | (11,43,208)           | (1,27,68,052)         |
| Profit on sale of Mutual funds                             | (2,94,85,325)         | (19,995)              |
| Operating Profit before Working Capital Changes            | 52,56,75,631          | 42,09,40,774          |
| <b>Adjustment for :</b>                                    |                       |                       |
| Trade and other Receivables                                | (26,59,19,877)        | (22,46,50,071)        |
| Loans & Advances   | (14,30,15,507)        | (37,83,24,442)        |
| Inventories  | 1,78,94,271           | (9,84,97,897)         |
| Trade and Other payables                                   | (13,09,05,470)        | 86,67,68,482          |
| Cash Generated from Operation                              | 37,29,048             | 58,62,36,846          |
| Direct Taxes Paid  | (12,05,28,296)        | (13,36,84,497)        |
| Leave Encashment Paid                                      | (10,98,451)           | (1,52,302)            |
| Gratuity Paid  | (9,06,298)            | -                     |
| Cash Flow Before Extraordinary Items                       | (11,88,03,997)        | 45,24,00,047          |
| <b>Net Cash Flow from Operating Activities (A)</b>         | <b>(11,88,03,997)</b> | <b>45,24,00,047</b>   |
| <b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>             |                       |                       |
| Purchase of Fixed Assets                                   | (8,16,62,648)         | (7,13,75,207)         |
| Sale of Fixed Assets                                       | 4,07,500              | 2,41,935              |
| Profit on sale of Mutual funds                             | 2,94,85,325           | 19,995                |
| Sale / (Purchase) of Investments                           | (10,05,24,993)        | (37,47,34,574)        |
| Dividend Received  | 11,43,208             | 1,27,68,052           |
| <b>Net Cash from (-used) in Investing Activities (B)</b>   | <b>(15,11,51,608)</b> | <b>(43,30,79,799)</b> |
| <b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>             |                       |                       |
| Increase of Share capital                                  | -                     | 29,90,00,000          |
| Increase in Share Premium                                  | -                     | 64,19,42,133          |
| Finance charges  | (3,71,25,023)         | (3,26,52,095)         |
| Proceeds / Repayment from / of Long term Borrowings (Net)  | (42,57,227)           | 66,88,256             |
| Proceeds / Repayment from / of Short term Borrowings (Net) | 28,88,27,158          | (4,23,47,900)         |
| Dividend Paid  | (1,57,35,000)         | (1,12,50,000)         |
| Tax on Dividend  | (25,52,610)           | (18,68,485)           |
| <b>Net Cash Flow From Financing Activities (C)</b>         | <b>22,91,57,298</b>   | <b>59,04,11,909</b>   |
| <b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b> | <b>(4,07,98,307)</b>  | <b>60,97,32,157</b>   |
| Cash & Cash Equivalents (Opening Balance)                  | 71,99,34,664          | 11,02,02,507          |
| Cash & Cash Equivalents (Closing Balance)                  | 67,91,36,357          | 71,99,34,664          |

As per our report attached  
**Rajesh Suresh Jain & Associates**  
Chartered Accountants

For & on behalf of the Board

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

Managing Director

Director

Date : 29.05.2012  
Place: New Delhi

Company Secretary



## TECHNOFAB ENGINEERING LIMITED

### NOTE : 1      SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2012

#### 1.1 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 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.

#### 1.2 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.

#### 1.3 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.

#### 1.4 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.

#### 1.5 Inventories

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





## 1.6 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 plans 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.

## 1.7 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.

## 1.8 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.

## 1.9 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.



### 1.10 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.

Certified in terms of our report attached

**Rajesh Suresh Jain & Associates**  
**Chartered Accountant**

**For and on behalf of the Board**

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

**Managing Director**

**Director**

**Place: New Delhi**  
**Dated: 29.05.2012**

**Company Secretary**



## TECHNOFAB ENGINEERING LIMITED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

#### NOTE : 2 NOTES ON ACCOUNTS

##### 2.1 Share Capital

###### Authorised Capital

1,50,00,000 (Previous Year 1,50,00,000)  
Equity shares of ₹ 10/- each

###### Issued, Subscribed & Paid up

1,04,90,000 (Previous Year 1,04,90,000) Equity shares  
of ₹ 10/- each fully paid up

###### Total

| As at<br>31/03/2012 | As at<br>31/03/2011 |
|---------------------|---------------------|
| -                   | -                   |
| 15,00,00,000        | 15,00,00,000        |
| 10,49,00,000        | 10,49,00,000        |
| <b>10,49,00,000</b> | <b>10,49,00,000</b> |

Note :

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.

|                                      | As at<br>31/03/2012 |                     | As at<br>31/03/2011 |                     |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Particulars                          | No. of shares       | Amount in ₹         | No. of shares       | Amount in ₹         |
| Shares at the beginning of the year  | 1,04,90,000         | 10,49,00,000        | 75,00,000           | 7,50,00,000         |
| Add : Arising of share issues        | -                   | -                   | 29,90,000           | 2,99,00,000         |
| <b>Shares at the end of the year</b> | <b>1,04,90,000</b>  | <b>10,49,00,000</b> | <b>1,04,90,000</b>  | <b>10,49,00,000</b> |

(ii) List of share holders holding more than 5% of the total shares of the Company.

|                            | As at<br>31/03/2012 |              | As at<br>31/03/2011 |              |
|----------------------------|---------------------|--------------|---------------------|--------------|
| Name of the shares holders | No. of shares       | % of holding | No. of shares       | % of holding |
| Avinash Chander Gupta      | 19,39,789           | 18.49%       | 18,42,313           | 17.56%       |
| Meera Gupta                | 13,46,665           | 12.84%       | 11,85,729           | 11.30%       |
| Gammon India Limited       | 10,25,000           | 9.77%        | 11,75,000           | 11.20%       |
| Emerging India Focus Fund  | 7,52,153            | 7.17%        | 7,52,153            | 7.17%        |
| Karuna Rajan               | 7,52,944            | 7.18%        | 10,62,944           | 10.13%       |

##### 2.2 Reserves and Surplus

###### (i) Securities Premium Reserve

Add : Addition during the year  
Less : Public issue expenses

###### (ii) General Reserve

Add : Transfer from Profit & Loss A/c

###### (iii) Surplus

Add : Profit after tax for the year  
Less : Transfer to General Reserve  
Less : Proposed Dividend on equity shares,  
₹ 2.00 per share (previous year ₹ 1.50 per  
share)  
Less : Dividend distribution tax

###### Total

|              | As at<br>31/03/2012 |                       | As at<br>31/03/2011 |                       |
|--------------|---------------------|-----------------------|---------------------|-----------------------|
|              | No. of shares       | % of holding          | No. of shares       | % of holding          |
| 70,19,42,133 |                     |                       | 6,00,00,000         |                       |
| -            |                     |                       | 68,67,24,000        |                       |
| -            |                     | 70,19,42,133          | 4,47,81,867         | 70,19,42,133          |
| 38,12,25,461 |                     |                       | 23,12,25,461        |                       |
| 15,00,00,000 |                     | 53,12,25,461          | 15,00,00,000        | 38,12,25,461          |
| 22,55,10,293 |                     |                       | 13,35,45,961        |                       |
| 34,16,71,993 |                     |                       | 26,02,51,942        |                       |
| 15,00,00,000 |                     |                       | 15,00,00,000        |                       |
| 2,09,80,000  |                     |                       | 1,57,35,000         |                       |
| 34,03,480    |                     | 39,27,98,806          | 25,52,610           | 22,55,10,293          |
| <b>Total</b> |                     | <b>1,62,59,66,400</b> |                     | <b>1,30,86,77,887</b> |

## TECHNOFAB ENGINEERING LIMITED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

|   | As at<br>31/03/2012 | As at<br>31/03/2011 |
|---|---------------------|---------------------|
| <b>2.3 (a) Long-term borrowings (Secured)</b> |                     |                     |
| <b>Term Loans</b>                             |                     |                     |
| (i) <b>From Banks</b>                         |                     |                     |
| Equipment Loans*                              | -                   | 1,91,086            |
| (ii) <b>From Other Parties</b>                |                     |                     |
| Equipment Loans*                              | 36,89,648           | 77,55,789           |
| <b>Total</b>                                  | <b>36,89,648</b>    | <b>79,46,875</b>    |
| <b>(b) Short-term borrowings (Secured)</b>    |                     |                     |
| (i) <b>From Banks</b>                         |                     |                     |
| Working Capital**                             | 43,51,31,311        | 14,26,39,906        |
| Equipment Loans*                              | 1,91,086            | 7,16,892            |
| (ii) <b>From Other Parties</b>                |                     |                     |
| Equipment Loans*                              | 39,81,554           | 71,19,996           |
| <b>Total</b>                                  | <b>43,93,03,951</b> | <b>15,04,76,794</b> |

Note: \* Secured by hypothecation of the asset purchased under various financing schemes and repayment terms of term loans ` 36,89,648 payable within 1-2 years.

\*\* 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.

|  | As at<br>31/03/2012 | As at<br>31/03/2011 |
|--|---------------------|---------------------|
| <b>2.4 (a) Other Long Term Liabilities</b> |                     |                     |
| <b>Others Payables</b>                     |                     |                     |
| Vehicle Security                           | 14,91,051           | 7,59,255            |
| <b>Total</b>                               | <b>14,91,051</b>    | <b>7,59,255</b>     |
| <b>(b) Current Liabilities</b>             |                     |                     |
| Trade Payables                             | 85,10,38,945        | 92,63,43,755        |
| <b>Total</b>                               | <b>85,10,38,945</b> | <b>92,63,43,755</b> |
| <b>(c) Other Current Liabilities</b>       |                     |                     |
| (i) Other Creditors Payable                | 9,47,40,137         | 10,13,86,255        |
| (ii) Advance from Customers                | 17,09,85,198        | 22,06,91,315        |
| (iii) Unpaid Dividends                     | 19,779              | -                   |
| <b>Total</b>                               | <b>26,57,45,114</b> | <b>32,20,77,570</b> |
| <b>2.5 Provisions</b>                      |                     |                     |
| <b>Short Term Provisions</b>               |                     |                     |
| (i) Income Tax                             | 14,90,00,000        | 12,00,00,000        |
| (ii) Dividend                              | 2,09,80,000         | 1,57,35,000         |
| (iii) Tax on Dividend                      | 34,03,480           | 25,52,610           |
| (iv) Wealth Tax                            | 2,70,000            | 1,30,000            |
| (v) Gratuity                               | 59,15,794           | 40,87,880           |
| (vi) Leave Encashment                      | 38,07,435           | 32,51,107           |
| <b>Total</b>                               | <b>18,33,76,709</b> | <b>14,57,56,597</b> |

