

29th
ANNUAL REPORT
2011-2012

KRISHNA ENGINEERING WORKS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sh. Gurbachan Juneja
Chairman Cum Managing Director

Sh. Yogesh Goel
Nominee Director

Sh. Ashok Vinayak
Director

Sh. Varinder Paul Juneja
Director

Sh. Sumil Kumar Sharma
Director (upto 09.11.2012)

Maj. Gen. T V Manoharan
Director (upto 14.08.2012)

Sh. Jagtar Singh Maan
Director (w.e.f. 09.11.2012)

Er. Darshan Singh
Director (w.e.f. 09.11.2012)

Auditors

M/s Brij Aggarwal & Associates,
Chartered Accountants, Jalandhar City.

Bankers

State Bank of India,
SME, Civil Lines, Jalandhar.

Registered Office

Ladowali Road, Jalandhar - 144001

Works

B-1, Focal Point, Jalandhar.
A-20, Focal Point Extension, Jalandhar.
Ladowali Road, Jalandhar.

Company's Registrar and Share Transfer Agent

Skyline Financial Services Pvt. Ltd.
123, Vinoba Bori, Lajpat Nagar-II,
New Delhi-110024

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Ninth Annual General Meeting of the members of the company will be held on Saturday the 15th day of December, 2012 at 10.00 A.M. at A-20, Focal Point Extension, Jalandhar to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Ashok Vinayak who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting and in this regards to pass with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT M/s Brij Aggarwal & Associates, Chartered Accountants, auditors of the company, who retire at this annual general meeting, being eligible for reappointment be and is here by appointed as Auditors of the company and that the said auditors shall hold the office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and that their remuneration be determined by the Board of Directors.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“Resolved that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies, Act 1956 or any statutory modification or re-enactment thereof, for the time being in force and the Articles of Association of the company, Sh. Jagtar Singh Maan, who has been appointed by the board as an Additional Director of the Company on 9th November, 2012 and who holds such office up to the date of forthcoming Annual general Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"Resolved that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies, Act 1956 or any statutory modification or re-enactment thereof, for the time being in force and the Articles of Association of the company, Er. Darshan Singh, who has been appointed by the board as an Additional Director of the Company on 9th November, 2012 and who holds such office up to the date of forthcoming Annual general Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

Place : Jalandhar
Dated : 9th November, 2012

By the order of the Board of Directors



Gurbachan Juneja
(Chairman Cum Managing Director)

DIRECTORS' REPORT

Dear Members,

Your directors have pleasure in presenting the Twenty Ninth Annual Report along with the audited statement of accounts of your company for the financial ended March 31, 2012.

Financial Results

A snapshot of financial performance of the company is as under:

Particulars	(Rs. in Lacs)	
	31 st March, 2012	31 st March, 2011
Sales/Revenue from Operations	2921.89	6006.13
Other Income	2.20	663.57
Finance Cost	2.58	20.45
Depreciation	213.61	251.49
Profit/(Loss) Before Tax	(589.60)	(150.44)
Provision For Tax	NIL	NIL
Net Profit After Tax	(589.60)	(150.44)
Add		
Brought Forward Previous Year	(10764.79)	(10614.35)
Add. Fringe Benefit Tax	00	00
Balance Carried Forward	(11354.39)	(10764.79)

Dividends

Your directors regret their inability to recommend any dividend for the financial year ended March 31, 2012 due to non availability of cash and keeping in view financial position of the company.

Directors

In accordance with Sections 255 and 256 of the Companies Act, 1956 Sh. Ashok Vinayak, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting of the company.

The proposal for re-appointment of Sh. Ashok Vinayak as Director of the company is recommended for shareholders' approval.

Sh. Jagtar Singh Maan has been appointed as additional director by the Board of Directors in their meeting held on 9th November, 2012. Er. Darshan Singh has also

been appointed as additional director by the Board of Directors in their meeting held on 9th November, 2012. Details as required under Clause 49 of the listing agreement regarding directors to be appointed/re-appointed is published in notice of Annual General Meeting.

Further Major.Gen T V Manoharan submitted his resignation to the Board on 2nd August, 2012 which was accepted by the Board of Directors on 14th August, 2012 and Sh. Sunil Kumar Sharma submitted his resignation which was accepted by the board of directors in its meeting held on 9th November, 2012.

