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**30<sup>th</sup>**  
**ANNUAL REPORT**  
**2012-2013**

**KRISHNA ENGINEERING WORKS LTD.**  
**JALANDHAR.**

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the members of the company will be held on Saturday the 14<sup>th</sup> day of September, 2013 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 31<sup>st</sup> March, 2013 and the Profit & Loss Account for the year ended on that date together with Reports of Directors and Auditors thereon.
2. To consider retirement of Sh. Varinder Pal who retires by rotation and does not 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:

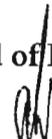
“RESOLVED THAT M/s Brij Aggarwal & Associates, Chartered Accountants, auditors of the company, who retire at this annual general meeting, being eligible for reappointment be and is here by appointed as Auditors of the company and that the said auditors shall hold the office from the conclusion of this 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. Dadda Krishna Luxmi Narayan, who has been appointed by the board as an Additional Director of the Company on 7<sup>th</sup> February, 2013 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.

By the order of the Board of Directors



Place : Jalandhar  
Dated : 10<sup>th</sup> August, 2013

Gurbachan Juneja  
(Chairman Cum Managing Director)

## **DIRECTORS' REPORT**

Dear Shareholders,

Your directors place before you the 30<sup>th</sup> Annual Report of the company along with the audited statement of accounts of your company for the financial ended March 31, 2013.

### **Financial Results**

Financial performance of the company in brief:

<b>Particulars</b>	<b>(Rs. in Lacs)</b>	
	<b>31<sup>st</sup> March, 2013</b>	<b>31<sup>st</sup> March, 2012</b>
Sales/Revenue from Operations	2236.07	2748.93
Other Income	2.51	2.20
Finance Cost	1.68	2.58
Depreciation	179.79	213.61
Profit/(Loss) Before Tax	(255.72)	(589.60)
Net Profit After Tax	(255.72)	(589.60)
<b>Add</b>		
Brought Forward Previous Year	(11354.39)	(10764.79)
Add. Fringe Benefit Tax		
Less : Income Tax	(0.65)	00
Balance Carried Forward	(11610.77)	(11354.39)

Your directors are trying their level best to improve the performance of the company by constantly engaging themselves in developing ways and means to reduce cost and increase sales.

### **Dividends**

Due to non availability of profits your directors do not recommend any dividend for the financial year 2012-13.

### **Directors**

Sh. Varinder Pal, retires by rotation and does not offer himself for re-appointment at the forthcoming Annual General Meeting of the company. Further Sh. J.S. Maan resigned from the Board on 22<sup>nd</sup> May, 2013.

Your Directors wish to place on record their appreciation for their association during the period.

Sh. Dadda Krishna Luxmi Narayan was appointed as Additional Director by the Board of Directors in their meeting held on 7<sup>th</sup> February, 2013. Details as required under

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):**

No Foreign Exchange earnings and outgo were there during the year under review.

**Listing**

The Company's Equity Shares remain listed at 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**

As required under Clause 49 of the Listing Agreement, Corporate Governance Report 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 31<sup>st</sup> March 2013 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 IDBI has been appointed as Operating Agency (OA). The Company's appeal in the AAIFR is pending and the next date of hearing is 21<sup>st</sup> August, 2013.

### **Acknowledgement**

The Directors acknowledge the invaluable support extended to the company by the financial institutions, banks, employees of the company, office staff, management and valued customers.

**By the order of the Board of Directors**



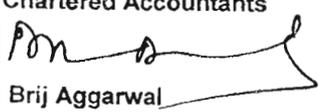
Gurbachan Juneja  
(Chairman Cum Managing Director)

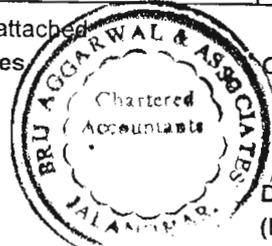
**Place : Jalandhar**  
**Dated : 10<sup>th</sup> August, 2013**