## TECHNOFAB ENGINEERING LIMITED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

#### 2.6 Fixed Assets

| Description                      | GROSS BLOCK      |                          |                                  | DEPRECIATION           |                 |                        |                                 | Net Block             |                  |                  |
|----------------------------------|------------------|--------------------------|----------------------------------|------------------------|-----------------|------------------------|---------------------------------|-----------------------|------------------|------------------|
|                                  | As on 31/03/2011 | Addition During the year | Sales/Adjustment during the year | Total As on 31/03/2012 | Upto 31/03/2011 | For the Year 2011-2012 | Sale/Adjustment during the year | Total upto 31/03/2012 | As on 31/03/2012 | As on 31/03/2011 |
| (a) Tangible Assets              |                  |                          |                                  |                        |                 |                        |                                 |                       |                  |                  |
| Factory Land                     | 1,65,532         | 1,05,90,000              | -                                | 1,07,55,532            | -               | -                      | -                               | -                     | 1,07,55,532      | 1,65,532         |
| Building                         | 1,15,27,656      | 1,61,58,000              | -                                | 2,76,85,656            | 57,69,924       | 6,04,504               | -                               | 63,74,428             | 2,13,11,228      | 57,57,732        |
| Purely Temp. Construction        | 1,30,99,517      | 87,88,333                | 1,30,99,517                      | 87,88,333              | 51,48,401       | 1,13,18,116            | 1,30,99,517                     | 33,67,000             | 54,21,333        | 79,51,116        |
| Plant & Machinery                | 7,79,22,646      | 2,07,86,714              | 8,13,750                         | 9,78,95,611            | 77,10,148       | 40,48,057              | 6,73,535                        | 110,84,670            | 8,68,10,941      | 7,02,12,498      |
| Furniture & Fixture              | 35,16,671        | 1,38,655                 | -                                | 36,55,326              | 16,45,085       | 2,25,164               | -                               | 18,70,249             | 17,85,077        | 18,71,586        |
| Office Equipment                 | 10,42,956        | 14,55,494                | -                                | 24,98,451              | 1,87,462        | 57,629                 | -                               | 2,45,091              | 22,53,360        | 8,55,493         |
| Vehicles                         | 2,20,66,738      | 1,79,17,185              | 5,06,801                         | 3,94,77,122            | 44,90,364       | 27,49,380              | 2,04,723                        | 70,35,021             | 3,24,42,101      | 1,75,76,374      |
| Computers                        | 1,22,29,248      | 20,38,335                | -                                | 1,42,67,583            | 32,76,803       | 21,46,503              | -                               | 54,23,306             | 88,44,277        | 89,52,446        |
| Total (a)                        | 14,15,70,964     | 7,78,72,716              | 1,44,20,068                      | 20,50,23,614           | 2,82,28,187     | 2,11,49,353            | 1,39,77,775                     | 3,53,99,765           | 16,96,23,849     | 11,33,42,777     |
| (b) Add Capital Work in Progress |                  |                          |                                  |                        |                 |                        |                                 |                       | 37,89,931        | -                |
| Total (a+b)                      |                  |                          |                                  |                        |                 |                        |                                 |                       | 17,34,13,780     | 11,33,42,777     |
| Previous Year                    | 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      |

## TECHNOFAB ENGINEERING LIMITED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

#### 2.7 Investments

| Particulars   | Face Value | Qty Nos.    | As at 31/03/2012    | Qty Nos.    | As at 31/03/2011    |
|---|------------|-------------|---------------------|-------------|---------------------|
| <b>(a) Non-current Investment-Non Trade</b>                             |            |             |                     |             |                     |
| <b>(Long Term Investments at cost)</b>                                  |            |             |                     |             |                     |
| <b>(I) Equity Shares, Fully Paid up (quoted)</b>                        |            |             |                     |             |                     |
| Ahluwalia Contracts Ltd.  | 2          | 100         | 11,820              | 100         | 11,820              |
| C & C Construction Ltd.   | 10         | 100         | 15,002              | 100         | 15,002              |
| Techno Electric Ltd.  | 2          | 1,000       | 2,27,432            | -           | -                   |
| Gammon India Ltd.   | 2          | -           | -                   | 100         | 11,642              |
| Hind Dorr-Oliver Ltd.   | 2          | 74,037      | 60,69,017           | 7,037       | 5,56,105            |
| Hindustan Construction Ltd.   | 1          | 100         | 3,434               | 100         | 3,434               |
| IVRCL Infrastructure Ltd.   | 2          | 100         | 6,718               | 100         | 6,718               |
| Jai Prakash Associates Ltd.   | 2          | 69,000      | 58,53,784           | 41,000      | 33,53,119           |
| Larsen & Toubro Ltd.  | 2          | 100         | 1,52,745            | 100         | 1,52,745            |
| Nagarjuna Construction Ltd.   | 2          | 100         | 9,900               | 100         | 9,900               |
| Patel Engineering Ltd.  | 1          | 100         | 15,658              | 100         | 15,658              |
| Sadbhav Engineering Ltd.  | 1          | 47,599      | 56,86,167           | 37,600      | 42,50,897           |
| Shriram EPC Ltd.  | 10         | 200         | 29,751              | 200         | 29,751              |
| Unitech Ltd.  | 2          | 2,000       | 70,715              | 2,000       | 70,715              |
| <b>Total (I)</b>  |            |             | <b>1,81,52,143</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         | 3,90,000    | 1,56,39,000         |
| <b>Total (II)</b>   |            |             | <b>1,56,39,000</b>  |             | <b>1,56,39,000</b>  |
| <b>(III) In wholly owned subsidiary company</b>                         |            |             |                     |             |                     |
| <b>Unquoted, fully paid up equity shares (Trade)</b>                    |            |             |                     |             |                     |
| Rivu Infrastructural Developers Pvt. Ltd.                               | 10         | 1,00,000    | 5,01,250            | 1,00,000    | 5,01,250            |
| Woodlands Instruments Pvt. Ltd.   | 10         | 3,73,000    | 60,16,670           | 3,73,000    | 45,17,210           |
| Arihant Flour Mills Pvt. Ltd.   | 100        | 58,228      | 6,00,35,840         | -           | -                   |
| <b>Total (III)</b>  |            |             | <b>6,65,53,760</b>  |             | <b>50,18,460</b>    |
| <b>(IV) Debentures (Equity Linked Debt) (unquoted other than trade)</b> |            |             |                     |             |                     |
| Benchmark Asset Management Co. Pvt. Ltd.                                | 10,00,000  | 1           | 10,00,000           | 1           | 10,00,000           |
| <b>Total (IV)</b>   |            |             | <b>10,00,000</b>    |             | <b>10,00,000</b>    |
| <b>TOTAL (Non-current Investments)</b>                                  |            |             | <b>10,13,44,903</b> |             | <b>3,01,44,966</b>  |
| <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 Cu Growth                          | 10         | -           | -                   | 1,03,67,406 | 10,36,74,060        |
| Birla Sunlife Fixed Term Plan Series Growth                             | 10         | 63,90,000   | 6,39,00,000         | -           | -                   |
| Birla Sunlife Dynamic Bond Fund   | 10         | 1,01,00,000 | 10,10,00,000        | -           | -                   |
| BNP Paribas Fixed Term Fund - Series 20C                                | 10         | 50,00,000   | 5,00,00,000         | 50,00,000   | 5,00,00,000         |
| Kotak FMP Series 75 Growth  | 10         | 1,04,08,126 | 10,40,81,260        | -           | -                   |
| Kotak FMP Series 34   | 10         | -           | -                   | 40,00,000   | 4,00,00,000         |
| Kotak NFO FMP 1   | 10         | -           | -                   | 1,01,08,800 | 10,10,88,000        |
| Reliance Fixed Horizon Fund XIX Square Growth                           | 10         | -           | -                   | 50,32,880   | 5,03,28,798         |
| Reliance Fixed Horizon Fund XXI Series 18                               | 10         | 55,43,466   | 5,54,34,654         | -           | -                   |
| <b>TOTAL (Current Investments)</b>                                      |            |             | <b>37,74,15,914</b> |             | <b>34,80,90,858</b> |
| <b>GRAND TOTAL (a+b)</b>  |            |             | <b>47,87,60,817</b> |             | <b>37,82,35,824</b> |

1. Cost of Quoted Investment ` 1,81,52,144 (Previous Year ` 84,87,506). Market Value ` 1,60,61,443 (Previous Year ` 93,54,639).

2. Cost of Unquoted Investment other than Mutual fund units ` 8,31,92,760 (Previous Year ` 2,16,57,460)

3. Cost of Unquoted Investment in Mutual Fund ` 37,74,15,914 (Previous Year ` 34,80,90,858). Net Asset Value ` 46,43,93,534 (Previous Year ` 35,03,69,205)



## TECHNOFAB ENGINEERING LIMITED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

|   | As at<br>31/03/2012   | As at<br>31/03/2011   |
|---|-----------------------|-----------------------|
| <b>2.8 (a) Long term Loans and Advances<br/>(Unsecured, Considered good)</b>    |                       |                       |
| Capital Advance   | 2,04,10,000           | 1,35,00,000           |
| Deposits  | 14,77,241             | 23,16,483             |
| Prepaid Expenses  | 11,38,315             | 74,70,792             |
| <b>Total</b>  | <b>2,30,25,556</b>    | <b>2,32,87,275</b>    |
| <b>(b) Short term Loans and Advances<br/>(Unsecured, Considered good)</b>       |                       |                       |
| Advances with Govt. Authorities   | 24,17,53,710          | 17,25,39,324          |
| Deposits  | 1,06,56,726           | 1,30,64,319           |
| Advances for supply of raw materials & others                                   | 15,39,14,429          | 8,94,15,845           |
| Prepaid Expenses  | 3,15,59,892           | 2,57,81,856           |
| Advance to Subsidiaries   | 72,75,648             | 45,69,558             |
| Advance to Employees  | 98,26,803             | 63,39,082             |
| <b>Total</b>  | <b>45,49,87,208</b>   | <b>31,17,09,984</b>   |
| <b>2.9 Inventories :<br/>(As taken, valued and certified by the Management)</b> |                       |                       |
| Raw Material  | 10,30,03,594          | 8,22,21,542           |
| Work in Progress  | 27,33,525             | 4,20,89,749           |
| Stores & Spares   | 93,68,818             | 86,88,918             |
| <b>Total</b>  | <b>11,51,05,937</b>   | <b>13,30,00,209</b>   |
| <b>2.10 Trade Receivables #<br/>Unsecured , Considered Good</b>                 |                       |                       |
| Outstanding exceeding six months  | 28,93,95,805          | 37,46,65,477          |
| Others  | 1,26,89,25,771        | 91,77,36,222          |
| <b>Total</b>  | <b>1,55,83,21,576</b> | <b>1,29,24,01,699</b> |
| Note # Trade receivables including Retention Money                              |                       |                       |
| <b>2.11 Cash and cash equivalents</b>   |                       |                       |
| <b>Balance with Banks</b>   |                       |                       |
| - in Current Account with Scheduled Banks                                       | 11,39,84,824          | 27,67,22,144          |
| - fixed deposits (including interest accrued)                                   | 55,11,40,535          | 43,93,01,087          |
| - in Current Account with Foreign Banks   | 99,72,322             | 22,45,884             |
| <b>Cash on Hand</b>   | 40,38,677             | 1,66,55,549           |
| <b>Total</b>  | <b>67,91,36,358</b>   | <b>71,99,34,664</b>   |

Note: (a) The Current Account Balances with Scheduled Banks includes amount of ₹ 19,779 earmarked for payment of unpaid dividend.  
(b) Fixed deposits

| Particulars   | Amount in ₹<br>31/03/2012 | Amount in ₹<br>31/03/2011 |
|---|---------------------------|---------------------------|
| Fixed deposits having remaining maturity of 3 months or less (including interest accrued)                               | 11,06,06,422              | 7,62,376                  |
| Fixed deposits having remaining maturity of more than 3 months but not more than 12 months (including interest accrued) | 39,55,53,549              | 2,91,73,749               |
| Fixed deposits having remaining maturity of more than 12 months (including interest accrued)                            | 4,49,80,564               | 40,93,64,962              |
| <b>Total</b>  | <b>55,11,40,535</b>       | <b>43,93,01,087</b>       |

(c) Fixed Deposits/cash margin with banks amounting to ₹ 35,95,46,039 (Previous year ₹ 24,30,09,161) are under lien with banks as per banking arrangements.





## TECHNOFAB ENGINEERING LIMITED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

#### 2.12 Deferred tax liability comprises of the following: -

##### Liability

Fixed Assets

##### Assets

Expenses allowable under Income Tax Act  
on payment basis

##### Net deferred tax liability

| As at<br>31/03/2012 | As at<br>31/03/2011 |
|---------------------|---------------------|
| 95,05,129           | 73,54,833           |
| 22,65,715           | 23,81,134           |
| <b>72,39,414</b>    | <b>49,73,699</b>    |

Note : Deferred Tax Liability for the period ended March 31, 2012 has been provided on the estimated tax computation for the year.