Statutory Auditors

M/s Brij Aggarwal & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. M/S Brij Aggarwal & Associates have sought re-appointment and confirmed that their re-appointment shall be within the limits of Section 224 (1B) of the Companies Act, 1956. The necessary eligibility certificate under Section 224(1B) of the Companies Act, 1956 was received from them. The Audit Committee and Board of Directors recommend the re-appointment of M/s Brij Aggarwal & Associates, Chartered Accountants as the Auditors of the company.

Comments on Auditors' Report

Point wise reply of Auditors' Observation in Auditors Report:

4(iv) The company has adopted the policy to pay leave encashment and gratuity on cash basis. Thus no provision has been made in the Accounts on said date.

4(vii) (a) Non provision of interest has been there, in the Draft Rehabilitation Scheme itself which is pending with operating agency for finalization with the agency.

4(vii)(b) Number of items used in respect of trading and material consumed for manufacturing process can not be distinguished precisely. Due to peculiar nature of business, specific record can not be presented accurately. Otherwise the company is maintaining all the requisite records.

Point No. 5 of Annexure: The company is maintaining register u/s 301 of the Companies Act, 1956. However there were no entries to be recorded as applicable during the year.

Point No. 9 of Annexure: Statutory due payments have been taken in to account in the Draft Rehabilitation Scheme.

Point No. 11 of Annexure: Due payments to Banks, FIs and Debenture Holders have been incorporated in the Draft Rehabilitation Scheme submitted to the Operating Agency and copy of which was also shown to the auditors.

Auditors' Qualification on Research and Development Section.

The Draft Rehabilitation Scheme is under the consideration of operating Agency which shall take into account the settlement, waiver of interest, liquidated damages, penalties and other expenses/ contingent liabilities. Accordingly, confirmation balances of lenders has not been possible till the Rehabilitation Scheme is sanctioned.

Particulars of Employees

In terms of provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 the particulars of employees may be treated as NIL.

Fixed Deposits

No deposit has been invited/accepted from the public in terms of the provisions of Section 58A of the Companies Act, 1956 by the company during the year ended March 31, 2012.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Particulars in respect of conservation of energy and technology absorption and foreign exchange earnings and out go as required under section 217(1) (e) of the Companies Act. 1956 are provided as under:

a) Conservation of Energy.

Power & fuel expenses incurred by the company during the year amounted to Rs. 37838169.50/- as compared to expenses of Rs. 51264633/- incurred during the previous year.

b) Technology absorption, Adoption & Innovation.

The company tries to continuously involve in innovation and technology absorption.

c) Foreign exchange earning & outgo (Rs. in Lac):

There was no Foreign Exchange earnings and outgo during the year under review.

Listing

The Company's Equity Shares are listed with National Stock Exchange of India Limited (NSE), Bombay Stock Exchange (BSE), The Delhi Stock Exchange Limited (DSE), Calcutta Stock Exchange Association Limited (CSE), The Ludhiana Stock Exchange Limited (LSE) and The Stock Exchange, Ahmedabad.

Corporate Governance

The Corporate Governance Report giving the details as required under Clause 49 of the Listing Agreement with the Stock Exchanges is given separately and forms part of this Report.

A certificate from Statutory Auditors, M/s Brij Aggarwal & Associates, Chartered Accountants, regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is also attached.

Directors' Responsibility Statement

As required under Section 217 (2AA) of the companies Act, 1956, your directors confirm that :

- (a) in preparation of the Annual Accounts, applicable accounting standards have been followed and there are no material departures;
- (b) such accounting policies have been selected and applied consistently subject to such adjustments and estimates have been made for preparation of accounts 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 ended on 31st March 2012 and the profit of the company for the year.
- (c) directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the company and to prevent fraud and other irregularities;
- (d) statement of accounts have been prepared on a going concern basis.

BIFR Status

The company is a sick industrial company and is registered with BIFR under SICA (Sick Industrial Companies Act, 1985). The Company has filed the appeal before AAIFR against the BIFR order for change of management and has obtained stay against the said order and the next date of hearing is 7th December, 2012. Further the


company has submitted Draft Rehabilitation Scheme which is pending with the Operating Agency.