<b>KRISHNA ENGINEERING WORKS LIMITED</b> Ladowali Road, Jalandhar Balance Sheet as at 31 March, 2013				
	Particulars	Note No.	As at 31-03-13	As at 31-03-12
<b>A</b>	<b><u>EQUITY AND LIABILITIES</u></b>			
1	<u>Shareholders' funds</u>			
	(a) Share capital	1	138839500.00	138839500.00
	(b) Reserves and surplus	2	-1002470888.89	-976833708.44
2	<u>Share application money pending allotment</u>	3	0.00	0.00
3	<u>Non-current liabilities</u>			
	(a) Long-term borrowings	4	625743385.30	625743385.30
	(b) Other long-term liabilities	5	0.00	0.00
	(c) Long-term provisions	6	0.00	0.00
4	<u>Current liabilities</u>			
	(a) Short-term borrowings	7	63185427.00	63635427.00
	(b) Trade payables	8	207384305.09	40291181.03
	(c) Other current liabilities	9	148466899.70	316716252.38
	(d) Short-term provisions	10	0.00	0.00
	<b>TOTAL</b>		<b>181148628.20</b>	<b>208392037.27</b>
<b>B</b>	<b><u>ASSETS</u></b>			
1	<u>Non-current assets</u>			
	(a) Fixed assets			
	(i) Tangible assets	11	126728334.35	114734071.35
	(ii) Capital Work In Progress		0.00	0.00
	(b) Non-current investments	12	0.00	0.00
	(c) Long-term loans and advances	13	9240926.00	4742091.00
	(d) Other non-current assets	14	0.00	0.00
2	<u>Current assets</u>			
	(a) Current investments	15	35250.00	35250.00
	(b) Inventories	16	13690800.00	46647518.00
	(c) Trade receivables	17	7410256.31	16885452.27
	(d) Cash and cash equivalents	18	2050850.68	1305177.53
	(e) Short-term loans and advances	19	21634210.86	24042477.12
	(f) Other current assets	20	358000.00	0.00
	<b>TOTAL</b>		<b>181148628.20</b>	<b>208392037.27</b>
	See accompanying notes forming part of the financial statements			

As per our report of even date attached  
 For Brij Aggarwal & Associates  
 Chartered Accountants

On behalf of the Board of Directors

  
 Brij Aggarwal  
 (Partner)



  
 D. Krishna  
 (Director)

  
 Gurbachan Juneja  
 (Mg Director)

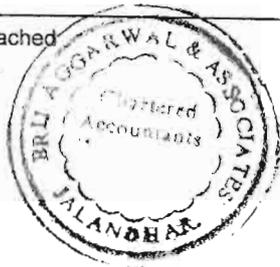
Place: Jalandhar  
 Date: 10.08.2013

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<b>KRISHNA ENGINEERING WORKS LIMITED</b>				
Ladowali Road, Jalandhar				
Statement of Profit & Loss for the year ended on 31st March, 2013				
	Particulars	Note No.	As at 31-03-13	As at 31-03-12
I	Revenue from operations	21	223607320.42	274893069.00
II	Other income	22	251435.69	220061.68
	<b>Total revenue</b>		<b>223858756.11</b>	<b>275113130.68</b>
III	Expenses			
	(a) Cost of materials consumed	23	161761482.00	236140195.89
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	26716055.00	-11728061.00
	(c) Employee benefits expense	25	9589125.00	25413422.00
	(d) Finance costs	26	168527.39	258592.62
	(e) Depreciation and amortisation expense	27	17978868.00	21361761.00
	(f) Other expenses	28	33216402.17	62627576.14
	<b>Total expenses</b>		<b>249430459.56</b>	<b>334073486.65</b>
IV	Profit / (Loss) before tax		-25571703.45	-58960355.97
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) for the year		-25571703.45	-58960355.97
VII	Earning per Equity Share	29	-1.83	-4.22

As per our report of even date attached  
For Brij Aggarwal & Associates  
Chartered Accountants

  
Brij Aggarwal  
(Partner)



On behalf of the Board of Directors

  
D. Krishna  
(Director)

  
Gurbachan Juneja  
(Mg Director)