#### 2.13 Revenue from operations

- (i) Sales
- (ii) Other Operating Income

##### Total

| Figures for the<br>current reporting<br>period<br>31/03/2012 | Figures for the<br>previous<br>reporting period<br>31/03/2011 |
|--|---|
| 3,76,27,66,623   | 2,89,01,51,715  |
| 1,05,49,699  | 1,06,34,625   |
| <b>3,77,33,16,322</b>  | <b>2,90,07,86,340</b>   |

#### 2.14 Other income

- (i) Interest from Others
- (ii) Dividend Income
  - (a) From long term Investments
  - (b) From short term Investments
- (iii) Profit on sale of Investments (net)
  - (a) From long term Investments
  - (b) From short term Investments
- (iv) Other non-operating income (net of expenses directly attributable to such income)
- (v) Exchange Rate Variation (net) \*
- (vi) Profit on sale of fixed assets

##### Total

|                    |                    |
|--------------------|--------------------|
| 3,20,347           | 32,248             |
| 1,25,894           | -                  |
| 10,17,314          | 1,27,68,052        |
| 2,98,58,370        | -                  |
| (3,73,045)         | 19,995             |
| -                  | 2,63,947           |
| 1,23,65,688        | -                  |
| 17,285             | 46,890             |
| <b>4,33,31,853</b> | <b>1,31,31,132</b> |

Note : \* In accordance with Accounting Standard 11(Revised) the net exchange profit added in other income is ` 1,23,65,688 (Previous Year Loss of ` 80,89,555)



## TECHNOFAB ENGINEERING LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

|   | Figures for the<br>current reporting<br>period 31/03/2012 | Figures for the<br>previous reporting<br>period 31/03/2011 |
|---|---|--|
| <b>2.15 Cost of Materials Consumed</b>                                      | <b>2,70,24,05,631</b>                                     | <b>2,18,91,61,151</b>                                      |
| <b>2.16 (Increase) / Decrease in Raw Material &amp; Work in progress</b>    |   |  |
| <b>(a) Opening Stock</b>  |   |  |
| Raw Material  | 8,22,21,542   | 46,57,481  |
| Work-in-Progress  | 4,20,89,749   | 37,60,724  |
| <b>Total a</b>  | <b>12,43,11,291</b>                                       | <b>84,18,205</b>   |
| <b>(b) Closing Stock</b>  |   |  |
| Raw Material  | 10,30,03,594  | 8,22,21,542  |
| Work-in-Progress  | 27,33,526   | 4,20,89,749  |
| <b>Total b</b>  | <b>10,57,37,120</b>                                       | <b>12,43,11,291</b>  |
| <b>Total (a-b)</b>  | <b>1,85,74,171</b>  | <b>(11,58,93,086)</b>                                      |
| <b>2.17 Expenditure on Contracts</b>  |   |  |
| (i) Power & Fuel  | 1,21,94,556   | 1,65,47,473  |
| (ii) Inspection & Testing   | 48,00,395   | 32,50,124  |
| (iii) Repairs & Maintenance   | 1,74,70,590   | 76,65,523  |
| (iv) Freight, Forwarding & Clearing   | 9,39,78,912   | 6,77,78,171  |
| (v) Rent, Rates & Taxes   | 4,64,41,778   | 2,73,69,477  |
| (vi) Insurance  | 1,20,06,652   | 1,09,10,951  |
| (vii) Other Site Expenses   | 3,44,67,343   | 2,00,08,033  |
| <b>Total</b>  | <b>22,13,60,226</b>                                       | <b>15,35,29,751</b>  |
| <b>2.18 Employee Benefit Expense</b>  |   |  |
| (i) Salaries, Wages, Bonus, Allowances etc.                                 | 21,52,87,044  | 15,12,70,157   |
| (ii) Contributions to Provident Fund, ESI & Others                          | 1,32,17,362   | 95,32,618  |
| (iii) Staff Welfare   | 81,61,313   | 62,10,611  |
| <b>Total</b>  | <b>23,66,65,719</b>                                       | <b>16,70,13,386</b>  |
| <b>2.19 Finance Cost</b>  |   |  |
| (i) Bank Charges  | 4,89,66,374   | 3,27,84,283  |
| (ii) Interest Cost  | 2,94,64,258   | 1,66,92,470  |
|   | 7,84,30,632   | 4,94,76,753  |
| Less:   |   |  |
| (iii) Interest Income on FDR's  | 4,13,05,609   | 1,60,91,899  |
| (Tax Deducted at Source Current Year ` 41,35,638 Previous Year ` 16,08,194) |   |  |
| <b>Total</b>  | <b>3,71,25,023</b>  | <b>3,33,84,854</b>   |
| <b>2.20 Other Expenses</b>  |   |  |
| (i) Power & Fuel  | 41,27,149   | 23,76,341  |
| (ii) Repairs to Building  | 93,70,458   | 48,60,774  |
| (iii) Repairs to Machinery  | 7,90,819  | 2,21,304   |
| (iv) Repairs to Others  | 40,18,000   | 63,69,286  |
| (v) Insurance   | 13,10,419   | 6,27,773   |
| (vi) Rates & Taxes  | 18,49,748   | 29,45,558  |
| (vii) Exchange Rate Variation   | -   | 80,89,555  |
| (viii) Auditors Remuneration  | 67,835  | 97,908   |
| (ix) Miscellaneous Expenditure  | 37,64,269   | 26,82,236  |
| (x) Director's Sitting Fees   | 7,40,000  | 6,61,500   |
| (xi) Legal & Professional   | 1,95,88,775   | 1,80,95,832  |
| (xii) Rent & Hire Charges   | 10,51,493   | 45,09,098  |
| (xiii) Communication  | 36,86,652   | 37,71,536  |
| (xiv) Printing & Stationery   | 52,54,932   | 58,58,477  |
| (xv) Traveling & Conveyance   | 2,98,81,862   | 2,84,48,714  |
| (xvi) Vehicle Running   | 2,59,637  | 1,81,609   |
| <b>Total</b>  | <b>8,57,62,048</b>  | <b>8,97,97,503</b>   |



## TECHNOFAB ENGINEERING LIMITED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

#### 2.21 Contingent Liability

- a. Claims against the Company not acknowledged as debt (net) amount to ` 14,91,755 (Previous year ` 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 ` 2,79,63,27,834 (Previous year ` 2,67,55,00,338).
- c. In respect of demand against Sales Tax amounting to ` 13,55,000 (Previous year ` 13,55,000) raised by the authorities, appeals are pending before the authorities.
- d. In respect of demand against Income Tax amounting to ` 26,02,637 (Previous year ` NIL) raised by the authorities for Assessment Year 2004-05, appeals are pending before the authorities.
- e. In respect of demand against Income Tax amounting to ` 3,58,789 (Previous year ` NIL) raised by the authorities for Assessment Year 2005-06, appeals are pending before the authorities.
- f. Capital commitment (Net of advances) ` 2,04,10,000 (Previous year ` 1,35,00,000).

**2.22 Fixed Deposits/cash margin with banks amount to ` 35,95,46,039 (Previous year ` 24,30,09,161) are under lien with banks as per banking arrangements.**

**2.23 Auditor's Remuneration consist of Audit Fees of ` 49,635 (Previous Year ` 40,000) and ` 18,200 (Previous Year ` 57,908) for other services.**

#### 2.24 Earning per share :

| Particulars   | As on<br>31/03/2012 | As on<br>31/03/2011 |
|---|---------------------|---------------------|
|   | `                   | `                   |
| Profit for the year after Tax   | 34,16,71,992        | 26,02,51,943        |
| Weighted average no. of equity Shares of<br>` 10/- each for Basic EPS   | 1,04,90,000         | 96,46,246           |
| Basic Earning per Share   | 32.57               | 26.98               |
| Weighted average no. of equity Shares of<br>` 10/- each for Diluted EPS | 1,04,90,000         | 96,46,246           |

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

#### 2.26 Related Party Transactions :

- (1) Names 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.

(a) Techfab International Pvt. Ltd.

(b) Techfab Systems Pvt. Ltd.

(c) 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 Instruments Pvt. Ltd.

(c) Arihant Flour Mills Pvt Ltd.

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

Amount in `

| S. No. | Particulars   | (A)                          | (B)                    | (C)                      | (D)                      |
|--------|---|------------------------------|------------------------|--------------------------|--------------------------|
| 1      | Loan / Security / Advance Taken and recovery of advance given   | NIL<br>(70,00,000)           | NIL<br>(50,00,000)     | NIL<br>(NIL)             | NIL<br>(NIL)             |
| 2      | Loan / Security / Advance given   | NIL<br>(1,89,50,000)         | NIL<br>(50,00,000)     | NIL<br>(NIL)             | NIL<br>(NIL)             |
| 3      | Remuneration Paid   | 3,04,82,429<br>(2,15,57,206) | NIL<br>(NIL)           | NIL<br>(NIL)             | NIL<br>(NIL)             |
| 4      | Reimbursement of Expenses   | NIL<br>(NIL)                 | 2,22,537<br>(1,87,089) | NIL<br>(NIL)             | 5,21,061<br>NIL          |
| 5      | Dividend Paid   | 40,82,561<br>(39,26,838)     | 3,35,250<br>(2,25,000) | 19,54,905<br>(15,85,662) | NIL<br>(NIL)             |
| 6      | Fabrication & Installation  | NIL<br>(NIL)                 | NIL<br>(NIL)           | NIL<br>(NIL)             | 16,77,774<br>(1,13,600)  |
| 7      | Legal & Professional Charges  | NIL<br>(NIL)                 | NIL<br>(NIL)           | NIL<br>(NIL)             | NIL<br>(95,000)          |
| 8      | Outstanding Balance as on 31.03.2012 Receivable in respect of Advance to Subsidiaries other related parties | NIL<br>(NIL)                 | NIL<br>(NIL)           | NIL<br>(NIL)             | 72,75,648<br>(45,69,558) |

Figures within brackets are in respect of previous year.

## 2.27 Expenditure and earning in foreign currency :

| Particulars              | As on<br>31/03/2012 | As on<br>31/03/2011 |
|--------------------------|---------------------|---------------------|
|                          |                     |                     |
| Travelling Expenses      | 69,39,929           | 62,73,254           |
| Tender Expenses          | 1,63,300            | 77,850              |
| Expenditure on Contract  | 35,94,08,075        | 20,80,79,888        |
| Material                 | 2,95,65,438         | 3,18,15,024         |
| Service Charges          | 1,19,82,949         | 3,60,000            |
| Purchase of Fixed Assets | 1,65,51,275         | 80,40,600           |
| FOB Value of Net Exports | 1,12,69,93,670      | 70,71,52,935        |

2.28 The nature of business of the Company is such that it is not practicable to give quantitative information.

2.29 Turnover is net of Procurement and other related charges.

## 2.30 Balance with Foreign banks :

| Name of Banks                    | As on 31/03/2012       |                                       | As on 31/03/2011       |                                       |
|----------------------------------|------------------------|---------------------------------------|------------------------|---------------------------------------|
|                                  | Outstanding<br>Balance | Maximum<br>balance during<br>the year | Outstanding<br>Balance | Maximum<br>balance during<br>the year |
|                                  |                        |                                       |                        |                                       |
| Prudential Bank Ltd.<br>Ghana    | 10,51,959.11           | 1,18,99,751.36                        | 15,05,7 36             | 1,10,17,288                           |
| Bank of Abyssinia<br>Ethiopia    | 1,57,322.96            | 58,01,120.71                          | 7,40,148               | 94,21,221                             |
| First Merchant Bank<br>Malawi    | 2,95,611.36            | 13,24,395.94                          | NIL                    | NIL                                   |
| Standard Bank S.A.<br>Mozambique | 84,67,428.29           | 1,29,85,528.41                        | NIL                    | NIL                                   |



## 2.31 Disclosure pursuant to Accounting Standard 15 :

### (a) Defined Contribution Plan

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

| Particulars                    | Amount                   | Head under which shown in Profit & Loss Account |
|--------------------------------|--------------------------|---|
| Contribution to Provident Fund | 45,64,471<br>(34,27,030) | Contribution to Provident Fund                  |

