



42nd ANNUAL REPORT 2012-2013



CLUTCH AUTO LIMITED
THE HARD WORKING CLUTCH

BOARD OF DIRECTORS:

SH. V K MEHTA
SH. K K TANEJA
SMT. POOJA KAPUR
SH. GIAN C NARANG
SH. DHIRENDRA N CHATURVEDI

Chairman & Managing Director
Director
Director
Additional Director
Additional Director

COMPANY SECRETARY:

SH. MANISH RAI

Company Secretary

AUDITORS:

M/s. S. C. Garg & Associates,
Chartered Accountants,
171-172, Rajendra Place,
New Delhi – 110 008

BANKERS:

State Bank of Travancore
State Bank of India
Central Bank of India
DBS Bank Ltd.
Canara Bank
Export Import Bank of India

REGISTERED OFFICE:

2E/14, (1st Floor)
Jhandewalan Extn.,
New Delhi – 110 055
Telefax: (011) 23683548

Works & Admn. Office:

SP-173/174, RIICO Industrial Area,
Kaharani,
Bhiwadi,
Distt. Alwar (Rajasthan)

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 42nd Annual Report of the Company, together with the Audited Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS

(Rs. in Lakhs)

	2012-13	2011-12
1. Income from Operations	9541.02	24467.73
2. Other Income (including increase/Decrease in value in goods in process)	(819.79)	418.75
3. Total Revenue (1+2)	<u>8721.23</u>	<u>24886.48</u>
4. Raw Materials and Components	6468.58	14489.42
5. Employees Costs	1652.34	1966.56
6. Other Expenses	1298.67	3915.90
7. Total Expenses (excl. Dep. & Interest)	<u>9420.59</u>	<u>20371.88</u>
8. PBDIT (3-7)	<u>(699.36)</u>	<u>4514.60</u>
9. Depreciation and Amortization	<u>593.90</u>	<u>1574.92</u>
10. PBIT (8-9)	<u>(1293.26)</u>	<u>2939.68</u>
11. Interest	<u>2137.42</u>	<u>2101.62</u>
12. PBT (10-11)	<u>(3430.68)</u>	<u>838.06</u>
13. Current Tax	-	160.00
14. Deferred Tax	<u>(9.13)</u>	<u>(103.37)</u>
15. PAT (12-13-14)	<u>(3421.55)</u>	<u>781.43</u>

Business Performance and Operations

During the year under report that Company has reported a net income of Rs. 9541 Lacs. During the period under report, your Company had faced multiple challenges strike by Workers during April – May 2012 and shifting process from January 2013 (shifting of manufacturing facility from Faridabad to Bhiwadi) to name a few. Due to these reasons, operations of the company suffered drastically and Company has to incur losses.

As informed last year, the Company has established a manufacturing facility at Bhiwadi, Rajasthan by setting a state of the art manufacturing plant which is almost double in its size and manufacturing facility in comparison to its existing manufacturing facility at Faridabad. Company has already shifted much of the machines from Faridabad to Bhiwadi. Production at Bhiwadi has already been started and is getting momentum.

Dividend

During the year, due to strike by workers during April-May 2012 and shifting of manufacturing facility from Faridabad to Bhiwadi have taken its toll on the operations resulting in severe losses. Hence, the Board of Directors are not in a position to recommend any dividend for the financial year ended 31.03.2013.

Fixed Deposits

The Company has not accepted any public Deposits within the meaning of Section 58A of the Companies Act, 1956, as such no amount of Principal as interest on fixed deposits was outstanding

on the date of Balance Sheet.

Directors

i) Resignation by Directors:

- Sh. C S Aggarwal resigned w.e.f 15th September, 2012
- Sh. Anuj Mehta resigned w.e.f. 1st October, 2012
- Sh. Avinash P Gandhi resigned w.e.f. & 15th March, 2013.

Your Board of Directors sincerely appreciates their contributions for the Company.

ii) Disclosures regarding re-appointment of Directors liable to retire by rotation

In terms of Section 256 of the Companies Act, 1956, Mr. K K Taneja is liable to retire at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. His brief profile is given in the Section of the Corporate Governance Report. Your Directors recommend his re-appointments for a further term from the conclusion of the ensuing Annual General Meeting in the larger business interests of your Company.

iii) Confirmation of the appointment of Additional Directors

- Your Board has appointed Sh. G C Narang (B.E., F.I.E., F.I.I.E.), as Additional Director of the Company. He is Chairman of Zenner Aquamet India Pvt. Ltd. and member of various prestigious Associations.
- Your Board has appointed Sh. Dharendra N Chaturvedi (B.A., LL.B., M.B.A., P.G.D.(IPR)), as Additional Director of the Company. He is an eminent Lawyer in the field of Taxation.

Your Directors recommend their appointment from the conclusion of the ensuing Annual General Meeting in the larger business interests of your Company.

Management Discussion & Analysis Report

The Board presents Management Discussion and Analysis Report as **Annexure – A** to this Report.

Corporate Governance Report

Your Company has adopted the best possible corporate governance norms and it has been our endeavor to comply and upgrade the same to the changing norms as per Clause 49 of the Listing Agreement and maintaining highest level of transparency, ethics, accountability and fairness in all of its operations. The Company believes in attaining the best business interests to enhance overall shareholders' value by adopting sound business practices.

A separate section on Corporate Governance and a Certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Clause

49 of the Listing Agreement(s) with the Stock Exchange(s) form part of the Annual Report as **Annexure-B**.

In terms of Clause 49(I)(D)(ii) of the Listing Agreement, a certificate affirming compliance with the Code of Conduct of the Company has been signed by the Managing Director of the Company is enclosed as part of the Report as **Annexure-C**. In terms of the Clause 49(V) of the Listing Agreement, a certificate from the Managing Director, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said Clause, is also enclosed as a part of the Report as **Annexure-D**.

Auditors

M/s. S C Garg & Associates, Chartered Accountants, New Delhi, the Statutory Auditors of the Company will retire at the close of this Annual General Meeting and has given consent for their re-appointment as Statutory Auditors of the Company.

Your Directors recommend their re-appointment, subject to approval of the shareholders of the company for a further term at such remuneration as may mutually be agreed between the Board and the Statutory Auditors.

Re-Structuring of the Working Capital Facilities/Term Loans

To meet additional working capital required for production to face liquidity crunch as well as for completion of the shifting process of machines from Faridabad to Bhiwadi, Company had approached the Consortium Banks as well as Term Lenders for restructuring of the Working Capital Facilities/Term Loans. The State Bank of Travancore, State Bank of India and Canara Bank have already sanctioned the restructuring of the Working Capital Facilities. Sanctions from other Banks/Term Lenders are awaited as yet.

Observation of the Auditors

¶ Due to continuous labour problem through out the year and coupled with shifting of existing manufacturing facility from Faridabad to Bhiwadi, access to records were limited for the purpose of audit. However, Management of the Company tried its level best to provide records & data for suitable audit purposes.

The Company was not able to operate at full capacity due to labour problem during the under review. Hence only 1/3rd depreciation of Rs. 5,93,90,306/- was provided instead of Rs. 17,99,67,348/-.

Due to losses & liquidity crunch, Company has not been regular in meeting its obligation towards financial institutions/banks and other statutory authorities but the Company is committed to clear the dues after the restructuring package is implemented fully.

Directors' Responsibility Statement

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

(i) That in the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with appropriate explanation relating to material departures;

(ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

(iii) That 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 frauds and other irregularities;

(iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2013 on a "going concern" basis.

Employees & Workers

We sincerely appreciate the good work and the valuable co-operation extended by the employees and workers. But unfortunately workers resorted to illegal Strike in the Month of April and May, 2012 and further non co-operations by the Workers ultimately lead to settlement agreement with the Workers who were not ready to join at Bhiwadi on 08th July, 2013 under which compensation amount is to be paid in installments over a period of time.

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

The information required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is not applicable for the Financial Year 2012-13.

A Statement containing the necessary information as required under the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 as part of the Directors' Report for the year ended 31st March, 2013 is furnished in **Annexure – E** to this report.

Acknowledgement

Your Directors wish to place on record their thanks for the assistance, guidance and cooperation extended to the Company from time to time by our Customers, Financial Institutions, Banks, Central & State Governments and our dear Members (Shareholders) during the year under report. They also wish to place on record their deep appreciation of the loyal, diligent and devoted services provided by the employees at all levels of the Company.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 31.07.2013

Vijay Krishan Mehta
Chairman & Managing Director

Annexure A to Directors' Report Management Discussion & Analysis

I. FINANCIAL PERFORMANCE OF THE COMPANY

The overall growth in Vehicles segment witnessed a growth of approx. 7.2% during this financial year. However, Company has registered a down fall 2.39 % in Sales Turnover in 2011-12 due to strike during the period under report.

Turnover, net of excise duties, at Rs.95.41Cr. vs. Rs.244.67 Cr. in 2012-13 - a decrease by 61%.

Sale has come down due to strike by Workers & shifting of manufacturing facility from Faridabad to Bhiwadi during the year.

Raw Material consumption has decreased from Rs.144.89 Cr to Rs.64.70 Cr. (55.35%) in 2012-13.

Employee Cost decreased from Rs. 19.66 Cr. to Rs.16.52 Cr. (15.97%) in FY 2012-13.

Depreciation for the year 2012-13 decreased to Rs.5.94 Cr. from 15.74 Cr. (62.27%) of last year.

Financial Cost increased to Rs.21.37 Cr. in 2012-13 from Rs.21.01Cr. of previous year.

Net Loss incurred by the Company stands at Rs.34.21 Cr against profit of Rs.7.81 Cr of last year.

II. SWOT ANALYSIS

Strengths –

- The company has a strategy in place for the next stage of its expansion & diversification.
- Sustained Brand leadership in a highly technology intensive industry.
- Versatile Clutch Dyno - testing facility

Weakness -

- Rising cost of production.
- Limited Global reach due to lack of complementarity of the products across various continents.
- Single manufacturing facility to be grown up to a full-scale integrated facility.

Opportunities –

- Government initiatives of assigning high priority to infrastructure development, especially roads and greater realization on the part of policy planners of industry specific reforms will provide necessary impetus for future growth.
- Rising middle class population with increasing purchasing power will boost the demand for two wheelers & passenger cars. Low average age of Indian population will be an additional advantage.
- Availability of CNG in more and more cities/towns will lead to affordability of vehicles.

Threat -

- OEM's target to have total control on the Aftermarket can significantly impact company's Replacement Market operations.
- Raw material price volatility
- Steep increase in fuel prices
- Increasing interest rates
- Introduction of rapid mass transport systems in metro cities may adversely affect the domestic passenger vehicles demand.
- Recession in the economy leading to sluggish demand for Auto Companies.