Place: Jalandhar  
Date: 10.08.2013

**KRISHNA ENGINEERING WORKS LIMITED**

Notes for the year ended 31 March, 2013

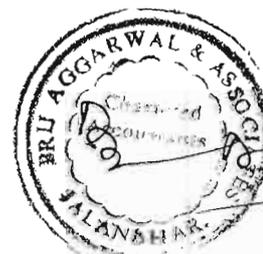
Note No.	PARTICULARS	As at 31-03-13	As at 31-03-12
1	<b>SHARE CAPITAL</b>	<u>Amount</u>	<u>Amount</u>
	<b>AUTHORISED</b>		
	15000000 EQUITY SHARES OF Rs 10 EACH	150000000.00	150000000.00
	<b>SUBSCRIBED &amp; PAID UP</b>		
	13985300 Equity Shares Rs 10 each (Pr Year 13985300 Eq Share)	139853000.00	139853000.00
	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	<b>Reserves And Surplus</b>		
a)	Capital Reserve	3054710.00	3054710.00
b)	General Reserve	5532286.00	5532286.00
c)	Share Premium	146019374.00	146019374.00
d)	Debenture Redemption Reserve	4000000.00	4000000.00
e)	P&L (As per last Balance Sheet)	-1135440078.44	-1076479722.47
	Add: Transferred from Profit & Loss A/c	-25571703.45	-58960355.97
	Less: Income Tax of Previous Year	65477.00	0.00
	Total	-1002470888.89	-976833708.44
3	<b>Share Application Money Pending Allotment</b>	0.00	0.00
4	<b>Long Term Borrowings</b>		
A)	<b>Secured</b>		
	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 Inds. Dev. Corp.(P.S.I.D.C.)	39974000.00	39974000.00
	Industrial Development Bank of India	119600000.00	119600000.00
	Interest Payable To Institutions	107490753.00	107490753.00
B)	<b>Unsecured</b>		
	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	625743385.30
5	<b>Other Long Term Liabilities</b>		
	Trade Payable	0.00	0.00
	Others	0.00	0.00
		0.00	0.00
6	<b>Long Term Provisions</b>		
	Provision for employee benefits	0.00	0.00
	Others	0.00	0.00
		0.00	



**KRISHNA ENGINEERING WORKS LIMITED**

Notes for the year ended 31 March, 2013

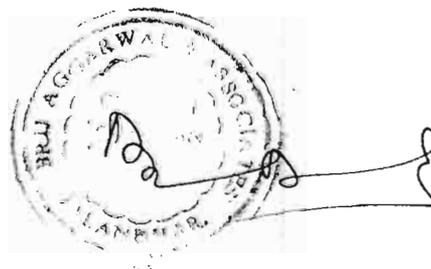
Note No.	PARTICULARS	As at 31-03-13	As at 31-03-12
7	<u>Short Term Borrowings</u>		
A)	<b>Secured</b>		
i)	Directors of Industries (Secured by way of second charge on land, building & machine of company)	517802.00	967802.00
ii)	Debentures- 175000 @ 16.50% Secued Redeemable Non- Convertible Debentures (secured by equitable mortgage paripassu with financial institutions immovable properties )	17500000.00	17500000.00
iii)	Interest payable on Debentures	45167625.00	45167625.00
B)	<b>Unsecured</b>		
	Loans and advances from related parties	0.00	0.00
		63185427.00	63635427.00
8	<u>Trade Payables</u>		
	Sundry Creditors For Goods	207218699.64	39466218.31
	Sundry Creditors For Capital Goods	0.00	501218.00
	Sundry Creditors For Expenses	165605.45	323744.72
		207384305.09	40291181.03
9	<u>Other Current Liabilities</u>		
	Current maturities of long-term debt	0.00	0.00
	Advance from customers	127673777.62	292628256.44
	Other Laibilities	20793122.08	24087995.94
		148466899.70	316716252.38
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	9240926.00	4742091.00
	Capital Advances	0.00	0.00
	Others	0.00	0.00
		9240926.00	4742091.00
14	<u>Other Non-current Assets</u>		
	Long Term Trade Receivables	0.00	0.00
	Others	0.00	0.00
		0.00	0.00