Acknowledgement

Your Directors wish to place on record their sincere appreciation of the efforts and dedicated service of all employees. Your Directors also wish to place on record their gratitude for the valuable assistance and co-operation extended to the Company by the banks, suppliers, customers and all other business constituents. They also want to take this opportunity to place on record continued support extended by shareholders of the company.

Place : Jalandhar
Dated : 9th November, 2012

For and on behalf of the Board of directors


Gurbachan Juneja
(Chairman cum Managing Director)



KRISHNA ENGINEERING WORKS LIMITED

Ladowali Road, Jalandhar

Balance Sheet as at 31 March, 2012

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	138839500.00	138839500.00
(b) Reserves and surplus	2	-976833708.44	-917873352.47
2 Share application money pending allotment	3	0.00	0.00
3 Non-current liabilities			
(a) Long-term borrowings	4	625743385.30	628243385.30
(b) Other long-term liabilities	5	0.00	0.00
(c) Long-term provisions	6	0.00	0.00
4 Current liabilities			
(a) Short-term borrowings	7	63635427.00	63635427.00
(b) Trade payables	8	40291181.03	30771396.00
(c) Other current liabilities	9	316716252.38	244966543.15
(d) Short-term provisions	10	0.00	0.00
TOTAL		208392037.27	188582898.98
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	114734071.35	129836692.00
(ii) Capital Work In Progress		0.00	62750.00
(b) Non-current investments	12	0.00	0.00
(c) Long-term loans and advances	13	4742091.00	3645171.00
(d) Other non-current assets	14	0.00	0.00
2 Current assets			
(a) Current investments	15	35250.00	35250.00
(b) Inventories	16	46647518.00	32431602.00
(c) Trade receivables	17	16885452.27	1936157.00
(d) Cash and cash equivalents	18	1305177.53	1561935.33
(e) Short-term loans and advances	19	24042477.12	19073341.65
(f) Other current assets	20	0.00	0.00
TOTAL		208392037.27	188582898.98
See accompanying notes forming part of the financial statements			

As per our report of even date attached

For Brij Aggarwal & Associates
Chartered Accountants

(Brij Aggarwal)
Partner

On behalf of the Board of Directors

(Varinder Paul)
Director

(Gurbachan Juneja)
Mg Director

Place : Jalandhar

Date : 10/11/2012

Nehru Garden Road, Jalandhar, Punjab-144001

Baacas@gmail.com, Baa_cas@hotmail.com



KRISHNA ENGINEERING WORKS LIMITED

Ladowali Road, Jalandhar

Statement of Profit and Loss for the year ended 31 March, 2012

	Particulars	Note No	As at 31 March, 2012	As at 31 March, 2011
I	Revenue from operations	21	292189962.00	600613235.11
II	Other income	22	220061.68	66357579.74
	Total revenue		292410023.68	666970814.85
III	Expenses			
	(a) Cost of materials consumed	23	236140195.89	463716511.00
	(b) Purchases of stock-in-trade		0.00	0.00
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	-11728061.00	43703353.00
	(d) Employee benefits expense	25	25413422.00	22663462.50
	(e) Finance costs	26	258592.62	2045884.00
	(f) Depreciation and amortisation expense	27	21361761.00	25149832.00
	(g) Other expenses	28	79924469.14	124736136.82
	Total expenses		351370379.65	682015179.32
IV	Profit / (Loss) before tax		-58960355.97	-15044364.47
V	Tax expense:			
	(a) Current tax expense for current year		0.00	0.00
	(b) (Less): MAT credit (where applicable)		0.00	0.00
	(c) Current tax expense relating to prior years		0.00	0.00
	(d) Net current tax expense		0.00	0.00
	(e) Deferred tax		0.00	0.00
VI	Profit / (Loss) of the year		-58960355.97	-15044364.47
VII	Earning per Equity Share	29	-4.22	-1.08