III. IPR PORTFOLIO

Clutch Auto Limited is major Indian Auto Component Manufacturer with domestic & overseas Patents & Trade Marks. Company has made good progress in this portfolio despite tough competition. Company's continued efforts in R&D has generated unique products across all segments and further strengthened the IPR portfolio of the Company over a period of time. Snapshot of such IPR profile as on 31.07.2013 is as under:

<u>Patents</u>	<u>Approved</u>	<u>Pending</u>	<u>Under filing</u>
Overseas			
USA	3	1	8
Mexico	1	-	-
Australia	1	-	-
Total overseas	5	1	8
Domestic	6	11	15
Designs			
India	28	-	2
Trade Marks			
USA	11	1	13
India	25	27	9

IV. OUTLOOK

The whole economy is suffering from recessionary conditions and auto industry is not an exception. Sluggish demand from all vehicle segment continued throughout the year and we expect a rebound in the Indian economy in coming quarters. Demand from OEMs and Replacement Market is expected to clock robust growth pursuant to recovery in global and Indian Economy.

V. RISKS & CONCERNS

Recession, competition from organized as well as un-organised sector may pose a big challenge for the Company. Further, meeting customer demand within the available timeframe and resources is also an area of concern for the company. Increasing liquidity crunch may play a severe impact on the operations of the Company. In brief, the Company is exposed to meet customer demand on time which is being taken care of with its limited resources and amidst other challenging problems.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Given the nature of business and size of operations, the Company's internal control system has been designed to provide for:

- Accurate recording of transactions with internal checks and prompt reporting
- Adherence to applicable Accounting Standards and Policies
- Compliance with applicable statutes, policies and management policies and procedures
- Effective use of resources and safeguarding of assets

The summary of the Internal Audit observations and status of the implementation is submitted to the Audit Committee of the Board of Directors. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

VII. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

The company during the year under report faced severe labour problem which ultimately led to entering into a settlement on 8th of July, 2013 under which compensation is to be paid in installments over a period of time.

VIII. CAUTIONARY STATEMENT

Management Discussion and Analysis Report may be "forward securities laws and regulations". Actual result may differ materially from those expressed or implied depending upon global and Indian regulations, tax regimes, and economic developments within India and overseas.

For and on behalf of the Board of Directors.

New Delhi
Date: 31.07.2013

Vijay Krishnan Mehta
Chairman & Managing Director

Annexure B

CORPORATE GOVERNANCE REPORT COMPANY'S PHILOSOPHY

Clutch auto Limited believes in appropriate disclosure procedures, transparent accounting policies, independent Board practices and highest levels of ethical standards towards its stakeholders for sustained corporate growth.

Clutch Auto Ltd.'s commitment to good corporate governance practices predicts the laws and regulations of Securities & Exchange Board of India (SEBI) and the Stock Exchanges through Clause 49 of the listing agreement.

(1) BOARD OF DIRECTORS

(a) Composition

The current Board comprises of Five Directors including an Executive Chairman cum Managing Director and four Non-Executive Directors (out of which one is relative of the Promoter). As such more than 50% of the Directors are independent Directors in terms of Clause 49 of the Listing Agreement with Stock Exchanges. The constitution of the Board of Directors and the composition of the Committees of the Board as on date are given below:

Sl. No.	Name of Directors	DIN	Category
1	Sh. Vijay Krishan Mehta	00053452	Executive Chairman & Managing Director
2	Sh. Kewal Krishan Taneja	00053226	Non Executive, Independent Director
3	*Sh. Chandra Shekhar Aggarwal	01539616	Non Executive, Independent Director
4	*Sh. Avinash P Gandhi	00161107	Non Executive, Independent Director
5	*Sh. Anuj Mehta	00047361	Executive Director
6	Ms. Pooja Kapur	00047231	Non Executive, Non Independent Director (Relative of Promoter)
7	*Mr. Gian Chandra Narang	00194065	Non Executive, Additional Director (Independent)
8	*Mr. Dharendra N Chaturvedi	02219011	Non Executive, Additional Director (Independent)

*Sh. Chandra Shekhar Aggarwal, Director has resigned w.e.f. 15.09.2012

*Sh. Avinash P Gandhi, Director has resigned w.e.f. 15.03.2013

*Sh. Anuj Mehta, Executive Director has resigned w.e.f. 01.10.2012

*Sh. G C Narang and Sh. D N Chaturvedi was appointed as Additional Director w.e.f. 10.11.2012

b) Board Meetings

During the financial year under review, seven Board meetings were held on 15.06.2012, 30.06.2012, 13.08.2012, 22.08.2012, 10.11.2012, 17.12.2012, 15.03.2013.

c) Details of Directorship of Member(s) of the Board and their Attendance at the Board/Committee Meetings and Annual General Meeting held during financial year 2012-13.

Names of Member(s) of the Board	Category of Directors	Board Meetings attended	Attendance at the last AGM	No. of Directorships held (excluding Private Ltd. companies) as on 31.03.2013	No. of Memberships of Committees (other than Private Ltd. Companies) as on 31.03.2013	No. of Chairmanships of Committees (other than Private Ltd. Companies) as on 31.03.2013
Sh. Vijay Krishan Mehta	Chairman & Managing Director	6	Present	1	2	-
Sh. Kewal Krishan Taneja	NED**	7	Present	1	2	1
Ms. Pooja Kapur	NED	8	Present	Nare	2	1
Sh. D N Chaturvedi	NED**	3	Absent	2	-	-
Sh. G C Narang	NED**	2	Absent	1	3	-
Sh. Anuj Mehta	Executive Director	4	Present	-	-	-
Sh. Chandra Shekhar Aggarwal	NED*	Absent	Absent	-	-	-
Sh. Avinash P Gandhi	NED*	3	Present	-	-	-

*Includes directorship alternate directorship(s), membership(s) and Chairmanship(s) of Committee(s) of the Company.

** NED - Non-Executive Director (Independent).

@ Sh. Chandra Shekhar Aggarwal resigned on 15.09.2012

@ Sh. Anuj Mehta resigned on 01.10.2012

@ Sh. Avinash P Gandhi resigned on 15.03.2013

(d) Information supplied to the Board

The Board has complete access to any information within the Company. At Board Meetings employees who can provide additional insights into the items being discussed are invited. The information regularly tabled to the Board includes:

- Capital Budgets and updates.
- Review of Quarterly results and annual results and all compliances related thereto.
- Disclosure of interest in other Companies made by the Directors.
- Minutes of meetings of audit committees and other committees of the Board.
- Future Business opportunities.
- Banking and funding arrangement proposals.
- Mitigation of risks related to Foreign currency.
- Internal control efficiencies and effectiveness.
- Alternate raw material sourcing whether indigenous or imported.
- Manpower strength and its productivity enhancement.
- R&D and Quality improvements etc.
- Progress of projects undertaken by the Company (NMITLI & Capacity Expansion & modernization project).
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property rights.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of voluntary Retirement Scheme etc.
- Non-compliance of regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc., if any.
- Other information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement

Clutch Auto has established procedures to enable its Board to periodically review compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances.

(e) Directors with materially pecuniary or business relationship with the Company

All disclosures relating to financial and commercial transactions,

where Director(s) may have a potential interest are provided to the Board and the interested Directors do not participate in the discussion nor do they vote on such matters. We have made sufficient disclosures in respect of related party transactions in the notes on accounts of this annual report.

(f) Shares held by non-executive directors

The details of shareholding of the Non-executive Directors as on 31.03.2013 are as under:

Sl. No.	Name of the Director	No. of Shares
1	Sh. Kewal Krishan Taneja	10,000

None of the other Non-Executive Directors hold any shares in the Company.

(g) Remuneration of Directors paid or payable to Directors for the year ended 31.03.2013

Name of Director	Relationship with other Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Sh. Vijay Krishan Mehta	Father of Sh. Anuj Mehta	4707343	-	4707343
Sh. Anuj Mehta	Son of Sh. Vijay Krishan Mehta	1585784		1585784

Note: Sh. V K Mehta & Sh. Anuj Mehta, Directors have foregone their remuneration keeping in view of the losses & liquidity crunch in the Company.

Sitting Fees

During the year 2012-13, the non-executive Directors were paid sitting fees of Rs.12,500/- (excluding reimbursement of travel and other expenses incurred for the Company's business) only for attending each Board Meeting and Committee Meetings of the Company.

(h) Code of Conduct –

The board of directors has laid down a code of conduct for all board members and Senior Management of the company in furtherance of its emphasis towards good Corporate Governance practices. The same Personnel for avoidance of conflict of interest.

The declarations with regard to compliance of code of Conduct have been received for the year 2012-13 from all the Board members and Senior Management personnel. All Board members and Senior Management personnel have affirmed compliance of the Code of Conduct and the Chairman & Managing Director has confirmed the same. The Code of Conduct is also available on Company's website www.clutchauto.com.

3. COMMITTEES OF THE BOARD

The Board and its Committees are constituted as under –

Sl. No.	Name of the Director	Board of Directors	Audit Committee	SSSG Committee	Remuneration Committee
1	Sh. Vijay Krishan Mehta	Chairman & Managing Director	Permanent Invitee	Member	Member
2	Sh. Kewal Krishan Taneja	Director NEI*	Chairman	-	Member
3	Sh. Avinash P Gandhi	Director NEI*	Member	-	Chairman
4	Sh. Chandra Shekar Aggarwal	Director NEI*	-	-	Member
5	Sh. Anuj Mehta	Executive Director	Permanent Invitee	Member	-
6	Mr. Pooja Kapur	Director NEI**	Member	Chairperson	-
7	Mr. G C Narang	Director NEI**	Member	Member	Member
8	Mr. D K Chaluvadi	Director NEI**	-	-	-

* Non Executive Independent Director

** Non-Executive Director

The above composition of the Board Committee fulfills the requisite composition under Clause 49 of the Listing agreement vs-a-vis provision of Section 292A of the Companies Act, 1956.

(a) Audit Committee

The composition of the Audit Committee and the attendance of members at the meetings held during the financial year 2012-13 are given below.

Name of Director	Category	Status	No. of Audit Committee Meetings attended	Held	Attended
Shri Kewal Krishan Taneja	NEI*	Chairman	5	5	5
Shri Avinash P Gandhi	NEI*	Member	5	5	4
Smt. Pooja Kapur	NE**	Member	5	5	4
Shri G C Narang	NEI**	Member	5	5	1
Shri V.K. Mehta	CMD	Permanent Invitee	5	5	4
@Shr. Anuj Mehta	Executive Director	Permanent Invitee	5	5	4

* Non-Executive Independent Director

**Non-Executive Director

@ Sh. G C Narang has been inducted as member of the Committee on 15.03.2013

@ Sh. Anuj Mehta resigned on 01.10.2012

@ Sh. AP Gandhi has resigned on 15.03.2013

The role and terms of reference of the Audit Committee covers the areas mentioned in Clause 49 of the Listing Agreement with Stock Exchanges and Section 292A of the Companies Act, 1956 as amended from time to time besides other matters as may be referred by the Board of Directors.

The committee derives its powers from clause 49(II)C of the Listing Agreement. Apart from its other functions, the committee has been regularly reviewing the information as prescribed in Clause 49(II)(E) of the listing agreement.