**KRISHNA ENGINEERING WORKS LIMITED**

Notes for the year ended 31 March, 2013

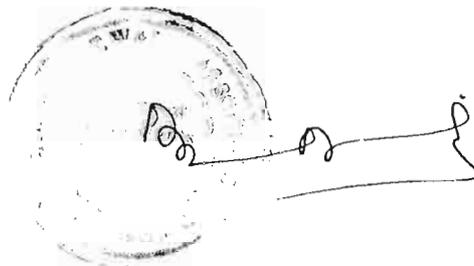
Note No.	PARTICULARS	As at 31-03-13	As at 31-03-12
15	<u>Current Investments</u>		
	Investment in Equity Shares of the Citizen Urban Co-operative Bank Ltd.	35250.00	35250.00
		35250.00	35250.00
16	<u>Inventory</u>		
	Stores & Spares	321235.00	2545039.00
	Raw Material	1301013.00	5317872.00
	Work in progress	11716820.00	37197496.00
	Finished Goods	351732.00	1587111.00
		13690800.00	46647518.00
17	<u>Trade Receivables</u>		
	Less than six months	3516320.31	15249295.27
	Over six months	3893936.00	1636157.00
		7410256.31	16885452.27
18	<u>Cash &amp; Cash Equivalents</u>		
	C.U. Co-op Bank C/A -091501	6184.31	150.21
	SBI C/A 775018	8164.86	7610.86
	PNB C/A 009224	5489.76	5678.76
	HDFC Bank A/C No. 0102	15144.08	50000.00
	C.U. Co-op Bank C/A -189401	0.00	165.82
	C.U. Co-op Bank C/A -181701	5613.00	5703.00
	Allahabad Bank C/A 576540	740.41	2826.79
	Allahabad Bank FDR	100000.00	0.00
	Cash	1909514.26	1233042.09
	2050850.68	1305177.53	
19	<u>Short-Term Loans &amp; Advances</u>		
	Advances Recoverable in cash or kind	8103764.36	10806794.82
	No Lien Amount SBI/PSIDC	12501500.00	12000000.00
	Excise Duty	460010.50	686758.30
	TDS	568936.00	548924.00
	21634210.86	24042477.12	
20	<u>Other Current Assets</u>		
	Packing Stock	350000.00	0.00
	Interest Receivable on FDR	8000.00	0.00
	358000.00	0.00	



**KRISHNA ENGINEERING WORKS LIMITED**

Notes for the year ended 31 March, 2013

Note No.	PARTICULARS	As at 31-03-13	As at 31-03-12
21	<u>Revenue From Operations</u>		
	Sale of Goods	237930659.42	292189962.00
	Other Operating revenues	0.00	0.00
	Less: Excise Duty	14323339.00	17296893.00
		223607320.42	274893069.00
22	<u>Other Income</u>		
	Interest	208115.00	214935.00
	Rebate & Discount	39443.69	1601.68
	Misc Receipts	3877.00	3525.00
		251435.69	220061.68
23	<u>Cost of Material Consumed</u>		
	Opening Stock	5317872.00	3850200.00
	Add: Purchases	157744623.00	237607867.89
		163062495.00	241458067.89
	Less: Closing Stock	1301013.00	5317872.00
	161761482.00	236140195.89	
24	<u>Changes in Inventory</u>		
	Opening Stock:		
	Finished Goods	1587111.00	5494793.00
	Work in Progress	37197496.00	21561753.00
		38784607.00	27056546.00
	Closing Stock:		
	Finished Goods	351732.00	1587111.00
	Work in Progress	11716820.00	37197496.00
		12068552.00	38784607.00
		26716055.00	-11728061.00
25	<u>Employee Benefit Expenses</u>		
	Salaries	3440636.00	4637711.00
	Wages	4171010.00	18460428.00
	Bonus	195866.00	79786.00
	Conveyance Allowance	111700.00	149600.00
	H.R.A	673800.00	207600.00
	E.P.F	448888.00	525080.00
	E.S.I	206788.00	239810.00
	Labour Welfare Fund	4790.00	5591.00
	Staff Welfare	335647.00	1107816.00
		9589125.00	25413422.00
26	<u>Finance Cost</u>		
	Bank Interest/Charges	122137.39	198711.62
	Other Interest	46390.00	59881.00
		168527.39	258592.62