### (b) Defined Benefit Plan

Movement in net liability:

| Particulars   | Gratuity (Funded)  |                  | Leave Encashment (Unfunded) |                  |
|---|--------------------|------------------|-----------------------------|------------------|
|   | Current Year       | Previous Year    | Current Year                | Previous Year    |
|   |                    |                  |                             |                  |
| Present value of obligations as at the beginning of the year (A)          | 80,11,898          | 54,90,574        | 32,51,107                   | 15,69,212        |
| Adjustment for increase (decrease) in opening obligation (B)              | NIL                | NIL              | NIL                         | NIL              |
| Interest Cost (C)   | 6,81,011           | 4,39,246         | 2,76,344                    | 1,25,537         |
| Past service cost   | NIL                | NIL              | NIL                         | NIL              |
| Current service cost (D)  | 16,26,558          | 13,08,079        | 11,97,716                   | 10,13,898        |
| Benefits paid (E)   | 9,22,154           | NIL              | 10,87,587                   | 152301           |
| Actuarial (gain) / loss on obligation (F)                                 | 7,92,986           | 7,73,999         | 1,80,719                    | 6,94,761         |
| <b>Present value of obligations as at the end of year (A+B+C+D - E+F)</b> | <b>1,01,90,299</b> | <b>80,11,898</b> | <b>38,18,299</b>            | <b>32,51,107</b> |

(c) The amounts recognized in the Balance Sheet and Profit & Loss account are as follows:

| Particulars   | Gratuity (Funded)                                 |                  | Leave Encashment (Unfunded)                       |                  |
|---|---|------------------|---|------------------|
|   | Current Year                                      | Previous Year    | Current Year                                      | Previous Year    |
|   |   |                  |   |                  |
| Present value of obligation (A)                     | 1,01,90,229                                       | 80,11,898        | 38,18,299   | 32,51,107        |
| Estimated fair value of plan assets (B)             | 42,74,505   | 39,24,018        | NIL   | NIL              |
| <b>Net Liability (A) - (B)</b>                      | <b>59,15,794</b>                                  | <b>40,87,880</b> | <b>38,18,299</b>                                  | <b>32,51,107</b> |
| <b>Amounts in the Balance Sheet</b>                 |   |                  |   |                  |
| <b>Liabilities</b>                                  | <b>59,15,794</b>                                  | <b>40,87,880</b> | <b>38,18,299</b>                                  | <b>32,51,107</b> |
| <b>Amount charged to Profit &amp; Loss Account</b>  |   |                  |   |                  |
| Current Service Cost                                | 16,26,558   | 13,08,079        | 11,97,716   | 10,13,898        |
| Past service cost                                   | NIL   | NIL              | NIL   | NIL              |
| Interest Cost                                       | 6,81,011  | 4,39,246         | 2,76,344  | 1,25,537         |
| Expected return on plan assets                      | (3,53,162)  | (3,23,556)       | NIL   | NIL              |
| Actuarial (Gain)/Loss                               | 7,79,805  | 7,68,606         | 1,80,719  | 6,94,761         |
|   | <b>27,34,212</b>                                  | <b>21,92,375</b> | <b>16,54,779</b>                                  | <b>18,34,196</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

| S.No. | Particulars  | 31/03/2012 | 31/03/2011 |
|-------|--|------------|------------|
| A     | Fair value of plan assets at the beginning of the period | 39,24,018  | 35,95,069  |
| B     | Acquisition adjustment                                   | NIL        | NIL        |
| C     | Expected return on plan assets                           | 3,53,162   | 3,23,556   |
| D     | Contributions  | 9,06,298   | NIL        |
| E     | Benefits paid  | (9,22,154) | NIL        |
| F     | Actuarial gain/(loss) on plan assets                     | 13,181     | 5,393      |
| G     | Fair value of plan assets at the end of the period       | 42,74,505  | 39,24,018  |





## 2.32 Trade Payables:

- To the extent information is available with the Company, Sundry Creditors include Nil, (Previous year Nil) due to Small Scale Industrial Undertaking.
- 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.

## 2.33 Un-hedged position of Foreign Exchange:-

| Particulars                            | As at 31/03/2012                   |                        | As at 31/03/2011                   |                        |
|--|------------------------------------|------------------------|------------------------------------|------------------------|
|  | Amount<br>(in Foreign<br>Currency) | Amount                 | Amount<br>(in Foreign<br>Currency) | Amount                 |
| <b>- In Respect<br/>of receivables</b> |                                    |                        |                                    |                        |
| USD                                    | 58,82,455.54                       | 30,09,22,895.45        | 33,85,881.00                       | 15,03,33,126.00        |
| EURO                                   | 10,80,279.16                       | 7,38,26,277.55         | 19,46,955.00                       | 12,26,19,245.00        |
| ETB - (Ethiopian Birr)                 | 2,13,283.46                        | 5,81,787.95            | 5,10,682.00                        | 13,94,163.00           |
| GHS - (Ghanian Cedi)                   | 4,54,087.09                        | 1,33,55,502.70         | 1,88,013.00                        | 55,29,783.00           |
| KES - (Kenya Shilling)                 | 17,90,782.73                       | 9,89,382.72            | 84,66,293.00                       | 46,77,509.00           |
| FJD - (Fiji Dollar)                    | 14,91,500.88                       | 4,23,84,690.45         | 18,496.00                          | 4,62,406.00            |
| MZN - (Mozambican Metical)             | 16,21,394.34                       | 31,77,932.90           | 0.00                               | 0.00                   |
|  | <b>TOTAL</b>                       | <b>43,52,38,469.72</b> | <b>TOTAL</b>                       | <b>28,50,16,232.00</b> |
| <b>- In Respect<br/>of Payable</b>     |                                    |                        |                                    |                        |
| USD                                    | 7,78,579.95                        | 3,06,61,548.21         | 26,20,291.00                       | 11,63,40,909.00        |
| EURO                                   | 4,74,241.35                        | 3,24,09,653.86         | 92,461.00                          | 58,23,164.00           |
| GHS - (Ghanian Cedi)                   | 10,73,989.36                       | 3,15,87,922.49         | 28,34,331.00                       | 77,44,073.00           |
| ETB - (Ethiopian Birr)                 | 21,10,798.54                       | 57,57,770.16           | 5,37,756.00                        | 1,58,16,354.00         |
| KES - (Kenya Shilling)                 | 3,48,26,202.24                     | 1,92,40,995.71         | 2,54,89,787.00                     | 1,40,82,755.00         |
| FJD - (Fiji Dollar)                    | 32,102.26                          | 8,02,556.50            | 1,54,888.00                        | 38,72,200.00           |
| MWK - (Malawi Kwacha)                  | 1,35,57,538.68                     | 38,19,024.98           | 0.00                               | 0.00                   |
| MZN - (Mozambican Metical)             | 2,02,975.97                        | 3,97,832.91            | 0.00                               | 0.00                   |
|  | <b>TOTAL</b>                       | <b>12,46,77,304.82</b> | <b>TOTAL</b>                       | <b>16,36,79,455.00</b> |

2.34 Disclosure as per AS-7 :

| S. No. | Particulars  | As at<br>31/03/2012 | As at<br>31/03/2011 |
|--------|--|---------------------|---------------------|
|        |  |                     |                     |
| 1      | Contract Revenue                                   | 3,77,33,16,322      | 2,90,07,86,340      |
| 2      | Cost incurred on Contract                          | 2,94,23,40,029      | 2,22,67,97,816      |
| 3      | Advance received                                   | 1,70,98,51,198      | 22,06,91,315        |
| 4      | Amount due from Customers includes Retention Money | 1,55,83,21,576      | 1,29,24,01,699      |
| 5      | Contract Profit / losses recognized                | 83,09,76,293        | 67,39,88,524        |

2.35 Dividend Remitted to Non-Residents:

| Particulars                       | Current Year | Previous Year |
|-----------------------------------|--------------|---------------|
| - No. of Shareholders             | 124          | 2             |
| - No. of shares                   | 14,11,931    | 11,87,056     |
| - Dividend paid                   | 21,17,897    | 17,80,584     |
| - Year to which Dividend pertains | 2010 - 2011  | 2009 - 2010   |

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

Certified in terms of our report attached

**Rajesh Suresh Jain & Associates**  
Chartered Accountants

**For and on behalf of the Board**

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

**Managing Director**

**Director**

**Place: New Delhi**  
**Dated: 29.05.2012**

**Company Secretary**



## **RAJESH SURESH JAIN & ASSOCIATES**

E-3/38 IInd floor, Sector-7, Rohini, Delhi-110085  
Ph.: +91 9811020899, +91 1145540899

### **AUDITOR'S REPORT**

TO

THE MEMBERS OF  
**TECHNOFAB ENGINEERING LIMITED**

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

We have audited the attached Consolidated Balance Sheet of TECHNOFAB ENGINEERING LIMITED and its three subsidiaries as at 31<sup>st</sup> March, 2012 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 one of the subsidiary namely M/s Rivu Infrastructural Developers Pvt. Ltd. whose total assets and total revenue are ` 1,03,81,352 and ` 23,25,366 respectively have not been Audited by us and these financial statements have been audited by other auditors and in our opinion, 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 31st March, 2012;
- 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.

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

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

**Place: New Delhi**  
**Dated: 29.05.2012**

**TECHNOFAB ENGINEERING LIMITED CONSOLIDATED**  
**BALANCE SHEET AS AT 31st MARCH, 2012**

|  | Note no. | As at<br>31/03/2012   |                              | As at<br>31/03/2011   |                              |
|--|----------|-----------------------|------------------------------|-----------------------|------------------------------|
| <b>EQUITY AND LIABILITIES</b>          |          |                       |                              |                       |                              |
| <b>(1) Shareholder's Funds:</b>        |          |                       |                              |                       |                              |
| (a) Share Capital                      | 2.1      | 10,49,00,000          |                              | 10,49,00,000          |                              |
| (b) Reserves and Surplus               | 2.2      | <u>1,62,19,63,850</u> | 1,72,68,63,850               | <u>1,30,63,58,534</u> | 1,41,12,58,534               |
| <b>(2) Non-Current Liabilities</b>     |          |                       |                              |                       |                              |
| (a) Long Term Borrowings               | 2.3(a)   | 36,89,648             |                              | 79,46,875             |                              |
| (b) Deferred Tax Liabilities (Net)     | 2.12     | 72,55,055             |                              | 49,73,699             |                              |
| (c) Other Long Term Liabilities        | 2.4(a)   | <u>14,91,051</u>      | 1,24,35,754                  | <u>7,59,255</u>       | 1,36,79,829                  |
| <b>(3) Current Liabilities</b>         |          |                       |                              |                       |                              |
| (a) Short Term Borrowings              | 2.3(b)   | 43,93,03,951          |                              | 15,04,76,794          |                              |
| (b) Trade Payables                     | 2.4(b)   | 85,36,82,277          |                              | 93,10,47,983          |                              |
| (c) Other Current Liabilities          | 2.4(c)   | 26,71,55,712          |                              | 32,52,86,826          |                              |
| (d) Short Term Provisions              | 2.5      | <u>18,34,20,710</u>   | 1,74,35,62,650               | <u>14,57,56,597</u>   | 1,55,25,68,200               |
| <b>Total</b>                           |          |                       | <u><b>3,48,28,62,254</b></u> |                       | <u><b>2,97,75,06,563</b></u> |
| <b>ASSETS</b>                          |          |                       |                              |                       |                              |
| <b>(1) Non-Current Assets</b>          |          |                       |                              |                       |                              |
| (a) Fixed assets                       | 2.6      |                       |                              |                       |                              |
| (i) Tangible assets                    |          | 20,72,54,313          |                              | 11,38,21,249          |                              |
| (ii) Capital Work in Progress          |          | 37,89,931             |                              | -                     |                              |
| (iii) Goodwill                         |          | 2,21,91,771           |                              | -                     |                              |
| (b) Non-Current Investments            | 2.7(a)   | 3,47,91,143           |                              | 2,51,26,506           |                              |
| (c) Long Term Loans and Advances       | 2.8(a)   | <u>2,30,25,556</u>    | 29,10,52,714                 | <u>2,32,87,275</u>    | 16,22,35,030                 |
| <b>(2) Current Assets</b>              |          |                       |                              |                       |                              |
| (a) Current Investments                | 2.7(b)   | 37,74,15,914          |                              | 34,80,90,858          |                              |
| (b) Inventories                        | 2.9      | 11,59,90,153          |                              | 13,41,21,105          |                              |
| (c) Trade Receivables                  | 2.10     | 1,55,85,06,510        |                              | 1,29,36,37,231        |                              |
| (d) Cash and Cash Equivalents          | 2.11     | 68,38,34,941          |                              | 72,39,66,663          |                              |
| (e) Short-Term Loans and Advances      | 2.8(b)   | <u>45,60,62,022</u>   | 3,19,18,09,540               | <u>31,54,55,676</u>   | 2,81,52,71,533               |
| <b>Total</b>                           |          |                       | <u><b>3,48,28,62,254</b></u> |                       | <u><b>2,97,75,06,563</b></u> |
| <b>SIGNIFICANT ACCOUNTING POLICIES</b> | 1        |                       |                              |                       |                              |
| <b>NOTES ON ACCOUNTS</b>               | 2        |                       |                              |                       |                              |