In generality, the scope and functions of the Audit Committee of

the Company revolves around the following:

- Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any Related party transactions
 - Qualifications, if any, in the draft Audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory auditors, adequacy of the internal control systems.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Discussion with internal auditors any significant findings and follow up thereon.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors
- Investigate into any matter as specified in Section 292A or referred to it by the Board.
- Reviewing Company's financial and risk management policies.

The Audit Committee meetings were held 5 times during the year 2012-13 on 30.06.2012, 13.08.2012, 22.08.2012, 10.11.2012 & 15.03.2013. The time gap between any two meetings was less than four months.

No person has been declined access to the Audit Committee

Besides others, the Audit Committee of Clutch Auto reviews the following information:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit committee) submitted by management.

- Internal Audit reports relating to internal control weaknesses

The Audit Committee is also presented with the following information on Related party transactions (whenever applicable):

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties, which are not in the normal course of business.
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Chairman of the Audit Committee was present at the last Annual General Meeting to answer shareholders queries raised therein. The Committee was regularly apprised of the various follow up actions taken on the direction of the Audit Committee. The Audit Committee regularly invite such executive/s as it considers appropriate, including the head(s) of the Finance, Production, Marketing, and the representative(s) of the internal audit and the statutory auditors, as and when invited, were present at the meetings of the Committee.

(b) Shares Servicing & Shareholders' Grievance (SSSG) Committee

SSSG Committee was earlier consisting of three members i.e. Sh. V K Mehta, Sh. Anuj Mehta and Ms. Pooja Kapur who is also the Chairperson of this Committee. Due to resignation of Sh. Anuj Mehta on 01.10.2012, Sh. G C Narang has been inducted as member of the Committee.

The Committee looks into redressal of Shareholders' and Investors' complaints related to transfer/ transmission of shares, non-receipt of Balance Sheet, non-receipt of declared dividend and ensures expeditious share transfer process. The status of complaints are reported to the Committee, minutes of Shareholders/Investors Grievance Committee meetings were placed before and discussed by the Board from time to time. Complaints received from shareholders on above mentioned grounds are resolved generally within 10 days, except in deserving cases.

Mr. Manish Kumar Rai, Company Secretary, is the "Compliance Officer" of this Committee.

(c) Remuneration Committee

Remuneration Committee was consisting of members i.e. Sh.

Avinash P Gandhi, Sh. V K Mehta, Sh. K K Taneja and Sh. C S Aggarwal with Sh. Avinash P Gandhi as Chairman of this Committee. Sh. Avinash P Gandhi and Sh. C S Aggarwal have since resigned from the Board, Sh. G C Narang has been inducted as member of the Committee w.e.f. 15.03.2013.

No meeting was held during the year.

4. GENERAL BODY MEETINGS

The last three (3) General Body & (1) Extra-ordinary General meetings were held on the following dates and timings:

Financial Year	Date	Time	Location
2009-10	29.09.2010	10.00 a.m.	Seble Cinema, Mathura Road, Badarpur, New Delhi.
2010-11	27.12.2011	10.00 a.m.	Seble Cinema, Mathura Road, Badarpur, New Delhi
2011-12	29.09.2012	10.00 a.m.	Seble Cinema, Mathura Road, Badarpur, New Delhi
2012-13	*17.01.2013	10.00 a.m.	12/4, Mathura Road, Faridabad

*One Special Resolution was passed by the Shareholders in the Extra-ordinary General Meeting held on 17.01.2013

5. DISCLOSURES

1) Disclosures regarding re-appointment of Directors retire by rotation

- **Shri Kewal Krishan Taneja**

Name	Shri Kewal Krishan Taneja
Father's name	Late Shri R M Taneja
Nationality	Indian
Education	B.Sc. D.I.I.Sc
Experience	45 years in Industrial Projects
Position held in Committees	Audit Committee & Remuneration Committee

Position held in other Companies

S. No.	Name of Company	Position held
1	Orind Exports Limited	Director & Chairman of Audit Committee

(ii) Disclosure regarding materially significant related party transactions

All disclosures relating to financial and commercial transactions, where Directors may have a potential interest are provided to the Board. Interested Directors, if any, do not participate in the discussion nor do they vote on such matters. The Audit Committee regularly reviews such transactions, if any.

(iii) Details of non-compliance

The Company has complied with all the requirements of regulatory authorities & no penalty or strictures were imposed on

the Company by any Stock Exchange or SEBI or any Statutory Authority on any matter related to Capital market during previous three years.

(iv) Code of Conduct for Directors and Senior Management

The Board of Directors of the Company has adopted a Code of Conduct for the Directors and Senior Management personnel and the same is posted in Company's web-site www.clutchauto.com. In terms of Clause 49(D), a declaration by the Managing Director of the Company is separately annexed with this report.

(v) CEO/CFO Certification

The Chairman & Managing Director has certified to the Board with regard to the compliance made by them in terms of clause 49(V) of the Listing agreement. He has certified to the Board regarding their review on the Financial Statements, Cash Flow Statements and matters related to Internal controls etc., in the prescribed format for the year ended 31st March, 2013.

(vi) During the period under report your Company has transferred unclaimed amount of Dividend to the investor education and protection fund under the provisions of the Companies Act, 1956.

Non-Mandatory requirements

The Company has not adopted the non-mandatory requirements as specified in Annexure ID of the Listing agreement.

6. MEANS OF COMMUNICATION

(I) Quarterly results

The Company published its quarterly results regularly in leading national dailies both in English and Hindi with wide circulation viz. Financial Express (FE), Business Standard (BS), Veer Arjun (VA) & Jansatta (JS). The details of such announcement of result(s) during the year are as under:

Quarter ended	Date of Announcement	Date of Publication	Name of Newspapers
31.03.2012	30.06.2012	01.07.2012	FE, JS
30.06.2012	13.08.2012	14.08.2012	FE, VA
30.09.2012	13.08.2012	14.08.2012	FE, VA
31.12.2012	13.08.2012	14.08.2012	FE, VA

(ii) Website

More information about the Company & its financials are available at its Website www.clutchauto.com.

(iii) Annual Report

Audited annual accounts along-with Auditors' & Directors' Report (including Corporate Governance Report) are circulated to members and other entitled thereto.

7. GENERAL SHAREHOLDERS INFORMATION

(i) 42 Annual General Meeting

Day & Date : 31ST December, 2013
Time : 10.00 A.M.
Venue : 2E/14, Jhandewalan Extn.
New Delhi – 110 055.

(ii) Financial Year : 01.04.2012 to 31.03.2013.

(iii) Book Closure Dates : 31.12.2013

(iv) Dividend Payment Data:

Dividend for the financial year 2012-13 was not declared, therefore, no payment of dividend is pending for the said period. Due to shifting of manufacturing facility from Faridabad to Bhiwadi & labour strike, operations of the Company was affected adversely and company incurred losses, the Board has not recommended any dividend payment for the year ended 31st March, 2013

(v) Listing on Stock Exchanges & Stock Code

The Listing particulars in respective Stock Exchanges are as under:

Name of the Stock Exchange	Stock Code No. / Symbol
Bombay Stock Exchange Limited (BSE)	505052
National Stock Exchange of India Limited (NSE)	CLUTCHAUTO
Demat ISIN Number	INE779 B01019

The Company has already paid the requisite Listing fees to both the Stock Exchanges.

(vi) Market Price Data at BSE and NSE

The details of High/Low market price and volume of shares traded at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited during the period ended 31.03.2013 are as under:

Year & Month 2012-13	BSE Limited			National Stock Exchange of India Limited		
	High (Rs. per share)	Low (Rs. per share)	Volume	High (Rs. per share)	Low (Rs. per share)	Volume
April '12	35.00	24.50	122728	30.90	27.00	213947
May '12	30.80	25.00	55417	29.55	24.60	144967
June '12	30.10	24.50	150238	30.00	25.05	222529
July '12	28.85	23.80	56810	29.15	23.80	114840
August '12	26.45	21.60	128930	26.15	21.60	160184
September '12	24.95	21.00	77122	24.8	20.70	156950
October '12	25.25	21.00	68992	25.25	21.10	131210
November '12	32.00	22.00	665768	32.10	21.50	1541051
December '12	28.30	23.50	238921	28.15	22.60	640335
January '13	27.25	24.15	220005	31.00	23.55	490847
February '13	25.25	20.75	112998	25.25	20.75	167607
March '13	22.70	16.90	97414	22.70	16.90	139642

(vii) Registrar and Share Transfer Agents

M/s. MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi – 110 020. Tel. 91-11-2638 7281-83. Fax 2638 7384, E-Mail: info@masserv.com.

(viii) Shareholding Pattern as on 31.03.2013.

The following table gives the pattern of shareholding:

Sl. No.	Particulars	No. of Shares	Shareholding %
1	Promoters, their relatives, Friends & associates	6669318	35.55
2	Corporate Bodies	4072226	21.71
3	Banks & Financial Institutions	3525	0.019
4	Mutual Funds	5350	0.029
5	NRIs/OCBs & FIIs	321170	1.71
6	Public	7687291	40.98
	Total	18758880	100.00

(ix) Distribution of Shareholding as on 31.03.2013

The following table gives the distribution of shareholding:

Holdings	Shareholders		Shares	
	Number	% to total	Number	% to total
1 - 5,000	22247	89.996	29268630	15.603
5,001-10,000	1390	5.623	1116750	5.953
10,001-20,000	575	2.326	878118	4.681
20,001-30,000	207	0.837	527120	2.810
30,001-40,000	82	0.332	290669	1.550
40,001-50,000	55	0.222	263500	1.405
50,001-1,00,000	99	0.400	726443	3.873
1,00,001 & above	65	0.253	12029318	64.126
Total:	24720	100.00	18758880	100.00

(x) Dematerialization of Shares

Your Company's shares are tradable compulsorily in electronic form and has established connectivity with both the Depositories viz. National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] through its Shares Transfer Agent & Registrar; viz. M/s MAS Services Limited. As on 31.03.2013, 97.16% of Company's paid-up Share Capital stood dematerialized and remaining 2.84% shares were held in Physical form.

(xi) Unclaimed Dividend

The Company is having no money remained unclaimed and liable to be transferred to the Investor Education and Protection Fund administered by the Central Government during the year under report.