As per our report of even date attached

For Brij Aggarwal & Associates
Chartered Accountants

(Brij Aggarwal)
Partner

Place : Jalandhar

Date : 10.11.2012

On behalf of the Board of Directors

(Varinder Paul)
Director

(Gurbachan Juneja)
Mg Director

KRISHNA ENGINEERING WORKS LIMITED

Notes for the year ended 31 March, 2012

Notes No.	PARTICULARS	As at 31 March, 2012	As at 31 March, 2011
1	<u>SHARE CAPITAL</u>	<u>Amount</u>	<u>Amount</u>
	AUTHORISED		
	15000000 EQUITY SHARES OF Rs 10 EACH	150000000.00	150000000.00
	SUBSCRIBED & PAID UP		
	13985300 Equity Shares Rs 10 each (Pr Year 13985300 Eq Share)	139853000.00	139853000.00
	Less: Calls In Arrears	1013500.00	1013500.00
	Total	138839500.00	138839500.00
1.1	<u>Details of shares held by each shareholder holding more than 5% shares:</u>		
	<u>Name of the Shareholder</u>	<u>%age</u>	<u>%age</u>
	NONE	0.00	0.00
2	<u>Reserves And Surplus</u>		
	Capital Reserve	3054710.00	3054710
	General Reserve	5532286.00	5532286
	Share Premium	146019374.00	146019374
	Debenture Redemption Reserve	4000000.00	4000000
	As per last Balance Sheet	-1076479722.47	-1061435358.00
	Add: Transferred from Profit & Loss A/c	-58960355.97	-15044364.47
	Total	-976833708.44	-917873352.47
3	<u>Share Application Money Pending Allotment</u>	0.00	0.00
4	<u>Long Term Borrowings</u>		
A)	Secured		
	SBI C/c (secured by stock)	97900000.00	97900000.00
	SBI (secured by book debts)	36673298.44	36673298.44
	Interest Payable To Bank	145993282.86	145993282.86
	PB. State ind. Dev. Corp.	39974000.00	39974000.00
	IND. Dev. Bank Of India	119600000.00	122100000.00
	Interest Payable To institutions	107490753.00	107490753.00
B)	Unsecured		
	General Insurance Corporation Of India	10000000.00	10000000.00
	Life Insurance Corporation Of India	10000000.00	10000000.00
	Interest Payable	58112051.00	58112051.00
		625743385.30	628243385.30
5	<u>Other Long Term Liabilities</u>		
	Trade Payable	0.00	0.00
	Others	0.00	0.00
		0.00	0.00
6	<u>Long Term Provisions</u>	<u>Amount</u>	<u>Amount</u>
	Provision for employee benefits	0.00	0.00
	Others	0.00	0.00
		0.00	0.00

ASHNA ENGINEERING WORKS LIMITED

Notes for the year ended 31 March, 2012

Notes No.	PARTICULARS	As at 31 March, 2012	As at 31 March, 2011
7	<u>Short Term Borrowings</u>		
A)	Secured		
	Directors (Secured by way of second charge on land, building & machine of company)	967802.00	967802.00
	Debentures & Interest Payable (secured by equitable mortgage paripassu with financial institutions immovable properties)	62667625.00	62667625.00
B)	Unsecured		
	Loans and advances from related parties	0.00	0.00
		63635427.00	63635427.00
8	<u>Trade Payables</u>		
	Sundry Creditors For Goods	39466218.31	30068896.00
	Sundry Creditors For Capital Goods	501218.00	496298.00
	Sundry Creditors For Expenses	323744.72	206202.00
	Total	40291181.03	30771396.00
9	<u>Other Current Liabilities</u>		
	Current maturities of long-term debt	0.00	0.00
	Advance from customers	0.00	0.00
	Other Laibilities	316716252.38	244966543.15
		316716252.38	244966543.15
10	<u>Short Term Provisions</u>		
	Provision for employee benefits	0.00	0.00
	Others	0.00	0.00
		0.00	0.00
12	<u>Non-Current Investments</u>		
	Investment in Property	0.00	0.00
	Investment in Equity Shares	0.00	0.00
		0.00	0.00
13	<u>Long-term Loans and Advances</u>		
	Security Deposits	4742091.00	3645171.00
	Capital Advances	0.00	0.00
	Others	0.00	0.00
		4742091.00	3645171.00
14	<u>Other Non-current Assets</u>		
	Long Term Trade Receivables	0.00	0.00
	Others	0.00	0.00
		0.00	0.00