As per our report attached  
**Rajesh Suresh Jain & Associates**  
Chartered Accountants

For & on behalf of the Board

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

Managing Director

Director

Dated : 29.05.2012  
Place: New Delhi

Company Secretary



## TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012

|   | Note no. | 2011 - 2012           | 2010 - 2011           |
|---|----------|-----------------------|-----------------------|
| <b>REVENUE:</b>   |          |                       |                       |
| Revenue from Operations   | 2.13     | 3,77,54,67,069        | 2,90,43,93,777        |
| Other Income  | 2.14     | 4,37,12,729           | 1,36,02,588           |
| <b>Total Revenue</b>  |          | <b>3,81,91,79,798</b> | <b>2,91,79,96,365</b> |
| <b>EXPENSES:</b>  |          |                       |                       |
| Cost of Materials Consumed  | 2.15     | 2,70,31,38,274        | 2,19,26,74,729        |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 2.16     | 1,88,10,852           | (11,52,06,945)        |
| Expenditure on Contracts  | 2.17     | 22,13,60,226          | 15,35,29,752          |
| Employee Benefit Expense  | 2.18     | 23,74,11,096          | 16,94,61,447          |
| Finance Cost  | 2.19     | 3,71,29,458           | 3,34,02,727           |
| Depreciation and Amortization Expense   | 2.6      | 2,30,93,253           | 1,17,03,221           |
| Other Expenses  | 2.20     | 8,62,26,733           | 9,09,22,583           |
| <b>Total Expenses</b>   |          | <b>3,32,71,69,892</b> | <b>2,53,64,87,514</b> |
| <b>Profit Before Tax</b>  |          | <b>49,20,09,906</b>   | <b>38,15,08,851</b>   |
| Tax Expense:  |          |                       |                       |
| - Current Tax   |          | 14,90,44,000          | 12,00,00,000          |
| - Deferred Tax  |          | 22,66,586             | 32,22,523             |
| - Wealth Tax  |          | 2,70,000              | 1,30,000              |
| - Tax Adjustment for Earlier Years  |          | 3,98,296              | 17,63,173             |
| <b>Profit after tax carried to Balance Sheet</b>                              |          | <b>34,00,31,024</b>   | <b>25,63,93,155</b>   |
| <b>SIGNIFICANT ACCOUNTING POLICIES</b>  | 1        |                       |                       |
| <b>NOTES ON ACCOUNTS</b>  | 2        |                       |                       |
| <b>Earning per share ( ` )</b>  |          |                       |                       |
| Basic   | 2.25     | 32.41                 | 26.58                 |
| Diluted   | 2.25     | 32.41                 | 26.58                 |

As per our report attached  
Rajesh Suresh Jain & Associates  
Chartered Accountants

For & on behalf of the Board

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

Managing Director

Director

Dated : 29.05.2012  
Place : New Delhi

Company Secretary

**TECHNOFAB ENGINEERING LIMITED CONSOLIDATED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012**

|  |                | 2011 - 2012           | 2010 - 2011           |
|--|----------------|-----------------------|-----------------------|
| <b>(A) CASH FLOW OPERATING ACTIVITIES</b>                  |                |                       |                       |
| Net Profit Before Tax and Extraordinary Item               |                | 49,20,09,906          | 38,53,44,093          |
| <b>Adjustment for :</b>                                    |                |                       |                       |
| Depreciation   |                | 2,30,93,253           | 1,15,79,820           |
| Finance charges  |                | 3,71,29,458           | 3,26,52,095           |
| Net Loss on Sale of Fixed Assets                           |                | 34,793                | 1,26,241              |
| Provision for Leave Encashment                             |                | 16,54,779             | 18,34,197             |
| Provision for Gratuity                                     |                | 27,34,212             | 21,92,375             |
| Dividend Received  |                | (11,43,208)           | (1,27,68,052)         |
| Profit on sale of Mutual funds                             |                | (2,94,85,325)         | (19,995)              |
| Operating Profit before Working Capital Changes            |                | 52,60,27,868          | 42,09,40,774          |
| <b>Adjustment for :</b>                                    |                |                       |                       |
| Trade and other Receivables                                |                | (26,48,69,280)        | (22,46,50,071)        |
| Loans & Advances   |                | (16,25,20,594)        | (37,83,24,442)        |
| Inventories  |                | 1,81,30,951           | (9,84,97,897)         |
| Trade and Other payables                                   |                | (13,47,65,024)        | 86,67,68,482          |
| Cash Generated from Operation                              |                | (1,79,96,078)         | 58,62,36,846          |
| Direct Taxes Paid  |                | (12,05,28,296)        | (13,36,84,497)        |
| Leave Encashment Paid                                      |                | (10,98,451)           | (1,52,302)            |
| Gratuity Paid  |                | (9,06,298)            | -                     |
| Cash Flow Before Extraordinary Items                       |                | (14,05,29,123)        | 45,24,00,047          |
| <b>Net Cash Flow from Operating Activities</b>             | <b>(A)</b>     | <b>(14,05,29,123)</b> | <b>45,24,00,047</b>   |
| <b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>             |                |                       |                       |
| Purchase of Fixed Assets                                   |                | (12,08,01,802)        | (7,13,75,207)         |
| Sale of Fixed Assets                                       |                | 4,07,500              | 2,41,935              |
| Profit on sale of Mutual funds                             |                | 2,94,85,325           | 19,995                |
| Sale / (Purchase) of Investments                           |                | (3,89,89,693)         | (37,47,34,574)        |
| Dividend Received  |                | 11,43,208             | 1,27,68,052           |
| <b>Net Cash from (-used) in Investing Activities</b>       | <b>(B)</b>     | <b>(12,87,55,461)</b> | <b>(43,30,79,799)</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  |                | (3,71,29,458)         | (3,26,52,095)         |
| Proceeds / Repayment from / of Long term Borrowings (Net)  |                | (42,57,227)           | 66,88,256             |
| Proceeds / Repayment from / of Short term Borrowings (Net) |                | 28,88,27,158          | (4,23,47,900)         |
| Dividend Paid  |                | (1,57,35,000)         | (1,12,50,000)         |
| Tax on Dividend  |                | (25,52,610)           | (18,68,485)           |
| <b>Net Cash Flow From Financing Activities</b>             | <b>(C)</b>     | <b>22,91,52,862</b>   | <b>59,04,11,909</b>   |
| <b>Net Increase in Cash &amp; Cash Equivalents</b>         | <b>(A+B+C)</b> | <b>(4,01,31,722)</b>  | <b>60,97,32,157</b>   |
| Cash & Cash Equivalents (Opening Balance)                  |                | 72,39,66,663          | 11,02,02,507          |
| Cash & Cash Equivalents (Closing Balance)                  |                | 68,38,34,941          | 71,99,34,664          |

For & on behalf of the Board

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

Managing Director

Director

Date : 29.05.2012  
Place : New Delhi

Company Secretary



## TECHNOFAB ENGINEERING LIMITED

### Note : 1 SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2012

#### 1.1 Principles of Consolidation

The consolidated Financial Statements relate to TECHNOFAB ENGINEERING LIMITED (the Company) and its subsidiaries companies Rivu Infrastructural Developers Pvt. Ltd., Woodlands Instruments Pvt. Ltd. and Arihant Flour Mills 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.

#### 1.2 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., Woodlands Instruments Pvt. Ltd. and Arihant Flour Mills Pvt. Ltd.

#### Certified in terms of our report attached

**Rajesh Suresh Jain & Associates**  
Chartered Accountants

**For and on behalf of the Board**

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

**Managing Director**

**Director**

**Place: New Delhi**  
**Dated: 29.05.2012**

**Company Secretary**

## TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

#### NOTE : 2 NOTES ON ACCOUNTS

##### 2.1 Share Capital

###### Authorised

1,50,00,000 (Previous Year 1,50,00,000)  
Equity shares of ₹ 10/- each

###### Issued, Subscribed & Paid up

1,04,90,000 (Previous Year 1,04,90,000)  
Equity shares of ₹ 10/- each fully paid up

###### Total

Note: (i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.

###### Particulars

Shares at the beginning of the year

Add : Arising of share issues

**Shares at the end of the year**

| As at<br>31/03/2012 | As at<br>31/03/2011 |
|---------------------|---------------------|
| 15,00,00,000        | 15,00,00,000        |
| 10,49,00,000        | 10,49,00,000        |
| <b>10,49,00,000</b> | <b>10,49,00,000</b> |

| As at<br>31/03/2012 |                     | As at<br>31/03/2011 |                     |
|---------------------|---------------------|---------------------|---------------------|
| No. of shares       | Amount in ₹         | No. of shares       | Amount in ₹         |
| 1,04,90,000         | 10,49,00,000        | 75,00,000           | 7,50,00,000         |
| -                   | -                   | 2,90,000            | 2,99,00,000         |
| <b>1,04,90,000</b>  | <b>10,49,00,000</b> | <b>1,04,90,000</b>  | <b>10,49,00,000</b> |

(ii) List of share holders holding more than 5% of the total shares of the Company.

###### Name of the shares holders

Avinash Chander Gupta

Meera Gupta

Gammon India Limited

Emerging India Focus Fund

Karuna Rajan

| As at<br>31/03/2012   |              | As at<br>31/03/2011   |              |
|-----------------------|--------------|-----------------------|--------------|
| No. of shares         | % of holding | No. of shares         | % of holding |
| 19,39,789             | 18.49%       | 18,42,313             | 17.56%       |
| 13,46,665             | 12.84%       | 11,85,729             | 11.30%       |
| 10,25,000             | 9.77%        | 11,75,000             | 11.20%       |
| 7,52,153              | 7.17%        | 7,52,153              | 7.17%        |
| 7,52,944              | 7.18%        | 10,62,944             | 10.13%       |
| 70,19,42,133          |              | 6,00,00,000           |              |
| -                     |              | 68,67,24,000          |              |
| -                     | 70,19,42,133 | 4,47,81,867           | 70,19,42,133 |
| 38,12,25,461          |              | 23,12,25,461          |              |
| 15,00,00,000          | 53,12,25,461 | 15,00,00,000          | 38,12,25,461 |
| -                     |              |                       | 42,228       |
| 22,31,48,712          |              | 13,50,43,167          |              |
| 34,00,31,024          |              | 25,63,93,155          |              |
| 15,00,00,000          |              | 15,00,00,000          |              |
| 2,09,80,000           |              | 1,57,35,000           |              |
| 34,03,480             | 38,87,96,256 | 25,52,610             | 22,31,48,712 |
| <b>1,62,19,63,850</b> |              | <b>1,30,63,58,534</b> |              |

##### 2.2 Reserves and Surplus

###### (i) Securities Premium Reserve

Add : Addition during the year

Less : Public issue expenses

###### (ii) General Reserve

Add : Transfer from Profit & Loss A/c

###### (iii) Capital Reserve

###### (iv) Surplus

Add : Profit after tax for the year

Less : Transfer to General Reserve

Less : Proposed Dividend on equity shares,  
₹ 2.00 per share (previous year ₹ 1.50 per  
share)

Less : Dividend distribution tax

###### Total



## TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

|   | As at<br>31/03/2012 | As at<br>31/03/2011 |
|---|---------------------|---------------------|
| <b>2.3 (a) Long-term borrowings (Secured)</b> |                     |                     |
| <b>Term Loans</b>                             |                     |                     |
| (i) <b>From Banks</b>                         |                     |                     |
| Equipment Loans*                              |                     | 1,91,086            |
| (ii) <b>From Other Parties</b>                |                     |                     |
| Equipment Loans*                              | 36,89,648           | 77,55,789           |
| <b>Total</b>                                  | <b>36,89,648</b>    | <b>79,46,875</b>    |
| <b>(b) Short-term borrowings (Secured)</b>    |                     |                     |
| (i) <b>From Banks</b>                         |                     |                     |
| Working Capital**                             | 43,51,31,311        | 14,26,39,906        |
| Equipment Loans*                              | 1,91,086            | 7,16,892            |
| (ii) <b>From Other Parties</b>                |                     |                     |
| Equipment Loans*                              | 39,81,554           | 71,19,996           |
| <b>Total</b>                                  | <b>43,93,03,951</b> | <b>15,04,76,794</b> |

Note: \* Secured by hypothecation of the asset purchased under various financing scheme and repayment terms of term loans ` 36,89,648 payable within 1-2 years.