(xii) Investors' Assistance:

Registered Office:	Plant Location:	
Secretarial Department	Clutch Auto Limited	Clutch Auto Limited
Clutch Auto Limited	Plot No. 1A, Sector 27D	SP 173-174,
2E/14 (First Floor),	12/4, Mathura Road,	RIICO Industrial Area,
Jhandewalan Extn.,	Faridabad – 121 003	Kaharai
New Delhi – 110 055.	Tel: (0129) 256 5000	Bhtwadi
Telefax: (011) 2368 3548	Fax: (0129) 227 6039	Distt. Awar (Rajasthan)
e-mail – cs@clutchauto.com		

For and On behalf of the Board of Directors

Date: 31.07.2013
Place: New Delhi

Vijay Krishan Mehta
Chairman & Managing Director

**CORPORATE GOVERNANCE
COMPLIANCE CERTIFICATE**

Registration Number of the Company : 55-5634

Nominal Capital of the Company : Rs.25 Crores

The Members of
Clutch Auto Limited
2E/14, First Floor, Jhandewalan Extension
New Delhi 110055

We have examined all relevant records of Clutch Auto Limited (herein after called the Company) having registered office at 2E/14, First Floor, Jhandewalan Extension, New Delhi-110055 for the purpose of certifying compliance of the condition of the Corporate Governance under the Clause 49 of the Listing Agreement with the Bombay Stock Exchange and National Stock Exchange for the financial year ended 31st March 2013. We have obtained all the information and explanations to the best of our knowledge and belief were necessary for the purpose of the certification.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanation provided/furnished, we certify that the Company has complied with the mandatory conditions of the said Clause 49 of the Listing Agreement.

Place: New Delhi
Date: 31.07.2013

For D K Dubey & Associates
(Company Secretaries)

D K Dubey
(Proprietor)
CP No. 8882

Annexure – C

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2013.

For CLUTCH AUTO LIMITED

Vijay Krishan Mehta
Chairman & Managing Director
Date: 31.07.2013

ANNEXURE – D TO DIRECTORS' REPORT

CERTIFICATION BY MANAGING DIRECTOR IN TERMS CLAUSE 49(V)

I, Vijay Krishan Mehta, Chairman & Managing Director hereby Certify that

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of 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 for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which 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.

For CLUTCH AUTO LIMITED

Place: New Delhi
Date: 31.07.2013

Vijay Krishan Mehta
Chairman & Managing Director

ANNEXURE – E TO DIRECTORS' REPORT

Information pursuant to section 217(1)(e) of the Companies Act, 1956.

A. Conservation of Energy:

Power & Fuel Consumption	2012-13	2011-12
a) Electricity purchased Units (KWH)	1833428	4016650
Total Amount (Rs.)	11000572	21205959
Rate/Unit (Rs. KWH)	6.00	5.28
b) Own Generation through Diesel Generators Units (KWH)	575102	802289
Total Amount (Rs.)	6826468	8800000
- Diesel oil per litre (Rs.)	42.38	38.41
- Cost per unit (Rs.)	11.87	10.97
(Diesel Cost only)		
c) Total Electricity consumed (units)	2408531	4818939
Total Production(units)	809877	2329012
Electricity consumption (per unit)	2.97	2.07

B. Technology Development & Absorption

Status of Patents:- 5 Registered (India & Overseas), Under filing 9 (India & Overseas)

C. Foreign Exchange Earnings and Outgo

(Amount in Rs.)

1. Foreign Exchange Earnings	0	24,65,47,359
2. Foreign Exchange Outgo:		
i) Raw Materials (CIF)	2,72,35,154	13,17,23,481
ii) Travel	71,283	6,23,109
ii) Capital	-	-
iv) Technical Fees	-	54,199
Total	2,73,06,437	13,24,00,789

For and on behalf of the Board of Directors

Sd/-
Vijay Krishan Mehta
Chairman & Managing Director

Auditors' Report to the Members of
CLUTCH AUTO LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Ms. **CLUTCH AUTO LIMITED** ("the Company"), 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's Responsibility for the Financial Statements

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.

Auditor's Responsibility

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.

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

Basis of Qualified Opinion :-

1. We were appointed as statutory auditor of the company for the Financial year 2012-13 after conclusion of the 41st

Annual General Meeting of the Company. Due to Labour problem & other shifting related issues, we have not been able to verify personally fixed assets, inventory and other statutory registers at Plot No 1A, sector 27D, 12/4 Mathura Road , Faridabad-121003 which is companies Works and Admn Office. In order to Form our opinion, on matters including above, we have relied upon the accounting books maintained in electronic form and some other physical records as well as reports of the previous auditors & information's and explanations given to us by the Management representative .

2. The Company has provided depreciation amounting to Rs 5,93,90,306/- instead of Rs 17,99,67,348/- as calculated according to schedule XIV of the Companies Act 1956. Has the company would have provided Depreciation amounting to Rs 17,99,67,348/- , its net loss would have increased to 46,36,46,919/- .and Written Down Value of Fixed assets would have reduced by Rs 12,05,77,042/-

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph the financial statements give the information required by the Act in the manner so required and give a true and fair view subject to Our Notes No. VI(7) 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 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.

Report on other Legal and Regulatory Requirements

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, subject to our Basis for qualifications above - forming part of this reports , 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.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For S C GARG & ASSOCIATES
Chartered Accountants

(Vipin Kumar Ahuja)
(Partner)
[M. No 522081]

Place: New Delhi
Dated: 31 July, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 & 5 of our report to the Members of **CLUTCH AUTO LIMITED** on the Accounts for the period ended on 31st March, 2013)

- I a) Subject to the our basis of Qualified Opinion, The Company is maintaining proper records showing full particulars of fixed assets including quantities details and situation of fixed assets except in the case of Tools and implements, in which in most of the cases quantitative details have not been maintained
- b) As explained to us, Fixed assets were physically verified by the management at regular intervals and no material discrepancies were found on such verification.
- c) During the year, the company has not disposed off any major part of Fixed assets & we are of the opinion that sale of other fixed assets has not affected the going concern status of the company
- II a) Subject to the our basis of Qualified Opinion, & According to the Information and explanation provided to us, the management of the Company has physically verified the stock at regular interval and frequency of such verification is reasonable having regards to the size of company
- b) As explained to us by the management of the company, the company has maintained proper records of the inventory

and there were no material discrepancies noticed on physical verification of stock as compared to the books & records.

- III a) The Company has taken unsecured loan from Companies, firm or other parties Covered by register maintained under section 301 of the Companies Act 1956. The Maximum amount outstanding at any time during the year and balance outstanding as at 31.3.2013 was Rs 4.37 Crores.

The rate of interest and other term condition of the loan taken by the company is not prima facie prejudicial to the interest of the company

- IV) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of the business with regards to the purchase of inventory, fixed assets. Or sale of Goods and services

- V a) To the best of our Knowledge and according to the information and explanation given to us, we are of the opinions the particulars of the contracts or arrangements referred to section 301 of the Act and all the transaction that needs to be entered have been entered.

b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respects of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.

- VI) In our opinion and according to the information and explanations given to us, The Company has not accepted any deposit in terms of Section 58A and 58AA of the Companies Act, 1956.

- VII) The Company has adequate internal audit system commensurate with its size and nature of business.

- VIII) Subject to the our basis of Qualified Opinion, & According to the Information and explanation provided to us, the management of the Company, the company has Maintained cost records as prescribed by the central Govt under section 209(1)(d) of the companies Act 1956

- IX a) In our opinion and according to the information and explanations given to us, the company is not regular in depositing undisputed Statutory Dues including employees provident fund, Employees state insurance,

Income Tax , Value added Tax , Custom duty , Excise duty and other statutory Dues with appropriate authority

b) According to information and explanations given to us and the records of the company examined by us, there are undisputed Statutory Dues including employees provident fund, Employees state insurance , Income Tax , Value added Tax , Custom duty , Excise duty and other statutory Dues with appropriate authority outstanding as at 31.3.2013 for a period more than six months from the date, they became payable.

c) According to the information and explanations given to us and the records of the company examined by us, there are no dues of sales tax, income tax, custom, wealth tax, excise duty, cess, which has not been deposited on account of any dispute except the following :-

Name of the statute	Name of the dues	Amount (in Rs)	Period to which the amount relate	Status/ Forum where dispute is pending
Central Excise & Service tax	Penalty	Rs 4,21,36,300/-	A.Y. 2007-2008	CIT (Appeals)
Income Tax	Appeal	Rs 1,07,00,000/-	A.Y. 2009-07	Hon'ble ITAT, Delhi

X) The Company does not have any accumulated losses as on the date of Balance Sheet; hence further reporting under this clause is not applicable

XI) In our opinion, according to the information and explanations given to us and on the basis of the records examined by us, the company has defaulted in repayment of dues to a financial institution, bank etc

XII) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, so the question of maintenance of records does not arise.

XIII) In our opinion, the company is not chit fund or Nidhi /mutual benefit fund society. Hence this clause is not applicable to the Company.

XIV) In our opinion, the Company is not dealing in or trading in shares, securities, debentures, and other investments. According the provisions of clause 4(xiv) of the Companies (Auditor Report) Order, 2003 are not applicable to the company.

XV) According to the Information and Explanation Given to us, The company has not extended any guarantee during the year for Loans taken by others from Bank or Financial Institutions

XVI) According to the Information and Explanation Given to us, The Term Loans were utilized for the purpose for which the loans were obtained.

XVII) According to the information and explanation given to us and on an overall examination of the Balance sheet of the Company, we report that no funds raised on Short term basis have been used for Long term Investment.

XVIII) There were no preferential allotment of shares to parties and companies covered in the register maintained U/S 301 of the Act, hence this clause is not applicable.

XIX) As the company has not issued any debenture this clause is not applicable.

XX) The company has not raised any money from the public issues hence this clause is not applicable.

XXI) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For S C GARG & ASSOCIATES
Chartered Accountants

(Vipin Kumar Ahuja)
Partner
M. No 522081

Place: New Delhi
Dated: 31.07.2013

Balance Sheet as at 31st March, 2013

(Amount in INR)

Particulars	Note	As at 31st March 2013	As at 31st March 2012
I. Equity And Liabilities			
(1) Shareholders' Funds			
(a) Share Capital	1	187,604,300	187,604,300
(b) Reserves and Surplus	2	1,251,551,519	1,594,680,252
(c) Money received against share warrants			
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	1,614,491,622	1,122,373,707
(b) Deferred tax liabilities (Net)	4	5,749,687	6,662,470
(c) Long-term provisions	5	85,496,905	71,123,820
(d) Sundry Creditors & other payable	7A	131,980,837	98,040,734
(4) Current Liabilities			
(a) Short-term borrowings	6	648,230,712	1,045,902,046
(b) Trade payables	7	235,658,967	226,194,052
(c) Other current liabilities	8	94,428,739	158,938,046
(d) Short-term provisions	9	31,897,966	33,460,958
II. Assets	Total	4,287,091,253	4,544,980,385
(1) Non-current assets			
(a) <i>Fixed assets</i>	10		
(i) Tangible assets		948,974,170	986,832,539
(ii) Intangible assets		398,274,374	421,080,963
(iii) Capital work-in-progress		614,274,572	631,315,943
(iv) Intangible assets under development		315,811,000	315,811,000
(b) Long term loans and advances	11	144,934,157	93,729,042
(c) Other non-current assets	12	874,499,706	658,884,194
(2) Current assets			
(a) Inventories	13	576,063,226	663,406,551
(b) Trade receivables	14	323,519,122	549,901,292
(c) Cash and cash equivalents	15	15,315,670	39,670,950
(d) Short-term loans and advances	16	75,425,257	184,347,911
Total		4,287,091,253	4,544,980,385
Significant Accounting Policies			
Notes on Financial Statements			
	1 to 26		