SHNA ENGINEERING WORKS LIMITED

Notes for the year ended 31 March, 2012

Notes No.	PARTICULARS	As at 31 March, 2012	As at 31 March, 2011
15	<u>Current Investments</u>		
	Investment in Equity Shares of the CUC-OP Bank	35250.00	35250.00
	Investment in Mutual Funds	0.00	0.00
		35250.00	35250.00
16	<u>Inventory</u>		
	Stores & Spares	2545039.00	1524856.00
	Raw Material	5317872.00	3850200.00
	Work in progress	37197496.00	21561753.00
	Finished Goods	1587111.00	5494793.00
	Total	46647518.00	32431602.00
17	<u>Trade Receivables</u>		
	Less than six months	15249295.27	0.00
	Over six months	1636157.00	1936157.00
		16885452.27	1936157.00
18	<u>Cash & Cash Equivalents</u>		
	CUCO-Op Bank Ltd C/a 915	150.21	348.21
	SBI C/a	7610.86	13448.86
	PNB	5678.76	5878.76
	HDFC , Jalandhar	0.00	27989.44
	HDFC, Jalandhar New	50000.00	0.00
	CUCO-Op Bank Ltd C/a 1894	165.82	1546.00
	CUCO-Op Bank Ltd C/a 1817	5703.00	4657.00
	Allahabad Bank	2826.79	9545.06
	Cash	1233042.09	1498522.00
		1305177.53	1561935.33
19	<u>Short-Term Loans & Advances</u>		
	Advances Recoverable in cash or kind	10600740.82	8937845.65
	No Lien Amount SBI/PSIDC	12000000.00	9500000.00
	Excise Duty In Advance	686758.30	3303.00
	TDS	754978.00	632193.00
		24042477.12	19073341.65
20	<u>Other Current Assets</u>		
	Preliminary Expenses	0.00	0.00
		0.00	0.00

ARISHNA ENGINEERING WORKS LIMITED

Notes for the year ended 31 March, 2012

Notes No.	PARTICULARS	As at 31 March, 2012	As at 31 March, 2011
21	<u>Revenue From Operations</u>		
	Sale of Goods	292189962.00	600613235.11
	Other Operating revenues	0.00	0.00
		292189962.00	600613235.11
22	<u>Other Income</u>		
	Interest	214935.00	4245916.00
	Job Work	0.00	23716397.00
	L&T Finance W/Off	0.00	38391675.74
	Rebate & Discount	1601.68	0.00
	Misc Receipts	3525.00	3591.00
		220061.68	66357579.74
23	<u>Cost of Material Consumed</u>		
	Opening Stock	3850200.00	3146802.00
	Add: Purchases	237607867.89	464419909.00
		241458067.89	467566711.00
	Less: Closing Stock	5317872.00	3850200.00
		236140195.89	463716511.00
24	<u>Changes in Inventory</u>		
	Closing Stock:		
	Finished Goods	5494793.00	28368596.00
	Work in Progress	21561753.00	42391303.00
		27056546.00	70759899.00
	Opening Stock:		
	Finished Goods	1587111.00	5494793.00
	Work in Progress	37197496.00	21561753.00
		-11728061.00	43703353.00
25	<u>Employee Benefit Expenses</u>		
	Salaries	4637711.00	4131174.00
	Wages	18460428.00	15315236.00
	Bonus	79786.00	543036.00
	Conveyance Allowance	149600.00	57600.00
	H.R.A	207600.00	280000.00
	E.P.F	525080.00	532502.00
	E.S.I	239810.00	252842.00
	Labour Welfare Fund	5591.00	3878.00
	Staff Welfare	1107816.00	1505194.50
	Worker Compensation	0.00	42000.00
		25413422.00	22663462.50
26	<u>Finance Cost</u>		
	Bank Interest	198711.62	69303.00
	Other Interest	59881.00	1976581.00
		258592.62	2045884.00