**Krishna Engineering Works Ltd.**

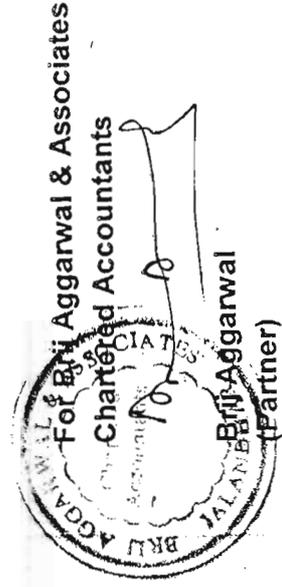
**SCHEDULE OF FIXED ASSETS ANNEXED TO & FORMING AN INTEGRAL PART OF BALANCE SHEET AS ON 31-03-2013**

S. No.	Particulars	Gross Block			Depreciation Block			Net Block	
		As on 01-04-12	Additions during the year	As on 31-03-13	As on 01-04-12	During the year	Dep. W/off 31-03-13	As on 31-03-2013	As on 31-03-2012
1	Building	68761804	0	68761804	33294979	2296644	0	33170181	35466825
2	Computer	2580680	48700	2629380	2529726	11485	0	88169	50954
3	Dies & Blocks	29990795	66239	30057034	29700807	41169	0	315058	289987
4	Quality & Testing Equipments	1675531	0	1675531	1675531	0	0	0	0
5	Electric goods	13086666	0	13086666	13040832	3401	0	42433	45834
6	Furniture & Fixture	2214268	0	2214268	1831077	140163	0	243028	383191
7	Land	3784658	0	3784658	0	0	0	3784658	3784658
8	Machinery	824252302	29853357	854105659	751272564	15311244	0	87521851	72979738
9	Office Equipments	3607276	4835	3612111	1908479	171524	0	1532108	1698797
10	Vehicles	3170289	0	3170289	3136202	3238	0	30849	34087
	<b>TOTAL</b>	953124269	29973131	983097400	838390197	17978868	0	126728335	114734071
	Previous Year	946865127	6259140	953124267	817028435	21361761	0	114734071	129836692

On behalf of the Board of Directors

  
D. Krishna  
(Director)

  
Gurbachan Juneja  
(Mg Director)



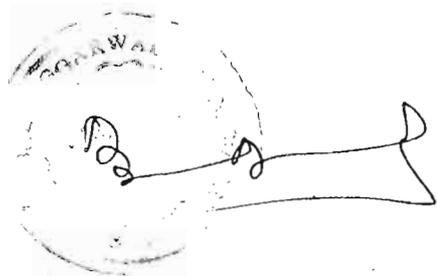
PLACE : JALANDHAR

DATE : 10.08.2013

**KRISHNA ENGINEERING WORKS LIMITED**

Notes for the year ended 31 March, 2013

Note No.	PARTICULARS	As at 31-03-13	As at 31-03-12
28	<u>Other Expenses</u>		
	Business Promotion	35679.00	155275.62
	Additional Demand Of Taxes	0.00	100000.00
	Audit Fees	22472.00	40000.00
	Donation	52500.00	53350.00
	Freight	400399.00	0.00
	Insurance Charges	81760.00	143767.00
	Advertisement	29520.00	64278.00
	Packing	425069.82	97446.00
	Telephone	173675.00	68127.00
	Fees & Taxes	227391.00	615347.00
	Legal & professional Charges	141236.00	182571.00
	Machinery Repair	177684.00	4281014.99
	Misc Expenses	73335.00	46052.00
	Postage & Telegram	87465.25	78331.95
	Power & Fuel	21802196.00	37838169.50
	Printing & Stationery	77743.00	83933.00
	Repair & Maintenance	655420.00	2076972.05
	T.A. & Conveyance	284244.00	139876.00
	Vat unclaimed	59415.00	29550.00
	Rent	221948.00	0.00
	Office Exp.	43042.00	0.00
	Vehicle Exp.	223829.00	98904.00
	Workshop Expenses	7920379.10	16434611.03
		33216402.17	62627576.14
29	<u>Earning Per Share</u>		
	Total Earnings	-25571703.45	-58960355.97
	No. of shares	13985300	13985300
	Result	-1.83	-4.22
30	<u>Earning in Foreign Exchange</u>	0.00	0.00
31	<u>Contingent Liabilities &amp; Commitments</u>	0.00	0.00





*Independent Auditor's Report*

To the Members of  
Krishna Engineering Works Limited

We have audited the accompanying financial statements of Krishna Engineering Works Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