As per over report of even date attached

For and behalf of the board

For S.C. Garg & Associates
Chartered Accountants
FRN-06873N

(V. K. MEHTA)
Chairman &
Managing Director

(POOJA KAPUR)
Director

(Vipin Kumar Ahuja)
Partner
M.No. 522081
Place: New Delhi
Date : 31st July' 2013

(MANISH RAI)
Company Secretary

(RAMBIR SINGH)
Accounts Officer

Clutch Auto Limited
Statement OF Profit and Loss statement for the year ended 31st March, 2013

(Amount in INR)

	Particulars	Note	2012-13	2011-12
Income				
I.	Revenue from operations	17	954,102,290	2,446,773,624
II.	Other Income	18	2,509,848	5,492,525
III.	Total Revenue		956,612,138	2,452,266,149
IV.	Expenditure :			
	Cost of materials consumed	19	646,958,324	1,448,942,389
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	84,489,780	(36,383,955)
	Employee benefit expense	21	165,234,117	196,656,706
	Financial costs	22	213,742,321	210,162,643
	Depreciation and amortization expense	23	59,390,306	157,492,296
	Other expenses	24	129,867,167	391,590,826
V.	Total Expenses		1,299,682,015	2,368,460,905
VI	Profit before tax (III - V)		(343,069,877)	83,805,244
VII	Tax expense:		(912,783)	5,662,470
	(1) Current tax		-	16,000,000
	(2) Deferred tax		(912,783)	(10,337,530)
VIII	Profit for the period (VI-VII)		(342,157,094)	78,142,774
IX	Earning per equity share:			
	(1) Basic & Diluted		(18.57)	4.24

Significant Accounting Policies
Notes on Financial Statements

1 to 26

As per over report of even date attached

For and behalf of the board

For S.C. Garg & Associates
Chartered Accountants
FRN-06873N

(V. K. MEHTA)
Chairman &
Managing Director

(POOJA KAPUR)
Director

(Vipin Kumar Ahuja)
Partner
M.No. 522081
Place: New Delhi
Date : 31st July' 2013

(MANISH RAI)
Company Secretary

(RAMBIR SINGH)
Accounts Officer

Cash flow Statement for the year ended 31st, March 2013

	2012-13	2011-12
A. From operating activities		
Net Profit before tax	(343,069,876)	83,805,244
Adjustments for :-		
Depreciation on Fixed Assets	58,390,305	157,492,296
Interest income	-	(747,055)
Interest expenses	206,146,713	197,261,683
	265,537,018	354,006,924
Operating Profit before working capital changes	(77,532,858)	437,812,168
Adjustments for :-		
(Increase)/Decrease in Trade and other receivables	68,484,197	44,374,797
(Increase)/Decrease in inventories	87,343,325	(25,857,706)
Increase/(Decrease) in Current liabilities & Provision	(405,965,530)	(62,610,344)
	(250,138,008)	(44,193,253)
Cash generated from operations	(327,670,866)	393,618,915
Interest: expenses	(206,146,713)	(197,261,683)
Direct taxes paid/(Net of refund)		(15,356,167)
Net cash from operating activities	(533,817,579)	181,001,065
B. Cash flow from investing activities		
Purchase of fixed assets and change in capital work in progress (including intangible assets)	(303,013)	(475,278,187)
	(17,041,371)	
Interest: income	-	747,055
Net cash used in investing activities	(17,344,384)	(474,531,132)
C. Cash flow from financing Activities		
Proceeds from Secured loans (Net)	492,117,914	218,520,749
Proceeds from Equity share fund	-	41,365,000
Proceeds from Application money agst warrant	-	(10,715,000)
Proceeds from Unsecured loans(Net)	-	31,294,064
Net cash from financing activities	492,117,914	280,464,813
Net change in cash and cash equivalents	(24,355,280)	(13,065,254)
	912,783	
Net increase in cash and cash equivalents:		
Cash & Cash equivalents as at 1st April	39,670,950	52,736,204
Cash & Cash equivalents as at 31st March	15,315,669	39,670,950
	(24,355,280)	(13,065,254)

As per over report of even date attached

For S.C. Garg & Associates
Chartered Accountants
FRN-06873N

(Vipin Kumar Ahuja)
Partner
M.No. 522081
Place: New Delhi
Date : 31st July' 2013

For and behalf of the board

(V. K. MEHTA)
Chairman &
Managing Director

(MANISH RAI)
Company Secretary

(POOJA KAPUR)
Director

(RAMBIR SINGH)
Accounts Officer

Notes to Financial Statements For The Year Ended March 31st March 2013

		(Amount in INR)	
		31-03-2013	31-03-2012
1. Share capital			
Authorized			
200,00,000 equity shares of Rs. 10/- each		200,000,000	200,000,000
Issued			
18765080 Equity shares of Rs.10 each, (Previous year 18765080)		187,650,800	187,650,800
Subscribed & Paid Up Capital			
18765080 Equity shares of Rs.10 each, fully paid up (Previous year 18765080)		187,588,800	187,588,800
Add:- Shares forfeited (6200 shares)		15,500	15,500
Total		187,604,300	187,604,300

1.1 Reconciliation statement for number of equity shares outstanding

	31-03-2013		31-03-2012	
Equity	No. of shares	Amount in `	No. of shares	Amount in `
At the beginning of reporting period	18,758,880	187,588,800	18,758,880	187,588,800
Addition/ deduction	-	-	-	-
Outstanding at the end of reporting period	18,758,880	187,588,800	18,758,880	187,588,800

1.2 Terms/rights attached to equity shares

The Company has issued only one class of shares/ securities i.e. fully paid-up equity shares. Each equity share holder is entitled to vote one per share.

1.3 Details of shareholder holding more than five percent equity shares in the Company

		31-03-2013		31-03-2012	
Name	Category	No. of shares	% shareholding	No. of shares	% shareholding
Vijay Krishan Mehta	Equity	4,217,469	22.48	4,362,469	23.26
Vaena Mehta	Equity	2,445,780	13.04	2,445,780	13.04
Falcon Jersey Pvt. Ltd	Equity	1,212,207	6.46	1,204,907	6.42
Incredible Capital Ltd.	Equity	1,311,192	6.99	1,311,192	6.99
Total		9,186,648	48.97	9,324,348	49.71

2. Reserves & surplus

	31-03-2013	31-03-2012
Capital Reserve	2,250	2,250
Investment Allowance Reserve	10,731,000	10,731,000
Share Premium Account	525,510,900	492,418,900
Add: During the year	-	33,092,000
General Reserve		
Opening Balance as per last Balance Sheet	843,744,214	765,601,440
Profit & Loss Account-Surplus	(342,157,094)	78,142,774
Revaluation Reserve(Land & Building)	214,691,888	215,663,527
Less: Dep for the year adjusted	971,639	971,639
Total	1,251,551,519	1,594,680,252

3. Long-term Borrowings {Refer Note No 26 (I) & (II)}

	31-03-2013	31-03-2012
Secured		
Term Loans (Bank)	4,444,493	4,389,605
Term Loans (Others)	1,088,599,282	952,936,909
Working Capital Term Loan (Bank)	316,417,873	
Funded Interest Term Loan (Bank)	31,031,361	
Unsecured		
Term Loans (Others)	169,998,609	165,047,193
Total	1,614,491,622	1,122,373,707

4. Deferred Taxes Assets (Net)

Deferred tax Liabilities/Assets arising out of timing differences comprise of the following major components:

	<u>31-03-2013</u>	<u>31-03-2012</u>
Deferred Tax Liabilities recognized		
Written down value of Fixed Assets:		
As Per Companies Act (Excluding Revaluation Reserve)	1,133,528,295	1,193,221,614
As per Income Tax Act	1,031,115,571	1,102,496,528
	34,810,085	30,837,457
Deferred Tax Assets recognised		
Provision for Gratuity & leave Encashment		
Claim as per Books of Account	(29,060,398)	(24,174,988)
Deferred Tax Assets\ Liabilities (Net)	5,749,687	6,662,470

	<u>31-03-2013</u>	<u>31-03-2012</u>
Long-term provisions		
<u>Provision for employee benefits</u>		
5 Provision for Gratuity	75,127,498	65,603,703
Provision for Encashment of Leave	10,369,407	5,520,117
Total	85,496,905	71,123,820

Short-term Borrowings

	<u>31-03-2013</u>	<u>31-03-2012</u>
Secured		
6 Loan for Working Capital (From Bank)		
Cash Credit	365,842,907	789,829,247
Packing Credit Loan (PCL)	79,260,887	66,095,158
Bill Discounted	95,228,875	96,641,495
Foreign Bills (FOBP)	26,770,182	56,179,372
	567,102,651	1,008,745,272
Unsecured		
Deposit from Dealers and Suppliers	13,535,001	14,326,001
Other loan and advances	67,593,360	22,830,773
	81,128,061	37,156,774
Total	648,230,712	1,045,902,046

Cash Credits are secured by hypothecation of inventories and book debts among bankers in consortium eg. Canara Bank, Central Bank of India, State Bank of Travancore, Exim Bank, DBS Bank Ltd, State Bank of India.

Note: 1.

	<u>31-03-2013</u>	<u>31-03-2012</u>
Trade Payables		
7 Sundry Creditors		
Creditors Raw Material	109,257,958	101,417,784
Creditors Others	126,401,009	124,776,268
	235,658,967	226,194,052
7a Sundry Creditors & other payable	131,980,837	96,040,734
Other Current Liabilities	<u>31-03-2013</u>	<u>31-03-2012</u>
8 Advances from Customers	-	49,467,387
Interest accrued but not due on borrowings	-	5,905,415
Interest accrued and due	-	30,020,479
Unpaid dividends	309,772	310,472
Statutory Liabilities	94,118,967	73,234,293
Total	94,428,739	158,938,046

	<u>31-03-2013</u>	<u>31-03-2012</u>
9 Short-term Provisions		
Excise Duty on Unsold Goods	-	1,621,941
Provision for Income Tax	32,132,971	32,221,825
Less: Advance Tax/TDS	(235,005)	(382,308)
Total	31,897,966	33,460,958
11 Long Term Loans and Advances	31-03-2013	31-03-2012
<u>Secured considered good</u>		
<u>Security Deposits</u>		
Deposits With Govt. & Others	67,960,475	67,485,042
Other loans and advances	75,973,682	26,244,000
Total	144,934,157	93,729,042
12 Other Non Current Assets	31-03-2013	31-03-2012
Security Deposit	2,156,034	2,043,414
(Electricity, Telephone etc)		
Trade Receivables outstanding from more than one year	872340672	656,340,780
Total	874,499,706	658,384,194
13 Inventories	31-03-2013	31-03-2012
Raw Materials & Components	138,453,290	189,194,241
Finished Goods	35,214,650	26,801,816
Stores & spares	47,887,406	48,434,643
Work in Progress	354,507,880	397,971,351
Scrap	-	1,004,500
Total	576,063,226	663,406,551
14 Trade receivables	31-03-2013	31-03-2012
<i>Unsecured</i>		
<i>Debts outstanding for a period of above 6 month</i>		
Considered Good	301,982,422	296,360,001
Considered Doubtful	288,622	288,622
	302,271,044	296,648,623
Less: Provision for doubtful debts		
Other debts Considered Good	21,248,078	910,063,449
Total	323,519,122	1,206,742,072
15 Cash & cash equivalents	31-03-2013	31-03-2012
Cash in hand	53,189	21,057
Cheque In Hand	-	16,626,614
<u>Balances with Banks</u>		
Current Accounts	6,648,527	6,172,049
FDR with Banks	8,613,954	15,684,408
Interest Accrued on Deposits	-	956,822
Total	15,315,670	39,670,950