KRISHNA ENGINEERING WORKS LIMITED

Notes for the year ended 31 March, 2012

Notes No.	PARTICULARS	As at 31 March, 2012	As at 31 March, 2011
28	<u>Other Expenses</u>		
	Business Promotion	155275.62	102820.00
	Additional Demand Of Taxes	100000.00	148810.00
	Audit Fees	40000.00	22665.00
	Conveyance Expenses	98904.00	187525.00
	Donation	53350.00	65750.00
	Excise Duty	17296893.00	28412300.00
	Freight	0.00	4974.00
	Insurance Charges	143767.00	168062.00
	Advertisement	64278.00	56265.00
	Rebate & Discount	0.00	59546.00
	Packing	97446.00	37712.00
	Telephone	68127.00	108639.48
	Fees & Taxes	615347.00	440750.00
	Product Development Expenses W/off	0.00	10998626.00
	Legal & professioanl Charges	182571.00	542000.00
	Machinery Repair	4281014.99	5014082.54
	Misc Expenses	46052.00	89842.00
	Postage & Telegram	78331.95	77528.70
	Power & Fuel	37838169.50	51264632.91
	Printing & Stationery	83933.00	113780.00
	Repair & Maintenance	2076972.05	1299935.00
	Travelling Expenses	139876.00	439168.00
	Vat unclaimed	29550.00	62961.00
	Workshop Expenses	16434611.03	25017762.19
		79924469.14	124736136.82
29	<u>Earning Per Share</u>		
	Total Earnings	-58960355.97	-15044364.47
	No.of shares	13985300	13985300
	Result	-4.22	-1.08
30	<u>Earning in Foreign Exchange</u>	0.00	0.00
31	<u>Contingent Liabilities & Commitments</u>	0.00	0.00

KRISHNA ENGINEERING WORKS LIMITED
14 DOWALI ROAD, JALANDHAR
SCHEDULE - 4: FIXED ASSETS

SCHEDULE OF FIXED ASSETS FORMING PART OF BALANCE SF 31.03.2012

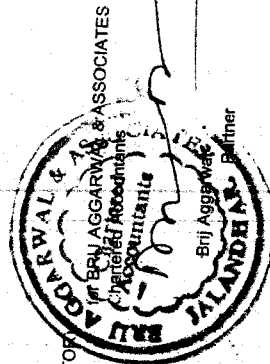
PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 1.4.2011 Rs.	Additions during the year Rs.	Deletion during the year Rs.	As at 31.3.2012 Rs.	During the year Rs.	Adjustments Rs.	As at 31.03.2012 Rs.	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Land	3784658			3784658			3784658	3784658	
Building	6869054	62750		68761804	2296470		33294979	35466825	37700545
Plant & Machinery	852901312	6103980		869005292	18747625		795689733	73315559	85959204
Furniture & Office Equipments	5783004	36540		5821544	310902		3739556	2081988	2354350
Vehicles	3170289	0		3170289	3848		3136202	34087	37935
Computer	2526810	53870		2580680	2916		2529726	50954	0
PREVIOUS YEAR	946865127	6259140	0	953124267	21361761	0	838390196	114734071	129836692
	945785562	1079565	0	946865127	25149832	0	817028435	129836692	153906959

Varinder Paul
(Director)

10.11.2012

10.11.2012

Gurbachan Juneja
(CHAIRMAN & MANAGING DIRECTOR)



BRIJ AGGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

Brij Bhushan Aggarwal
B.Sc., F.C.A.

Varun Aggarwal
B.Com. F.C.A.

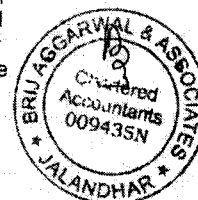
E-mail : baacas@gmail.com
PAN : AADFB8507A

Phones :
Office : 4622676
" : 4633676
Res. : 4623514

Nehru Garden Road
Jalandhar

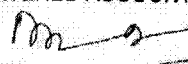
AUDITORS REPORT TO THE MEMBERS OF THE COMPANY

1. We have audited the attached balance sheet of M/S KRISHNA ENGINEERING WORKS LTD. as at 31-03-12 and the Profit and Loss and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 & the disclosures in the financial statements. An audit also includes assessing the accounting principles used & the significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub sec. (4A) of section 227 of the Companies Act, 1956, We enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above and the note VII given herein below we report that:
 - i) We have obtained all the information & explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books subject to note (vii) below.
 - iii) The balance Sheet, Profit & Loss and Cash Flow statement dealt with by this report are in agreement with the books of accounts subject to note (vii) below.
 - iv) In our opinion, the balance sheet, profit and loss and cash flow statements dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 to the extent applicable except accounting standard 15 in regard to Leave encashment benefits to employee, which are accounted for on cash basis and provision for gratuity which has also not been made during the year.