\*\* 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.

|  | As at<br>31/03/2012 | As at<br>31/03/2011 |
|--|---------------------|---------------------|
| <b>2.4 (a) Other Long Term Liabilities</b> |                     |                     |
| <b>Others Payables</b>                     |                     |                     |
| Vehicle Security                           | 14,91,051           | 7,59,255            |
| <b>Total</b>                               | <b>14,91,051</b>    | <b>7,59,255</b>     |
| <b>(b) Current Liabilities</b>             |                     |                     |
| Trade Payables                             | 85,36,82,277        | 93,10,47,983        |
| <b>Total</b>                               | <b>85,36,82,277</b> | <b>93,10,47,983</b> |
| <b>(c) Other Current Liabilities</b>       |                     |                     |
| (i) Other Creditors Payable                | 9,56,50,735         | 10,51,55,850        |
| (ii) Advance from Customers                | 17,14,85,198        | 22,01,30,976        |
| (iii) Unpaid Dividends                     | 19,779              | -                   |
| <b>Total</b>                               | <b>26,71,55,712</b> | <b>32,52,86,826</b> |
| <b>2.5 Provisions</b>                      |                     |                     |
| <b>Short Term Provisions</b>               |                     |                     |
| (i) Income Tax                             | 14,90,44,000        | 12,00,00,000        |
| (ii) Dividend                              | 2,09,80,000         | 1,57,35,000         |
| (iii) Tax on Dividend                      | 34,03,481           | 25,52,610           |
| (iv) Wealth Tax                            | 2,70,000            | 1,30,000            |
| (v) Gratuity                               | 59,15,794           | 40,87,880           |
| (vi) Leave Encashment                      | 38,07,435           | 3,21,107            |
| <b>Total</b>                               | <b>18,34,20,710</b> | <b>14,57,56,597</b> |

## TECHNOFAB ENGINEERING LIMITED

### CONSOLIDATED NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

#### 2.6 Fixed Assets

| Description                        | GROSS BLOCK         |                             |   | DEPRECIATION              |                    |                           | Net Block                              |                          |
|------------------------------------|---------------------|-----------------------------|---|---------------------------|--------------------|---------------------------|--|--------------------------|
|                                    | As on<br>31/03/2011 | Addition During<br>the year | Sales/Adjust<br>ment during<br>the year | Total As on<br>31/03/2012 | Upto<br>31/03/2011 | For the Year<br>2011-2012 | Sale/Adjustm<br>ent during<br>the year | Total upto<br>31/03/2012 |
| (a) Tangible Assets                |                     |                             |   |                           |                    |                           |  |                          |
| Factory Land                       | 1,65,532            | 3,17,13,037                 | -                                       | 3,18,78,569               | -                  | -                         | -                                      | 3,18,78,569              |
|                                    |                     |                             |   |                           |                    |                           |  | 1,65,532                 |
| Building                           | 1,15,27,656         | 3,31,62,177                 | -                                       | 4,46,89,833               | 57,69,924          | 23,04,922                 | -                                      | 80,74,846                |
|                                    |                     |                             |   |                           |                    |                           |  | 3,66,14,987              |
| Purely Temp. Construction          | 1,30,99,517         | 87,88,333                   | 1,30,99,517                             | 87,88,333                 | 51,48,401          | 1,13,18,116               | 1,30,99,517                            | 33,67,000                |
|                                    |                     |                             |   |                           |                    |                           |  | 54,21,333                |
| Plant & Machinery                  | 7,79,98,027         | 2,13,93,814                 | 8,13,750                                | 9,85,78,092               | 77,40,507          | 41,32,749                 | 6,30,270                               | 11,22,986                |
|                                    |                     |                             |   |                           |                    |                           |  | 8,73,35,106              |
| Furniture & Fixture                | 35,52,453           | 1,38,655                    | -                                       | 36,91,108                 | 16,53,680          | 2,30,085                  | -                                      | 18,83,765                |
|                                    |                     |                             |   |                           |                    |                           |  | 18,07,343                |
| Office Equipment                   | 12,02,636           | 18,08,123                   | -                                       | 30,10,759                 | 2,08,363           | 1,27,844                  | -                                      | 3,36,207                 |
|                                    |                     |                             |   |                           |                    |                           |  | 26,74,552                |
| Vehicles                           | 2,23,97,832         | 1,79,17,185                 | 5,06,801                                | 3,98,08,216               | 46,25,307          | 28,00,164                 | 2,04,723                               | 72,20,748                |
|                                    |                     |                             |   |                           |                    |                           |  | 3,25,87,468              |
| Computers                          | 1,23,31,195         | 20,90,547                   | -                                       | 1,44,21,742               | 33,07,414          | 21,79,373                 | -                                      | 54,86,787                |
|                                    |                     |                             |   |                           |                    |                           |  | 89,34,955                |
| Total (a)                          | 14,22,74,848        | 11,70,11,871                | 1,44,20,068                             | 24,48,66,652              | 2,84,53,596        | 2,30,93,253               | 1,39,34,510                            | 3,76,12,339              |
|                                    |                     |                             |   |                           |                    |                           |  | 20,72,54,313             |
| (b) Add : Capital Work in Progress |                     |                             |   |                           |                    |                           |  |                          |
|                                    |                     |                             |   |                           |                    |                           |  | 37,89,931                |
|                                    |                     |                             |   |                           |                    |                           |  | -                        |
| Total (a+b)                        |                     |                             |   |                           |                    |                           |  | 21,10,44,244             |
|                                    |                     |                             |   |                           |                    |                           |  | 11,38,21,249             |
| Previous Year                      | 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              |
|                                    |                     |                             |   |                           |                    |                           |  | 5,52,35,777              |



## TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

#### 2.7 INVESTMENTS

| Particulars  | Face Value | Qty Nos.    | As at 31/03/2012    | Qty Nos.    | As at 31/03/2011    |
|--|------------|-------------|---------------------|-------------|---------------------|
| <b>(a) Non-current Investment-Non Trade</b>                              |            |             |                     |             |                     |
| <b>(Long Term Investments at cost)</b>                                   |            |             |                     |             |                     |
| <b>(I) Equity Shares, Fully Paid up (quoted)</b>                         |            |             |                     |             |                     |
| Ahluwalia Contracts Ltd.   | 2          | 100         | 11,820              | 100         | 11,820              |
| C & C Construction Ltd.  | 10         | 100         | 15,002              | 100         | 15,002              |
| Techno Electric Ltd.   | 2          | 1,000       | 2,27,432            | -           | -                   |
| Gammon India Ltd.  | 2          | -           | -                   | 100         | 11,642              |
| Hind Dorr-Oliver Ltd.  | 2          | 74,037      | 60,69,017           | 7,037       | 5,56,105            |
| Hindustan Construction Ltd.  | 1          | 100         | 3,434               | 100         | 3,434               |
| IVRCL Infrastructure Ltd.  | 2          | 100         | 6,718               | 100         | 6,718               |
| Jai Prakash Associates Ltd.  | 2          | 69,000      | 58,53,784           | 41,000      | 33,53,119           |
| Larsen & Toubro Ltd.   | 2          | 100         | 152,745             | 100         | 1,52,745            |
| Nagarjuna Construction Ltd.  | 2          | 100         | 9,900               | 100         | 9,900               |
| Patel Engineering Ltd.   | 1          | 100         | 15,658              | 100         | 15,658              |
| Sadbhav Engineering Ltd.   | 1          | 47,599      | 56,86,167           | 37,600      | 42,50,897           |
| Shriram EPC Ltd.   | 10         | 200         | 29,751              | 200         | 29,751              |
| Unitech Ltd.   | 2          | 2,000       | 70,715              | 2,000       | 70,715              |
| <b>Total (I)</b>   |            |             | <b>1,81,52,143</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         | 3,90,000    | 1,56,39,000         |
| <b>Total (II)</b>  |            |             | <b>1,56,39,000</b>  |             | <b>1,56,39,000</b>  |
| <b>(III) Debentures (Equity Linked Debt) (unquoted other than trade)</b> |            |             |                     |             |                     |
| Benchmark Asset Management Co. Pvt. Ltd.                                 | 10,00,000  | 1           | 10,00,000           | 1           | 10,00,000           |
| <b>Total (III)</b>   |            |             | <b>10,00,000</b>    |             | <b>10,00,000</b>    |
| <b>TOTAL (Non-current Investments)</b>                                   |            |             | <b>3,47,91,143</b>  |             | <b>2,51,26,506</b>  |
| <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    | 100,000             |
| Birla Sunlife Fixed Term Plan Series Cu Growth                           | 10         |             | -                   | 1,03,67,406 | 10,36,74,060        |
| Birla Sunlife Fixed Term Plan Series Growth                              | 10         | 6,3,90,000  | 6,39,00,000         |             |                     |
| Birla Sunlife Dynamic Bond Fund  | 10         | 1,01,00,000 | 10,10,00,000        | -           |                     |
| BNP Paribas Fixed Term Fund - Series 20C                                 | 10         | 50,00,000   | 5,00,00,000         | 50,00,000   | 5,00,00,000         |
| Kotak FMP Series 75 Growth   | 10         | 1,04,08,126 | 10,40,81,260        | -           |                     |
| Kotak FMP Series 34  | 10         |             | -                   | 40,00,000   | 4,00,00,000         |
| Kotak NFO FMP 1  | 10         |             | -                   | 1,01,08,800 | 10,10,88,000        |
| Reliance Fixed Horizon Fund XIX Square Growth                            | 10         |             | -                   | 50,32,880   | 5,03,28,798         |
| Reliance Fixed Horizon Fund XXI Series 18                                | 10         | 55,43,466   | 5,54,34,654         |             |                     |
| <b>TOTAL (Current Investments)</b>                                       |            |             | <b>37,74,15,914</b> |             | <b>34,80,90,858</b> |
| <b>GRAND TOTAL (a+b)</b>   |            |             | <b>41,22,07,057</b> |             | <b>37,32,17,364</b> |

- 1 Cost of Quoted Investment ` 1,81,52,144 (Previous Year ` 84,87,506). Market Value ` 1,60,61,443 (Previous Year ` 93,54,639).
- 2 Cost of Unquoted Investment other than Mutual fund units ` 8,31,92,760 (Previous Year ` 2,16,57,460)
- 3 Cost of Unquoted Investment in Mutual Fund ` 37,74,15,914 (Previous Year ` 34,80,90,858). Net Asset Value ` 46,43,93,534 (Previous Year ` 35,03,69,205)

# TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

## NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

|   | As At<br>31/03/2012   | As At<br>31/03/2011   |
|---|-----------------------|-----------------------|
| <b>2.8 (a) Long term Loans and Advances<br/>(Unsecured, Considered good)</b>          |                       |                       |
| Capital Advance   | 2,04,10,000           | 1,35,00,000           |
| Deposits  | 14,77,241             | 23,16,483             |
| Prepaid Expenses  | 11,38,315             | 74,70,792             |
| <b>Total</b>  | <b>2,30,25,556</b>    | <b>2,32,87,275</b>    |
| <b>(b) Short term Loans and Advances<br/>(Unsecured, Considered good)</b>             |                       |                       |
| Recoverable from Revenue Authorities  | 24,19,61,722          | 17,26,82,793          |
| Deposits  | 1,06,60,726           | 1,30,64,319           |
| Advances for supply of raw materials & Others   | 16,20,22,879          | 9,75,57,625           |
| Prepaid Expenses  | 3,15,59,892           | 2,57,81,857           |
| Advance to Subsidiary   | -                     | -                     |
| Advance to employee   | 98,56,803             | 63,69,082             |
| <b>Total</b>  | <b>45,60,62,022</b>   | <b>31,54,55,676</b>   |
| <b>2.9 Inventories :</b><br><b>(As taken, valued and certified by the Management)</b> |                       |                       |
| Raw Material  | 10,30,03,594          | 8,22,61,992           |
| Work in Progress  | 36,17,741             | 4,31,70,195           |
| Stores & Spares   | 93,68,818             | 86,88,918             |
| <b>Total</b>  | <b>11,59,90,153</b>   | <b>13,41,21,105</b>   |
| <b>2.10 Trade Receivables #<br/>Unsecured , Considered Good</b>                       |                       |                       |
| Outstanding exceeding six months  | 28,93,95,805          | 37,46,65,478          |
| Others  | 1,26,91,10,705        | 91,89,71,753          |
| <b>Total</b>  | <b>1,55,85,06,510</b> | <b>1,29,36,37,231</b> |
| Note # Trade receivables includes Retention Money                                     |                       |                       |
| <b>2.11 Cash and cash equivalents</b>   |                       |                       |
| <b>Balance with Banks</b>   |                       |                       |
| - in Current Account with Scheduled Banks   | 11,53,60,024          | 27,85,82,630          |
| - Fixed deposits (including interest accrued)   | 55,35,18,480          | 44,14,71,136          |
| - in Current Account with Foreign Banks   | 99,72,322             | 22,45,884             |
| <b>Cash on Hand</b>   | 49,84,115             | 16,67,013             |
| <b>Total</b>  | <b>68,38,34,941</b>   | <b>72,39,66,663</b>   |

Note :

- The Current Accounts balance with Scheduled Banks includes amount of ₹ 19,779 earmarked for payment of unpaid dividend
- Fixed deposits

| Particulars  | Amount in ₹<br>31/03/2012 | Amount in ₹<br>31/03/2011 |
|--|---------------------------|---------------------------|
| - Fixed deposits having remaining maturity of 3 months or less<br>(including interest accrued)                               | 11,29,84,367              | 29,32,425                 |
| - Fixed deposits having remaining maturity of more than 3 months<br>but not more than 12 months (including interest accrued) | 39,55,53,549              | 2,91,73,749               |
| - Fixed deposits having remaining maturity of more<br>than 12 months (including interest accrued)                            | 4,49,80,564               | 40,93,64,962              |
| <b>Total</b>   | <b>55,35,18,480</b>       | <b>44,14,71,136</b>       |

- Fixed Deposited/cash margin with banks amount to ₹ 35,95,46,039 (Previous year ₹ 24,30,09,161) are under lien with banks as per banking arrangements.



## TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

#### 2.12 Deferred tax Liability comprises of the following:

##### Liability

- Fixed Assets

##### Assets

- Expenses allowable under Income Tax Act on payment basis

##### Net Deferred Tax Liability

Note : Deferred Tax Liability for the period ended March 31, 2012 has been provided on the estimated tax computation for the year.

| As at<br>31/03/2012 | As at<br>31/03/2011 |
|---------------------|---------------------|
|                     |                     |
| 95,20,770           | 73,54,833           |
| 22,65,715           | 23,81,134           |
| <b>72,55,055</b>    | <b>49,73,699</b>    |

#### 2.13 Revenue from Operations

- (i) Sales
- (ii) Other Operating Income

##### Total

#### 2.14 Other Income

- (i) Interest from Others
- (ii) Dividend Income
  - (a) From long term Investments
  - (b) From short term Investments
- (iii) Profit on sale of Investments (net)
  - (a) From long term Investments
  - (b) From short term Investments
- (iv) Other non-operating income  
(net of expenses directly attributable to such income)
- (v) Exchange Rate Variation (net)\*
- (vi) Profit on sale of fixed assets

##### Total

| 2011 - 2012           | 2010 - 2011           |
|-----------------------|-----------------------|
|                       |                       |
| 3,76,49,17,370        | 2,89,37,59,152        |
| 1,05,49,699           | 1,06,34,625           |
| <b>3,77,54,67,069</b> | <b>2,90,43,93,777</b> |
|                       |                       |
| 5,26,604              | 2,09,653              |
| 1,25,894              |                       |
| 10,17,314             | 1,27,68,052           |
| 2,98,58,370           |                       |
| (3,73,045)            | 19,995                |
| 1,74,619              | 5,57,998              |
| 1,23,65,688           |                       |
| 17,285                | 46,890                |
| <b>4,37,12,729</b>    | <b>1,36,02,588</b>    |

Note : \* In accordance with Accounting Standard 11(Revised)  
the net exchange profit added in other income is ` 1,23,65,688 (Previous Year Loss of ` 80,89,555)



## TECHNOFAB ENGINEERING LIMITED CONSOLIDATED

NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

|   | 2011 - 2012           | 2010 - 2011           |
|---|-----------------------|-----------------------|
| <b>2.15 Cost of Materials Consumed</b>  | <b>2,70,31,38,274</b> | <b>2,19,26,74,729</b> |
| <b>2.16 (Increase) / Decrease in Raw Material &amp; Work in progress</b>                                      |                       |                       |
| <b>(a) Opening Stock</b>  |                       |                       |
| Raw Material  | 8,22,61,992           | 46,97,931             |
| Work-in-Progress  | 4,31,70,195           | 55,27,312             |
| <b>Total a</b>  | <b>12,54,32,187</b>   | <b>1,02,25,243</b>    |
| <b>(b) Closing Stock</b>  |                       |                       |
| Raw Material  | 10,30,03,594          | 8,22,61,992           |
| Work-in-Progress  | 36,17,741             | 4,31,70,196           |
| <b>Total b</b>  | <b>10,66,21,335</b>   | <b>12,54,32,188</b>   |
| <b>Total (a-b)</b>  | <b>1,88,10,852</b>    | <b>(11,52,06,945)</b> |
| <b>2.17 Expenditure on Contract</b>   |                       |                       |
| (i) Power & Fuel  | 1,21,94,556           | 1,65,47,473           |
| (ii) Inspection & Testing   | 48,00,395             | 32,50,124             |
| (iii) Repairs & Maintenance   | 1,74,70,590           | 76,65,523             |
| (iv) Freight, Forwarding & Clearing   | 9,39,78,912           | 6,77,78,171           |
| (v) Rent, Rates & Taxes   | 4,64,41,778           | 2,73,69,477           |
| (vi) Insurance  | 1,20,06,652           | 1,09,10,951           |
| (vii) Other Site Expenses   | 3,44,67,343           | 2,00,08,033           |
| <b>Total</b>  | <b>22,13,60,226</b>   | <b>15,35,29,752</b>   |
| <b>2.18 Employee Benefit Expense</b>  |                       |                       |
| (i) Salaries, Wages, Bonus, Allowances etc.   | 21,60,32,421          | 15,37,18,218          |
| (ii) Contributions to Provident Fund, ESI & Others  | 1,32,17,362           | 95,32,618             |
| (iii) Staff Welfare   | 81,61,313             | 62,10,611             |
| <b>Total</b>  | <b>23,74,11,096</b>   | <b>16,94,61,447</b>   |
| <b>2.19 Finance Cost</b>  |                       |                       |
| (i) Bank Charges  | 48,970,809            | 3,28,02,156           |
| (ii) Interest Cost  | 29,464,258            | 1,66,92,470           |
|   | <b>7,84,35,067</b>    | <b>4,94,94,626</b>    |
| <b>LESS:</b>  |                       |                       |
| (iii) Interest Income on FDR's<br>(Tax Deducted at Source Current Year ` 41,35,638 Previous Year ` 16,08,194) | 4,13,05,609           | 1,60,91,899           |
| <b>Total</b>  | <b>3,71,29,458</b>    | <b>3,34,02,727</b>    |
| <b>2.20 Other Expenses</b>  |                       |                       |
| (i) Power & Fuel  | 41,32,499             | 23,82,985             |
| (ii) Repairs to Building  | 93,70,458             | 48,60,774             |
| (iii) Repairs to Machinery  | 7,90,819              | 2,21,304              |
| (iv) Repairs to Others  | 40,36,733             | 64,01,418             |
| (v) Insurance   | 13,10,419             | 6,37,927              |
| (vi) Rates & Taxes  | 18,57,123             | 29,70,513             |
| (vii) Exchange Rate Variation   | -                     | 80,89,555             |
| (viii) Auditors Remuneration  | 78,835                | 1,08,908              |
| (ix) Miscellaneous Expenditure  | 38,15,055             | 29,61,008             |
| (x) Director's Sitting Fees   | 7,40,000              | 6,61,500              |
| (xi) Legal & Professional   | 1,96,65,275           | 1,81,65,582           |
| (xii) Rent & Hire Charges   | 11,64,293             | 46,89,694             |
| (xiii) Communication  | 37,48,661             | 38,82,172             |
| (xiv) Printing & Stationary   | 52,72,729             | 58,79,780             |
| (xv) Travelling & Conveyance  | 2,99,42,354           | 2,86,35,401           |
| (xvi) Vehicle Running   | 3,01,480              | 3,74,062              |
| <b>Total</b>  | <b>8,62,26,733</b>    | <b>9,09,22,583</b>    |



## TECHNOFAB ENGINEERING LIMITED

### NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31/03/2012

The accompanying consolidated financial statement includes the accounts of TECHNOFAB ENGINEERING LIMITED and its following subsidiaries:

| 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  | 31.03.2012           |
| Woodlands Instruments Pvt. Ltd            | India                    | 100% subsidiary of TECHNOFAB ENGINEERING LIMITED  | 31.03.2012           |
| Arihant Flour Mills Pvt. Ltd.             | India                    | 100% subsidiary of TECHNOFAB ENGINEERING LIMITED  | 31.03.2012           |

#### 2.21 Contingent Liability

- Claims against the Company not acknowledged as debt (net) amount to ` 14,91,755 (Previous year ` 14,91,755).
- 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 ` 2,79,63,27,834 (Previous year ` 2,67,55,00,338).
- In respect of demand against Sales Tax amounting to ` 13,55,000 (Previous year ` 13,55,000) raised by the authorities, appeals are pending before the authorities.
- In respect of demand against Income Tax amounting to ` 26,02,637 (Previous year ` NIL) raised by the authorities for Assessment Year 2004-05, appeals are pending before the authorities.
- In respect of demand against Income Tax amounting to ` 3,58,789 (Previous year ` NIL) raised by the authorities for Assessment Year 2005-06, appeals are pending before the authorities.
- Capital commitment (Net of advances) ` 2,04,10,000 (Previous year ` 1,35,00,000)

2.22 Fixed Deposits/cash margin with banks amount to ` 35,95,46,039 (Previous year ` 24,30,09,161) are under lien with banks as per banking arrangements.

2.23 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.

2.24 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.