16	<u>Short-term loans & advances</u> (Unsecured but considered good)		<u>31-03-2013</u>	<u>31-03-2012</u>
	Advances to suppliers			
	Advances For Capital Goods	-	53,511,701	
	Advances For Material	56,361,154	109,562,951	163,074,652
	Balance of Unutilized Taxes	10,139,913		13,456,641
	Others	8,924,190		7,816,618
	Total		<u>75,425,257</u>	<u>184,347,911</u>
17	<u>Revenue from operations</u>		<u>31-03-2013</u>	<u>31-03-2012</u>
	Sale of products (Net of Excise)			
	Net Sales(Domestic)	950,308,887		2,158,399,716
	(Exports)	-		268,804,833
	Other operating revenues			
	Sales of Scrap	3,793,403		19,569,075
	Total		<u>954,102,290</u>	<u>2,446,773,624</u>
18	<u>Other Income</u>		<u>31-03-2013</u>	<u>31-03-2012</u>
	Interest from Banks & others	939,668		747,055
	Sundry balances written back	-		5,427
	DEPB claim	1,567,230		4,712,718
	Miscellaneous receipts	2,950		27,325
	Total		<u>2,509,848</u>	<u>5,492,525</u>
19	<u>Cost of raw material consumed</u>		<u>31-03-2013</u>	<u>31-03-2012</u>
	Opening Stock	109,194,241		190,803,402
	Add: Purchases	596,217,373		1,439,333,148
		785,411,614		1,638,136,530
	Less: Closing Stock	138,453,290		189,194,241
	Total		<u>646,958,324</u>	<u>1,448,942,389</u>
20	<u>Changes in inventories of finished goods, work-in-progress (semi-finished)</u>		<u>31-03-2013</u>	<u>31-03-2012</u>
	Closing Stock			
	Finished Goods	35,214,650		27,806,316
	Goods in process	354,507,880	389,722,530	397,971,351
				425,777,667
	Opening Stock:			
	Finished goods	76,240,959		30,230,381
	Goods in process	397,971,351	474,212,310	359,163,331
				389,393,712
	(Increase) / Decrease		<u>84,489,780</u>	<u>(36,383,955)</u>
21	<u>Employee Benefits Expenses</u>		<u>31-03-2013</u>	<u>31-03-2012</u>
	Salaries,Wages,Bonus & Allowances	121,170,332		150,046,576
	Contribution to Provident Fund & Other Funds	7,081,865		1,802,615
	Gratuity	20,258,177		8,893,660
	Staff benefits	16,778,905		1,946,429
	Personnel Development, Recruitment & Training	(55,162)		226,019
	Total		<u>165,234,117</u>	<u>196,656,706</u>
22	<u>Financial Costs</u>			
	Bank Charges	7,595,608		12,900,960
	Interest Paid (Others)	206,146,713		187,281,683
	Total		<u>213,742,321</u>	<u>210,162,643</u>

23	Depreciation and amortization expenses		
	Depreciation on intangible assets	37,555,356	90,678,522
	Depreciation on tangible assets	21,834,950	66,813,774
		<u>59,390,306</u>	<u>157,492,296</u>
	Total		
24	<u>Other expenses</u>	<u>31-03-2013</u>	<u>31-03-2012</u>
24.1	<u>Manufacturing Expenses</u>		
	Job work charges	5,583,355	69,272,098
	Stores, Spares and Tools consumed	10,475,102	39,362,034
	Electricity, Water Power & Fuel	18,747,046	31,265,890
	Carriage Inward	1,524,473	5,921,691
	Repairs to Machinery	2,122,555	6,489,682
	General Factory Expenses	1,600,030	984,148
	Repairs to Factory Building	1,147,153	498,817
24.2	<u>Selling and Distribution Expenses</u>		
	Sales Promotion	247,434	2,541,382
	Advertisement & publicity	165,738	88,321
	Packing Material consumed	15,142,813	73,516,808
	Commission, Rebate & Discounts	21,848,442	50,230,819
	Excise duty on stocks/others	-	2,994,213
	Export Expenses	8,197,935	16,145,300
	Outward Freight & Forwarding Charges	14,534,837	48,696,437
24.3	<u>Establishment Expenses</u>		
	Research & Development	2,903,292	6,685,551
	Repairs and Maintenance (others)	1,682,889	3,768,236
	Rent	605,300	403,000
	Rates & Taxes	78,485	270,982
	Insurance	897,887	926,870
	Board meeting fee	250,000	412,500
	Travelling & Conveyance - Directors	661,417	1,379,017
	- Others	7,249,037	13,157,443
	Legal & Professional Charge	7,269,379	6,469,125
	Printing & Stationary	1,418,080	2,265,103
	Postage & Telecommunications	2,536,008	3,956,970
	Charity & Donation	112,011	428,500
	Auditors Fee	500,000	400,000
	Miscellaneous Expenses	2,368,469	3,059,889
	TOTAL	<u>129,867,167</u>	<u>391,590,826</u>

Note No 10
FIXED ASSETS 2012-13

Amount in INR

SNO	PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		COST AS AT	ADDITIONS	DEDUCTIONS	COST AS AT	UPTO	FOR	WRITTEN	UPTO	AS ON	AS ON
		01/04/12	31/03/13		31/03/13	31/3/12	THE YEAR	BACK	31/3/13	31/3/13	31/3/12
1	LOD. STALUE	65,578	-	-	65,578	-	-	-	-	65,578	65,578
2	LAND FREE HOLD	194,967,280	-	-	194,967,280	-	-	-	-	194,967,280	194,967,280
3	BUILDING	116,683,231	234,383	-	116,883,231	37,381,225	1,298,073	-	33,280,298	77,402,933	78,702,006
4	PLANT & MACHINERY	94,793,613	-	-	94,793,613	388,469,573	23,298,097	-	411,768,670	530,359,325	553,324,040
5	FIXTURES & FITTINGS	40,158,926	181,135	151,329	40,188,732	26,704,677	858,953	-	27,563,630	12,625,102	13,454,249
6	TOOLS & IMPLEMENTS	23,795,172	3,395	-	23,798,567	16,945,604	588,534	-	17,534,138	6,264,429	6,849,568
7	DIES FOR CLUTCH COVER & DISC	210,592,431	-	-	210,403,105	107,695,149	7,938,335	-	115,534,484	94,768,621	102,897,262
8	VEHICLES	4,552,889	-	-	4,552,889	1,929,527	144,168	-	2,373,695	1,843,896	2,623,162
9	GENERATOR SETS	15,447,616	-	-	15,447,616	12,264,372	382,071	-	12,546,443	2,801,173	3,183,244
10	OFFICE EQUIPMENT	6,217,060	169,399	53,500	6,339,959	3,639,552	124,733	-	3,364,290	2,366,669	2,377,508
11	TESTING EQUIPMENT	5,001,813	1,900	-	5,003,713	3,769,300	123,712	-	3,953,012	1,110,701	1,232,513
12	AIR CONDITIONERS & COOLERS	3,649,394	114,075	13,500	3,949,969	1,969,448	60,949	-	2,330,398	1,919,571	1,879,945
13	ELECTRICAL INSTALLATIONS	24,623,018	133,336	7,034	24,949,320	7,717,235	397,404	-	8,114,639	16,834,681	17,105,783
14	WATER SUPPLY SYSTEM	1,601,273	-	-	1,601,273	1,527,907	44,551	-	1,572,458	228,315	273,366
15	FIRE FIGHTING EQUIPMENT	173,551	-	-	173,551	158,631	2,749	-	159,379	14,172	16,920
16	COMPUTER EQUIPMENTS	4,572,612	13,500	2,350	41,583,762	34,358,534	2,247,593	-	36,306,114	4,977,648	7,214,078
17	EFFLUENT TREATMENT PLANT	2,411,507	-	-	2,411,507	1,745,498	42,443	-	1,787,932	623,375	665,018
18	INTANGIBLE ASSETS	684,197,672	-	-	684,197,672	263,116,739	22,806,589	-	265,323,298	398,274,374	421,080,963
TOTAL		2,318,104,436	951,123	1,254,137	2,317,801,422	910,190,933	60,361,945	-	970,552,878	1,347,248,544	1,407,913,503
PREVIOUS YEAR		2,324,404,927	36,336,577	66,225,485	2,318,104,435	782,272,174	158,463,935	30,545,176	910,190,933	1,407,913,502	1,542,132,733

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2013

25. SIGNIFICANT ACCOUNTING POLICIES

(I). ACCOUNTING CONCEPTS:

The accounts are prepared on historical cost convention, on a going concern basis in accordance with the generally accepted accounting principles and accounting standards applicable in India, and conform to the statutory requirements and other relevant provision of the Indian Companies Act, 1956, read with The Companies (Accounting Standard) Rules, 2006, except where otherwise stated.

(II). FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets are stated at their original cost (net of MODVAT where applicable) including freight, duties, customs and other incidental expenses relating to acquisition and installation. Interest and other finance charges paid on loans for the acquisition of fixed assets are apportioned to the cost of fixed assets till they are ready for use.
- b) Expenditure incurred during the period of construction is carried forward as capital work-in-progress, and on completion the costs are allocated to the respective fixed assets.
- c) For New Projects, all direct expenses and direct overheads (excluding services provided by employee's regular payroll) are capitalized.
- d) Depreciation has been provided on straight-line method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956, except for the following:
 - i) On assets added up to 30th June 1987 on the basis of rates derived from income tax rules at the time of acquisition
 - ii) On assets added after 30th June, 1987 at the rates given (for double shifts) in Schedule XIV of the Companies Act, 1956. It is calculated on prorata basis on additions during the year.
 - iii). Assets costing up to Rs.5000 are fully depreciated in the year of purchase.
 - iv). Intangible assets are written off over a period of 10 years.

(III). VALUATION OF INVENTORIES

Inventories are valued at cost except for finished goods and scrap. Finished goods are valued at lower of cost or net realizable value and scraps are valued at estimated realizable value. Raw materials and consumables are valued by excluding recoverable taxes and duties. Cost is determined using weighted average method. Cost of in house manufactured Raw material is taken at standard rate.