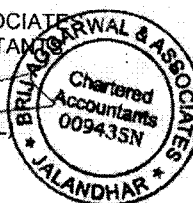


- v) On the basis of written representations received from the directors and the information and explanations given to us, none of the directors is as on 31st March 2012, prime facie disqualified from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our knowledge and according to the explanation given to us, the said accounts read together with & subject to notes attached therewith and subject to points in clause (iv) & (vii) give the information required by the Companies Act, 1956, in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India.
- a) In the case of the balance sheet of the state of affairs of the Company as at 31st March, 2012.
- b) In case of the profit & loss a/c, of the loss for the year ended on that date.
- c) In case of cash flow statement, of the cash flows for the year ended on that date.
- vii) a) The Company has shown net loss of Rs. 589.60 Lacs it is less due to non providing for interest to financial institutions and banks. Actual amount of balance outstanding to these financial institutions L.I.C. G.I.C. and PSIDC can not be verified by us due to non availability of information.
- b) The quantitative figure with respect to Purchase/sales & stock of trading goods has not been given separately in notes of accounts.

For BRIJ AGGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS


(BRIJ AGGARWAL)

Partner



Date: 10/11/2012

Place Jalandhar

BRIJ AGGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

Brij Bhushan Aggarwal
B.Sc., F.C.A.
Varun Aggarwal
B.Com. F.C.A.
E-mail : baacas@gmail.com

Phones :
Office : 4622676
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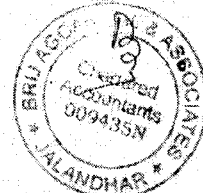
Nehru Garden Road
Jalandhar

M/S KRISHNA ENGINEERING WORKS LTD.

Ladowali Road, Jalandhar

Annexure referred to in paragraph 3 of our report of even date.

1.
 - a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, all the assets have been physically verified by the management at the year end. According to the information and explanation given to us, no material discrepancies were noticed on such verification as compared to book records.
 - c) The company has not disposed off its fixed assets during the year.
2.
 - a) We have been told that the inventory has been physically verified during the year by the Management at reasonable intervals.
 - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) Discrepancies noticed on verification between the physical stocks & the book record in respect of manufacturing goods were not material and have been properly dealt within the books of account.
3. As explained to us company has not taken/granted any loan from/to the companies whose name are required to be entered into the register maintained under section 301 of Companies act, 1956.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weakness in internal control.
5. The Company has not maintained any register under sec.301 of the Companies Act, 1956.
6. As explained to us the company has not accepted any public deposits during the year.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. As explained to us, the Central Government has not prescribed maintenance of cost records U/s 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.



9. The Company is not regular in depositing with appropriate authorities. ESI Rs. 1053604.00 has not been paid. Detail of undisputed liabilities exceeding six months were in arrears is as under :

<u>S.No.</u>	<u>Particulars</u>	<u>Amount</u>
1.	C.S.T. Payable	59,65,579
2.	P.S.T. Payable	2,47,771
3.	VAT Payable	33,19,668
4.	Gratuity Payable	10,75,070

10. The accumulated losses of the company are more than 50 % of its worth. The Company has not incurred cash losses during the financial year covered by our audit but in the immediately preceeding financial year there were cash losses.
11. The company has defaulted in repayment of dues to Banks , Financial Institutions and Debenture holders complete details with respect to which can not be provided as the necessary records have not been made available to us.
12. According to the information and explanations given to us. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society.
14. As explained to us the co. is not dealing or trading in shares, securities, debentures or other investments.
15. As explained to us, the company has not given any guarantee for loans taken by others from Bank or financial institution.
16. During the years, no fresh loans were raised by the company.
17. The company has used short term funds for long term investments during the year.
18. As explained to us, the company has not made any preferential shares to parties and companies whose name is required to be entered in the register u/s 301 of the Company Act,1956
19. As explained to us the company has not issued any debentures during the year.
20. As explained to us, no fraud on or by the company has been noticed or reported during the years.