2.25 Earning per share

| Particulars   | As on 31.03.2012 | As on 31.03.2011 |
|---|------------------|------------------|
| Profit for the year after Tax                                       | 34,00,31,024     | 25,63,93,155     |
| Weighted average No. Of equity Shares of ` 10/ each for Basic EPS   | 1,04,90,000      | 96,46,246        |
| Basic Earning per Share   | 32.41            | 26.58            |
| Weighted average No. Of equity Shares of ` 10/ each for Diluted EPS | 1,04,90,000      | 96,46,246        |
| Diluted Earning per Share   | 32.41            | 26.58            |

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

2.27 Related Party Transactions

(1) Name of Related Parties

(A) Key Management Person / Control

- (a) Avinash C. Gupta
- (b) Arjun Gupta
- (c) Nakul Gupta
- (d) Onkar Nath Vij
- (e) Arun Kochhar
- (f) Vijay Nagrajan
- (g) Ashutosh Jagga

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

- (a) Techfab International Pvt. Ltd.
- (b) Techfab Systems Pvt. Ltd.
- (c) 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:

| Amount in (₹) |   |                              |                        |                          |
|---------------|---|------------------------------|------------------------|--------------------------|
| Sr. No.       | Particulars   | (A)                          | (B)                    | (C)                      |
| 1.            | Loan / Security / Advance Taken and recovery of advance given | NIL<br>(70,00,000)           | NIL<br>(50,00,000)     | NIL<br>(NIL)             |
| 2.            | Loan / Security / Advance given                               | NIL<br>(1,89,50,000)         | NIL<br>(50,00,000)     | NIL<br>(NIL)             |
| 3.            | Remuneration Paid   | 3,96,58,115<br>(2,15,57,206) | NIL<br>(NIL)           | NIL<br>(NIL)             |
| 4.            | Reimbursement of Expenses                                     | NIL<br>(NIL)                 | 2,22,537<br>(1,87,089) | NIL<br>(NIL)             |
| 5.            | Dividend Paid   | 40,83,611<br>(39,26,838)     | 3,35,250<br>(2,25,000) | 19,54,905<br>(15,85,662) |
| 6             | Outstanding Balance as on 31.03.2012                          | NIL                          | NIL                    | NIL                      |
|               | - in respect of Receivable                                    | (NIL)                        | (NIL)                  | (NIL)                    |
|               | - in respect of Payable                                       | NIL                          | NIL                    | NIL                      |
|               |   | (NIL)                        | (NIL)                  | (NIL)                    |

Figures in brackets are in respect of previous year.

2.28 Turnover is net of Procurement and other related charges.

2.29 Disclosure pursuant to Accounting Standard – 15

(a) Defined Contribution Plan

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

| Particulars                    | Amount (in ₹)            | Head under which shown in Profit & Loss Account |
|--------------------------------|--------------------------|---|
| Contribution to Provident Fund | 46,05,594<br>(34,27,030) | Contribution to Provident Fund                  |

Figures in brackets are in respect of previous year.

(b) Defined Benefit Plan Movement in net liability

| Particulars   | Gratuity (Funded)  |                  | Leave Encashment (Unfunded) |                  |
|---|--------------------|------------------|-----------------------------|------------------|
|   | Current Year       | Previous Year    | Current Year                | Previous Year    |
| Present value of obligations as at the beginning of the year (A)            | 80,11,898          | 54,90,574        | 32,51,107                   | 15,69,212        |
| Adjustment for increase (decrease) in opening obligation (B)                | NIL                | NIL              | NIL                         | NIL              |
| Interest Cost (C)   | 6,81,011           | 4,39,246         | 2,76,344                    | 1,25,537         |
| Past service cost   | NIL                | NIL              | NIL                         | NIL              |
| Current service cost (D)  | 16,26,558          | 13,08,079        | 11,97,716                   | 10,13,898        |
| Benefits paid (E)   | (9,22,154)         | NIL              | (10,87,587)                 | (1,52,301)       |
| Actuarial (gain) / loss on obligation (F)                                   | 7,92,986           | 7,73,999         | 1,80,719                    | 6,94,761         |
| <b>Present value of obligations as at the end of year (G=A+B+C+D - E+F)</b> | <b>1,01,90,299</b> | <b>80,11,898</b> | <b>38,18,299</b>            | <b>32,51,107</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)                     | 1,01,90,299                                       | 54,90,574                | 38,18,299   | 32,51,107        |
| Estimated fair value of plan assets (B)             | 42,74,505   | 35,95,069                | NIL   | NIL              |
| <b>Net Liability (A) - (B)</b>                      | <b>59,15,794</b>                                  | <b>18,95,505</b>         | <b>38,18,299</b>                                  | <b>32,51,107</b> |
| <b>Amounts in the Balance Sheet</b>                 |   |                          |   |                  |
| <b>Liabilities</b>                                  | <b>59,15,794</b>                                  | <b>18,95,505</b>         | <b>38,18,299</b>                                  | <b>32,51,107</b> |
| <b>Amount charged to Profit &amp; Loss Account</b>  |   |                          |   |                  |
| Current Service Cost                                | 16,26,558   | 7,27,764                 | 11,97,716   | 10,13,898        |
| Past service cost                                   | NIL   | 8,27,781                 | NIL   | NIL              |
| Interest Cost                                       | 6,81,011  | 2,82,418                 | 2,76,344  | 1,25,537         |
| Expected return on plan assets                      | (3,53,162)  | (79,601)                 | NIL   | NIL              |
| Actuarial (Gain)/Loss                               | 7,79,805  | (33,279)                 | 1,80,719  | 6,94,761         |
|   | <b>27,34,212</b>                                  | <b>17,25,083</b>         | <b>16,54,779</b>                                  | <b>18,34,196</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:

Amount in `

| Sr. No. | Particulars  | 31/03/2012 | 31/03/2011 |
|---------|--|------------|------------|
| A       | Fair value of plan assets at the beginning of the period | 39,24,018  | 35,95,069  |
| B       | Acquisition adjustment                                   | NIL        | NIL        |
| C       | Expected return on plan assets                           | 3,53,162   | 3,23,556   |
| D       | Contributions  | 9,06,298   | NIL        |
| E       | Benefits paid  | (9,22,154) | NIL        |
| F       | Actuarial gain/(loss) on plan assets                     | 13,181     | 5,393      |
| G       | Fair value of plan assets at the end of the period       | 42,74,505  | 39,24,018  |

2.30 Un-hedged position of Foreign Exchange:-

| Particulars                       | As at 31.03.2012           |                        | As at 31.03.2011           |                        |
|-----------------------------------|----------------------------|------------------------|----------------------------|------------------------|
|                                   | Amt. (in Foreign Currency) | Amt. (`)               | Amt. (in Foreign Currency) | Amt. (`)               |
| <b>-In Respect of receivables</b> |                            |                        |                            |                        |
| USD                               | 58,82,455.54               | 30,09,22,895.45        | 33,85,881.00               | 15,03,33,126.00        |
| EURO                              | 10,80,279.16               | 7,38,26,277.55         | 19,46,955.00               | 12,26,19,245.00        |
| ETB - (Ethiopian Birr)            | 2,13,283.46                | 5,81,787.95            | 5,10,682.00                | 13,94,163.00           |
| GHS - (Ghanian Cedi)              | 4,54,087.09                | 1,33,55,502.70         | 1,88,013.00                | 55,29,783.00           |
| KES - (Kenya Shilling)            | 17,90,782.73               | 9,89,382.72            | 84,66,293.00               | 46,77,509.00           |
| FJD - (Fiji Dollar)               | 14,91,500.88               | 4,23,84,690.45         | 18,496.00                  | 4,62,406.00            |
| MZN - (Mozambican Metical)        | 16,21,394.34               | 31,77,932.90           | 0.00                       | 0.00                   |
|                                   | <b>TOTAL</b>               | <b>43,52,38,469.72</b> | <b>TOTAL</b>               | <b>28,50,16,232.00</b> |
| <b>-In Respect of Payable</b>     |                            |                        |                            |                        |
| USD                               | 7,78,579.95                | 3,06,61,548.21         | 26,20,291.00               | 11,63,40,909.00        |
| EURO                              | 4,74,241.35                | 3,24,09,653.86         | 92,461.00                  | 58,23,164.00           |
| GHS - (Ghanian Cedi)              | 10,73,989.36               | 3,15,87,922.49         | 28,34,331.00               | 77,44,073.00           |
| ETB - (Ethiopian Birr)            | 21,10,798.54               | 57,57,770.16           | 5,37,756.00                | 1,58,16,354.00         |
| KES - (Kenya Shilling)            | 3,48,26,202.24             | 1,92,40,995.71         | 2,54,89,787.00             | 1,40,82,755.00         |
| FJD - (Fiji Dollar)               | 32,102.26                  | 8,02,556.50            | 1,54,888.00                | 38,72,200.00           |
| MWK - (Malawi Kwacha)             | 1,35,57,538.68             | 38,19,024.98           | 0.00                       | 0.00                   |
| MZN - (Mozambican Metical)        | 2,02,975.97                | 3,97,832.91            | 0.00                       | 0.00                   |
|                                   | <b>TOTAL</b>               | <b>12,46,77,304.82</b> | <b>TOTAL</b>               | <b>16,36,79,455.00</b> |



2.31 Disclosure as per AS-7

| S. No. | Particulars  | As At 31.03.2012 | As At 31.03.2011 |
|--------|--|------------------|------------------|
| 1      | Contract Revenue                                   | 3,77,54,67,069   | 2,90,43,93,777   |
| 2      | Cost incurred on Contract                          | 2,94,33,09,352   | 2,23,09,97,534   |
| 3      | Advance received                                   | 17,14,85,198     | 22,01,30,976     |
| 4      | Amount due from Customers includes Retention Money | 1,55,85,06,510   | 1,29,36,37,230   |
| 5      | Contract Profit / losses recognized                | 83,21,57,717     | 67,33,96,243     |

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

Certified in terms of our report attached

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

**For and on behalf of the Board**

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

**Managing Director**

**Director**

**Place: New Delhi**  
**Dated: 29.05.2012**

**Company Secretary**



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012**

| <b>Name of Subsidiary</b>   | <b>Rivu<br/>Infrastructural<br/>Developers<br/>Private Limited</b> | <b>Woodlands<br/>Instruments Private<br/>Limited</b> | <b>Arihant Flour Mills<br/>Private Limited</b> |
|---|--|--|--|
| Financial Year of the Subsidiary<br>Company ended on  | 31st March, 2012   | 31st March, 2012                                     | 31st March, 2012                               |
| <b>Holding Company's Interest</b><br>Number of Shares   | 100000   | 373000   | 58228  |
| Extent of Holding   | 100%   | 100%   | 100%   |
| <b>For the Financial year of the Subsidiary</b>   |  |  |  |
| The net aggregate amount of<br>the subsidiaries profits so far as<br>it concerns members of the<br>Company and is not dealt with<br>the holding Company's account | NIL  | NIL  | NIL  |
| net aggregate amount of the<br>profits/ loss of the Subsidiary<br>dealt with in the Company's<br>accounts   | 91,199   | 96,930   | (18,29,100)                                    |
| <b>For the previous years of the Subsidiary since it became the holding Company's subsidiary</b>  |  |  |  |
| The net aggregate amount of<br>the subsidiaries profits so far as<br>it concerns members of the<br>Company and is not dealt with<br>the holding Company's account | NIL  | NIL  | N.A.   |
| Net aggregate amount of the<br>profits of the subsidiary dealt<br>with in the Company's accounts  | NIL  | NIL  | N.A.   |
| Material Changes, if any,<br>between the end of the financial<br>year of the subsidiary and that<br>of the holding Company  | NIL  | NIL  | N.A.   |

For & on behalf of the Board

Place : New Delhi  
Dated: 29-05-2012

(Avinash C Gupta)  
Managing Director

(Arjun Gupta)  
Whole Time Director



**TECHNOFAB ENGINEERING**  
L I M I T E D



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TECHNOFAB ENGINEERING  
L I M I T E D

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