(IV). EXCISE DUTY

Excise Duty in respect of goods manufactured by the Company is accounted on accrual basis.

(V). EMPLOYEE BENEFITS

In the financial year ended March 31st 2008, the Company has adopted Accounting Standard 15 (Revised 2005) issued by Institute of Chartered Accountants of India (ICAI) on 'Accounting for Retirement Benefits in Financial Statements of Employers'. Accordingly the Company has provided for liability on account of all following employees benefits available to the employees in accordance with the applicable rules, regulations, laws and employee benefit policy of the Company.

- a). The company is a member of a Provident Fund Scheme under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. This is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the government funds are due.
- b). Gratuity liability is defined benefit obligations and provided for on the basis of an actuarial valuation as per projected unit credit method, made at the end of each financial year. The difference between the actuarial valuation of the gratuity liability of the employees at the year end and the balance of provisioning made is provided for as liability in the books.
- c). Employees are entitled for leave encashment which are provided for on the basis of actuarial valuations.

(VI). MISCELLANEOUS EXPENDITURE

Product development and training expenditure/Brand development /other miscellaneous expenditure are amortized over a period of six years/five years respectively.

(VII). REVENUE RECOGNITION

- a). Sales are accounted for inclusive of excise duty and exclusive of sales tax.
- b). In respect of exports made under Duty Entitlement Pass Book Scheme (DEPB), the benefit is accounted for on receipt basis. This is subject to realization of export dues, filing and acceptance of claims and/or transfer of license for consideration.
- c) Doubtful debts & doubtful advance are recoverable on the settlement of pending warranties and settlement of other issues in the coming years.

(VIII). BORROWING COST

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use as part of the cost of that asset. Interest on working capital is charged to revenue account.

(IX). LEASES

Leases of fixed assets where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charge is charged to the Profit and Loss Account over the lease period.

Lease rentals in respect of assets taken on "Operating Lease" are charged to the Profit and Loss Account on straight line basis over the lease term.

(X). WARRANTY

Provision for warranty is made on trend determined by the Company, as per technical evaluation.

(XI). RESEARCH AND DEVELOPMENT

Revenue expenditure R&D is charged after as expenses in the year in which it is incurred under the respective nature heads on account. Expenditure results in creation on capital assets are taken to fixed assets and depreciation has been provided on such assets over the estimated useful as determined by the management. Capital expenditure on scientific research product under development is taken as intangible assets (including Patents, Trade Marks, Brands Developments, Specialized software, Technical know-how, etc) subject to amortization in future.

(XII). FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference arising on foreign exchange transactions settled during the year are recognized in the Profit and Loss Account of the year except that exchange difference related to acquisition of fixed assets from a country outside India are adjusted in the carrying amount of the related fixed assets.

Monetary assets and liabilities in foreign currency are translated at the year end at the closing exchange rate and the resultant exchange differences are recognized in the Profit and Loss Account. Non monetary foreign currency items are carried at cost on the transaction date.

The premium or discount on forward exchange contracts is amortized as income or expense over the life of the contract.

(XIII). ACCOUNTING FOR TAXES

- a). Provision for current tax is recognized based on the tax payable for the year under the Income Tax Act, 1961.
- b). Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets, other than on unabsorbed tax depreciation and unabsorbed tax losses, are recognized only to the extent that there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization supported by convincing evidence.
- c). Minimum Alternate Tax is paid in accordance with the tax laws, which give rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

(XIV). PROVISIONS

The company makes a provision where there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made.

(XV). EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

(XVI). SEGMENT REPORTING

The accounting policy adopted for Segment Reporting is in line with the accounting policy of the Company with the following additional policy for Segment Reporting:-

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to the segments on a reasonable basis, have been included under "Unallocated Expenses. Inter Segment transfers are at cost.

26. NOTES TO ACCOUNTS

I. SECURED LOANS

a) Nature Of Security

i) Term Loan from RIICO

The company has availed project terms loan of Rs. 3800.00 lacs from RIICO i.e. 828.95 lacs against Land and 281.25 lacs swapping of term loan from Axis Bank & balance Rs. 2689.80 lacs for building and Plant & Machinery stands. Disbursed Rs.3513.16 Lacs upto 31.03.2013. Secured by way of equitable mortgage / hypothecation of fixed assets present & future of the company by pari-passu first charge (in terms of Intercreditor and Security Sharing Agreement executed with DEG, Germany on 19.12.2008) & guaranteed by Managing Director.

ii) External Commercial Borrowing (ECB) from DEG, Germany

The Company has executed ECB Loan Agreements viz Loan Agreement - I dt. 18.12.2007 for US \$ 8 Mn. [FC Expenditure] and other Loan Agreement – II dt. 07.07.2008 for US \$ 4 Mn. (stands disbursed on 11.02.2009) [Rupee Expenditure] with M/s. Deutsche Infostations- und Entwicklungsgesellschaft mbh, Federal Republic of Germany, for capacity expansion & modernisation. The above Loan is secured by first ranking mortgage on the present and future immovable assets and first ranking hypothecation on all present and future movable assets (other than current assets and stocks).

iii) Term Loan from ICICI Bank Ltd.

Secured by hypothecation of specific assets purchased there against and guaranteed by Managing Director. Secured by an exclusive charge by way of hypothecation on all movable properties under the Sponsored Research & Development program of World Bank (SPREAD) under the agreement dated 6th August, 2003.

iv) Term Loans from Religare Finvest Ltd.

The Company has been sanctioned term loan of Rs. 350.00 lacs from Religare Finvest Limited for purchase of Plant & Machinery out of which only Rs. 276.57 lacs was disbursed. This term loan is secured by hypothecation of specific assets purchased out of term loan and further guaranteed by the Managing Director & Executive Directors of the Company.

v) Working Capital Loans from banks

Secured by hypothecation of stock of finished goods, semi finished goods raw material, consumable stores and book debts of the company. These securities rank pari-passu in favour of various banks viz. State Bank of Travancore, Canara Bank, Central Bank of India, State Bank of India, DBS Bank & Exim Bank. Secured by second charge by way of equitable mortgage of fixed assets and guaranteed by Managing Director.

b) Non fund based limits

Assets charged with Bank also cover security for these limits.

II. UNSECURED LOANS

- Ministry of Science and Technology under the aegis of CSIR, has approved a Project under 'NMITLI' scheme on 30.03.2008 and had sanctioned unsecured soft loan of Rs. 1503.55 lacs @ 3% rate of interest out of which Rs. 1493.35 lacs stands disbursed.
- Lending from LIC Mutual Fund stands at Rs. 21.90 Crores Unsecured Redeemable Non-Convertible debentures of Rs. 10 Lacs each. This was pronounced surplus on objective, being attained from internal accruals and other sources. In order to save the interest cost to profitability, lending was assigned, who took over the said debt and indemnified repayment along with interest accruing.

III. RE-LOCATION PROGRAMME

The company has acquired Lease Hold Industrial Plot measuring 50,340 sq.mt from Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO), Jaipur vide Plot No. SP2 – 173 & 174, at Industrial Area Kahrani (Bhiwadi Extn.) Distt, Alwar (Rajasthan) for relocation of its existing manufacturing unit.

IV. EMPLOYEE BENEFITS

DEFINED BENEFIT PLAN- GRATUITY

(Projected Unit Credit Actuarial Method)

Expense recognised in the Statement of Profit & Loss for the financial year ended 31st March '13

	2013	2012
Current Service Cost	-	2825423
Past Service Cost		
Interest Cost	-	5275373
Expected Return on plan Assets		
Net Actuarial Gain/Loss recognised during the year	-	792864
Expenses recognised in the statement of profit & loss	2,02,58,177	8893660

Net Assets/ Liabilities recognised in the Balance Sheet as at 31st March '13

Present Value of obligation as at the end of the period	7,51,27,498	65603703
Fair Value of Plan Assets as at the end of the period	-	-
Funded Status	-	-
Excess of Actual over estimated	(7,51,27,498)	(65603703)
Unrecognised Actuarial (Gains)/Losses	-	-
Net Assets/ (Liability) Recognised in the Balance Sheet	(7,51,27,498)	(65603703)

Changes in the present value of obligation

Present value of obligation as at the beginning of the period	6,56,03,703	62063210
Acquisition Adjustments		
Interest Costs	-	5275373
Past Service Costs	-	2825423
Curtailment Cost/ (Credit)	-	-
Settlement Costs/ (Credit)		
Benefit Paid	-	(5353167)
Actuarial (Gain)/ Loss on Obligation	-	792864
Present Value of Obligation as at the end of the period	7,51,27,498	65603703

Fair Value of Plan Assets (Funded Status)

(7,51,27,498)	(65603703)
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EARNED LEAVE AND COMPENSATED ABSENCES

Expense recognised in the Statement of Profit & Loss for the financial year ended 31st March '13

Current Service Cost	-	354833
Past Service Cost	-	704665
Interest Cost		
Expected Return on plan Assets		
Net Actuarial Gain/Loss recognised during the year	-	(1503517)
Expenses recognised in the statement of profit & loss	(57,32,208)	(444019)

Net Assets/ Liabilities recognised in the Balance Sheet as at 31st March 2013

Present Value of obligation as at the end of the period	1,03,69,407	55,20,117
Fair Value of Plan Assets as at the end of the period		
Funded Status	(1,03,69,407)	(5520117)
Excess of Actual over estimated		

Unrecognised Actuarial (Gains)/Losses		
Net/Assets/ (Liability) Recognised in the Balance Sheet	(1,03,69,407)	(5520117)

Changes in the present value of obligation

Present value of obligation as at the beginning of the period	55,20,117	8290172
Acquisition Adjustments		
Interest Costs	-	704665
Past Service Costs		
Current Service Costs	-	354833
Curtailment Cost/ (Credit)		
Settlement Costs/ (Credit)		
(Benefit paid)	-	(2326036)
Actuarial (Gain)/ Loss on Obligation	-	(1503517)
Present Value of Obligation as at the end of the period	1,03,69,407	5520117

Fair Value of Plan Assets (Funded Status)	(1,03,69,407)	(5520117)
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ASSUMPTIONS

Economic

Discount Rate		8.5%
Increments		6%
Expected Rate of Return on Plan Assets		

Demographic

Mortality Table		
Retirement Age	58 Years	58 Years
Withdrawal Rates		
Upto 30 Years	3.00%	3.00%
Up to 44 Years	2.00%	2.00%
Above 44 Years	1.00%	1.00%

The company has complied with the requirement of Accounting Standard – 15 on "Employee Benefits" as issued by ICAI, by making a provision for the post-retirement benefits (i.e. Gratuity and Leave Encashment) taking into consideration the provisions of The Payment of Gratuity Act, 1972 and the age & other terms and conditions of employment. However, the actuarial valuation for the same has not been done.