For BRIJ AGGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS



Partner

Date : 10/11/2012

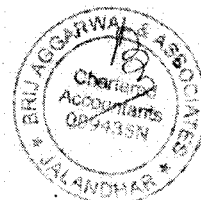
Place : Jalandhar

1. RESEARCH & DEVELOPMENT

Revenue expenditure on research and development on going research project is charged in the year in which it is incurred. Expenditure which results in developing the new products or processes where the management is of the opinion that products will be/are commercially viable are deferred and charged to the future accounting periods over a period of five years commencing from the following year to the initial year in which these are incurred.

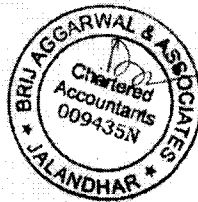
2. The contingent Liabilities not provided for in the books of accounts

<u>Particulars</u>	<u>31-03-2012</u>	<u>31-03-2011</u>
Bank guarantee	NIL	NIL
3. Payment to Directors Managerial Remuneration	4.80 Lac	4.80 Lac
4. Auditors Remuneration		
Statutory Audit Fee (including S.Tax)	0.40 Lacs	0.23 LAC
Taxation matters	NIL	NIL
5. CIF Value of imports of capital goods	NIL	NIL
6. Expenditure in foreign currency on a/c of Travelling	NIL	NIL
exps.		
Business Promotion	NIL	NIL
7. Earning in foreign currency FOB value of export	NIL	NIL
8. Capital work in progress inclusive of capital advances	NIL	0.63 Lacs
9. Unpaid lease rent instalment	NIL	NIL
10. Detail of Balance with Non Schedule Bank .		
The Citizen Urban Co.Op.Bank Ltd. C/A 915	150.21	348.21
The Citizen Urban Co.Op.Bank Ltd. C/A 1817	5703.00	4657.00
The Citizen Urban Co.Op.Bank Ltd. C/A 1894	165.82	1546.00
11. The confirmation of credit balance of IDBI Rs. 1196 Lac has not been made available to us.		
12. Parties balances are subject to confirmation and reconciliation if any.		



13. The confirmation of debit balance of no lien a/c of S.B.I. and PSIDC has not been made available to us.
14. Previous figures have been regrouped/rearranged wherever considered necessary.
15. Provisions for taxation has not been made as there is no tax liability during the year as per Companies calculations.
16. No interest has been provided for on loans from financial institution and Bank during the year.
17. The Balance confirmation and confirmation of interest charged on loans from financial institutions and Bank have not been made available to us.
18. The company was declared sick industrial company within the meaning of section 3 (1) (o) of the sick industrial co. (Spl. Prov.) Act, 1985 by Hon' Board for industrial and financial reconstruction in 1999.
19. The company has unabsorbed depreciation and carried forward losses under tax law and there is reasonable certainty that no future taxable income will be available so no deferred tax asset has been calculated and provided.
20. Segment information

The company is engaged only in the business of engineering components and there are no separate reportable segments as per accounting standards 17 on segments reporting.



KRISHNA ENGINEERING WORKS LTD.

Ladowali Road, Jalandhar

NOTES TO THE ACCOUNT

1. Significant Accounting Policies and practices

A. Basis of Accounting

The company prepares its financial statements under the historical cost convention in accordance with generally accepted accounting principles and in accordance with the provisions of Companies Act, 1956.

B. Fixed Assets

The fixed assets are stated at historical cost inclusive of installation expenses and interest upto the date of commissioning of the assets.

C. Depreciation

Depreciation on fixed assets – including dies and blocks forming part of Plant and Machinery is provided on straight line method at rates prescribed in Schedule XIV of the Companies Act, 1956, except on items of Plant and Machinery purchased for modernisation after April 1st 1994. The Depreciation on Plant and Machinery purchased after April 1st 1994 has been provided on written down value method at rates specified in the above said schedule. Depreciation on assets acquired/installed during the year has been charged on pro-rate basis.

D. Investments

Investments are valued at cost.

E. Inventories

Raw material is valued at cost of purchase.

Stock in process is valued at estimated cost vis-à-vis stage of completion. Finished goods are valued at lower of cost and net realisable value. Stores and Spares are valued at lower of cost and market value.

F. Sales

Sales are accounted for inclusive of excise duty.

G. Revenue Recognition

Expenses and revenue are generally accounted for on accrual basis.

H. Leave Encashment

Leave encashment expenses are accounted for on cash basis.