*Brij Bhushan Aggarwal*

B.Sc, F.C.A

*Varun Aggarwal*

B.Com(Prof), F.C.A



*Brij Aggarwal & Associates*  
*Chartered Accountants*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Brij Aggarwal & Associates.  
Chartered Accountants



FRN: 009435N

Brij Aggarwal  
(Partner)

M. No. : 016974

Date:10.08.2013

Place: Jalandhar

*Nehru Garden Road, Jalandhar, Punjab-144001. Ph: 0181-4622676, 4633676(Fax)*

*M: 9876608525, 9876708525*

*E-Mail: Baacas@gmail.com, Baa\_cas@hotmail.com*



The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Krishna Engineering Works Limited. On the accounts of the company for the year ended 31<sup>st</sup> March, 2013.

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed off during the year and therefore does not affect the going concern assumption.

2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

(e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken any loan from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.



5. According to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956 during this year.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, cost records are not maintained as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
9. (a) According to the records of the company, the Company is not regular in depositing Statutory Dues with the appropriate authorities. Undisputed Statutory Liabilities that are in arrears as on 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable is C.S.T. Payable- Rs. 5965579, V.A.T. Payable- Rs. 3319668, P.S.T. Payable- Rs. 247771, E.S.I. Payable- Rs. 1156406.  
(b) According to the information and explanations given to us, there is no amount payable in respect of income tax, wealth tax, service tax, sales tax and excise duty which have not been deposited on account of any disputes.
10. The accumulated loss of the Company is more than 50% of its Net Worth. The Company has incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. The Company has defaulted in repayment of dues to financial institutions, banks & debenture holders. According to company's management, case is lying with BIFR, so no payment has been made.
12. 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.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loan during the year.

*Brij Bhushan Aggarwal*

*B.Sc, F.C.A*

*Varun Aggarwal*

*B.Com(Prof), F.C.A*



*Brij Aggarwal & Associates*  
*Chartered Accountants*

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31<sup>st</sup> March, 2013, we report that funds raised on short-term basis have been used for long-term investment by the Company.

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.

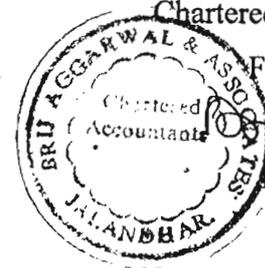
19. The Company has not raised any money by public issue during the year.

20. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor we have been informed of such case by the management.

For Brij Aggarwal & Associates.

Chartered Accountants

FRN: 009435N



Brij Aggarwal

(Partner)

M. No. : 016974

Date:10.08.2013

Place: Jalandhar

*Nehru Garden Road, Jalandhar, Punjab-144001. Ph: 0181-4622676, 4633676(Fax),*

*M: 9876608525, 9876708525*

*E-Mail: Baacas@gmail.com, Baa\_cas@hotmail.com*

**KRISHNA ENGINEERING WORKS LIMITED**  
**Regd. Office : Ladowali Road, Jalandhar-144001**

DP ID		<b>ADMISSION SLIP</b>	Folio No.	
Client ID			No. of shares held	

For the 30<sup>th</sup> Annual General Meeting to be held on Saturday the 14<sup>th</sup> September, 2013 at 10.00 A.M. I certify that I am registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company at A-20, Focal Point Extension, Jalandhar.

-----  
Member's/Proxy name

-----  
Member's/Proxy Signature

**KRISHNA ENGINEERING WORKS LIMITED**  
**Regd. Office : Ladowali Road, Jalandhar-144001**

DP ID		<b>PROXY FORM</b>	Folio No.	
Client ID			No. of shares held	

I/We \_\_\_\_\_ of \_\_\_\_\_  
Being a member/member(s) of Krishna Engineering Works Ltd. Hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_ failing  
him \_\_\_\_\_ as my/our proxy to vote for me/us and on  
my/our behalf at the 30<sup>th</sup> Annual General Meeting to be held on Saturday the 14<sup>th</sup>  
September, 2013 at 10.00 A.M or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature of  
The Member(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

**Notes:**

1. The proxy need not be a member of the Company.
2. The proxy to be valid should be duly stamped with Revenue Stamp of Rs. 1/- & executed by the member(s) & should reach the Company's Registered Office atleast 48 hours before the time of the meeting.