V. CONTINGENT LIABILITIES

	2013 Rs. In lacs	2012 Rs. In lacs
i) Claims against the company not acknowledged as debts.	540.74	25.93
ii) Disputed Excise duty (including penalty of Rs. 215.68 lacs), under appeal before Central Excise & Service Tax Appellate Tribunal (Rs.50 lacs paid as deposit and shown under loans and advances Schedule - IX)	421.36	421.36
iii) Disputed from Director General of Foreign Trade (DGFT) for issue show case notice relating to not fill full export obligation	150.72	150.72
iv) Income Tax Demand notice issued by ACIT. Company not acknowledge as debts, appeal pending before the Hon'ble ITAT, Delhi	107.00	41.95
v) Choques discounted with Banks	-	48.76
vi) Guarantees given by Banks (excluding liabilities provided)	224.00	136.10
vii) The company is contingently liable for payment of interest on delayed payments made beyond the appointed day during the financial year as well as on outstanding amount at the year end to Micro, Small, and Medium Enterprises under the provisions of Section 16 of The Micro, Small, and Medium Enterprises Development Act, 2006.	27.60	54.56

VI. CURRENT ASSETS, LOANS AND ADVANCES

i) Basis of quantitative particulars given below under item XIV is as under;

- (1) Production figures have been ascertained on the basis of production report summaries. The opening and closing balances of finished goods are based on stock records and physically verified inventories. Sales quantities have been furnished on the basis of sales invoices.
- (2) The quantities of different classes of raw materials and components consumed have been derived by posting in a separate ledger, the opening quantities & purchases and deducting there from the closing stock. The quantities for different items have not been ascertained from stock cards. The Company is still to introduce a procedure for correlation of materials consumed with production.
- (3) Stock of semi - finished, raw material and finished goods includes slow moving and non-moving stock of Rs. 1.85 lacs (16.27lacs). In the opinion of the Management, no reduction is considered necessary in the value of the stocks.
- (4) Semi - finished goods have been ascertained on the basis of physical verification.
- (5) Finished Goods comprise of varied specifications and include a number of components. In the absence of a scientific system of costing in vogue, value of closing stock is worked out, as in the past, by reducing from the selling price, an appropriate margin towards profit & selling expenses.
- (6) In the opinion of the Board and to the best of their knowledge and belief, Value of realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the balance sheet. Balance of personal accounts are subject to confirmation for the respective parties.
- (7) The balances of Sundry Debtors and Sundry Creditors are subject to confirmation.
- (8) During the financial year 2007-08, the company incurred an amount of Rs. 31.58 Cr for the development of product for M/s. Navistar Inc, Chicago, IL, USA. However, the same has neither capitalised nor transferred the same to the Statement of Profit & Loss, as they had not recognised the product manufactured by the company and the case is pending with the US Court.

VII. MICRO, SMALL & MEDIUM ENTERPRISES

Micro, Small and Medium enterprises have been identified by the Company on the basis of information available. Total outstanding dues of Micro, Small & Medium enterprises, which are outstanding for more than the stipulated period, are given below:

		(Figures in Rs. Lacs)	
		2013	2012
a)	Dues remaining unpaid as at 31st March		
	i) Principal	400.68	465.12
	ii) Interest	-	-
b)	Interest paid in term of Section 16 of the Act	-	-
c)	Amount of principal payments made beyond the appointed day during the year	345.57	1010.05
d)	Amount of Interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
e)	Amount of interest accrued and remaining unpaid as at 31st March 2013		
	Interest on delayed payments beyond the appointed day has been considered as a contingent liability.		

VIII. STATEMENT OF PROFIT & LOSS

a) Payment to Auditors :

		Current year (Rs)	Previous year (Rs)
i)	Audit Fee	5,00,000/-	400,000
ii)	Reimbursement of expenses		15,812
iii)	Certification of statements		104,787
iv)	Service Tax	61,800/-	49,440

- b) Sales include exchange rate fluctuation of Cr. Rs. Nil (Previous year Dr. Rs. 74.24 lacs).
c) Remuneration to Managing and Whole time Directors:

	Current year	Previous year
Salary & Allowances	5,218,548	58,50,000
Contribution to Provident Fund	238,680	1,440,000
Perquisites	835,899	5,10,000
	6,293,127	78,00,000
d) Export Promotion & Export Expenses include		
(1) ECGC premium	-	1,004.39
(2) Salary & Wages	198,655	603,832

IX. SEGMENT REPORTING

Segment Information for the Year Ended 31st March, 2013

	2013 (Rs. In lacs)	2012 (Rs. in lacs)
Revenue by Geographical Market		
1. India	9,541.02	21,779.69
2. Outside India	00.00	2,688.05
Total :	9,541.02	24,467.74
Segment Results Profit/(Loss) before interest and taxes		
1. India	(1293.26)	7777.48
2. Outside India		959.90
Total :	(1293.26)	8737.38
Less: Interest	2137.42	1972.62
Less: Other Unallocable Expenditure		5981.63
Add: Other Unallocable Income		54.92
Profit before Tax	(3430.68)	838.05

X. RELATED PARTY DISCLOSURES

a. Related parties and their relationship

i. Key management personnel

- Mr. V.K. Mehta, Chairman & Managing Director (Promoter)
- Mr. Anuj Mehta, Part Director (Relative)
- Mrs Pooja Kapur Director (Relative)

ii. Enterprises over which key management personnel are able to exercise significant influence.

	Purchase of goods/Services	(Rs. in lacs) Amt O/s
a) Macas Automotive	737.06	95.09
b) Kanav Engineering	6.77	72.69
c) C.A. Ancillary	12.92	-
d) Sai Print & Pack	95.24	208.08
	851.99	375.86

b) Transactions with the above parties in the ordinary course of business.

i) Transactions with key management personnel mentioned in (I) above.

	Current Year (Rs. in lacs)	Previous year (Rs. in lacs)
a) Remuneration	62.93	78.00
b) Amounts outstanding at the year end: - Payable	2.02	0

ii) Transaction with above parties

a) Purchase of Goods /Services	851.99	1708.65
b) Amount outstanding at the year end: - Payable	375.86	459.34

XI. EARNING PER SHARE

Net Profit after tax attributable to shareholders (Rs in lacs)	(3421.57)	781.43
No of Shares	18,758,880	18,758,880
EPS		
Basic	(18.57)	4.24
Diluted	(18.57)	4.24

XII. Previous year figures have been regrouped & rearranged, wherever required to conform to the revised presentation of accounts.

XII(A). DEPRECIATION

The Company was not operated at full capacity due to labour problem during the under review. Hence only 1/3rd depreciation of Rs.5,93,90,306/- was provided instead of Rs.17,99,67,348/-.

XIII. Additional information pursuant to para 4C & 4D of para II of Schedule VI of the Companies Act, 1956.

- a) Particulars of capacity, production, Stocks & Sales - Annexure attached
b) Particulars of Raw Materials & Components consumed.

Classes of Goods	Unit	Amount(Rs.)
Forgings	Ncs.	22,606,181 (75,532,267)
Facings	Set	13,541,611 (105,116,041)
Steel Sheets	Kgs.	20,532,705 (162,577,147)
Castings	Ncs.	56,903,939 (254,760,381)
Spring Steels	Kgs	11,100,497 (55,825,576)
Springs	Ncs	8,346,184 (77,622,496)
Rivets & Other Components		61,616,706 (717,508,481)
	Total:	194,647,823 (1,448,942,389)

c) Value of Imported & Indigenous raw material, spares & components consumed.

	Amount (Rs.)	Percent (Rs.)
1) Raw Material		
Imported	27,235,154 (134,227,004)	(04.50) (09.26)
Indigenous	578,461,657 (1,314,715,385)	(95.50) (90.74)
Total:	605,696,811 (1,448,942,389)	(100)
2) Stores & Spares:		
Imported	Nil (Nil)	Nil (Nil)
Indigenous	10,417,546 (39,362,034)	100 (100)
d) Earnings in foreign exchange - FOB	-	
Value of exports (on accrual basis)	(246,547,359)	

e)	Expenditure in Foreign Currency on account of	
	- Travel	71,283
		(623,109)
	- Technical Fee	-
		(54,199)
	- Other	-
		(-)
	Total:	71,283
		(6,77,308)
f)	CIF value of imports includes advances (on accrual basis)	
	- Raw materials	27,235,154
		(131,723,481)
	- Capital	NIL
		(NIL)

Note: - Figures in brackets are in respect of previous year

XIV. Notes to financial statements form an integral part of financial statements.

Annexure to our report of even date

As per our Separate Audit report of even date attached

For S.C. Garg & Associates
Chartered Accountants
FRN-06873N

(V. K. MEHTA)
Chairman &
Managing Director

(POOJA KAPUR)
Director

(Vipin Kumar Ahuja)
Partner
M.No. 522081

(MANISH RAI)
Company Secretary

(RAMBIR SINGH)
Accounts Officer

Place: New Delhi
Date : 31st July' 2013

NOTICE

Notice is hereby given that the FORTY SECOND ANNUAL GENERAL MEETING of the Members of Clutch Auto Limited will be held on Tuesday, the 31st December, 2013 at 10.00 A.M. at 2 E/14, Jhandewalan Extn., New Delhi - 110 055 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Kewal Krishan Taneja who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. S. C. Garg & Associates, Chartered Accountants, New Delhi and consider, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT M/s. S. C. Garg & Associates, Chartered Accountants, New Delhi, the retiring Auditors, being eligible for re-appointed, be and are hereby reappointed as the Statutory Auditors under section 224 and all other applicable provisions, if any, of the Companies Act, 1956 to hold such office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration including out of pocket expenses as shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

4. Appointment of Sh. Gian C Narang as Director

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

"RESOLVED THAT Sh. Gian C Narang who was appointed by the Board of Directors as an Additional Director of the Company with effect from 10 November, 2012 and who holds office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director liable to be retire by rotation."

5. Appointment of Sh. Dharendra N Chaturvedi as Director

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

"RESOLVED THAT Sh. Dharendra N Chaturvedi who was appointed by the Board of Directors as an Additional Director of the Company with effect from 10 November, 2012 and who holds office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director liable to be retire by rotation."

Regd. Office
2E/14 (1st Floor)
Jhandewalan Extn.
New Delhi - 110 055

By Order of the Board of Directors

(V K Mehta)
Chairman & Managing Director

Dated: 31st July, 2013

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

ITEM NO.4

Appointment of Sh. Gian C Narang as Director

Sh. Gian C Narang was appointed as Additional Director of the Company with effect from 10 November 2013 pursuant to Section 260 of the Act and Article 109 of the Articles of Association of the Company. He will cease to hold office at the Board of Directors of the Company at the ensuing Annual General Meeting and is eligible for appointment as a Director. The notice under Section 257 of the Act has been received from a Member signifying his intention to propose the candidature of Mr. G C Narang for his appointment as a Director of the Company.

Brief information regarding Sh. Gian C Narang has been elsewhere in the Corporate Governance Report. The Board considers that the Company should continue to avail services of Sh. Gian C Narang and accordingly commends the Resolution at item No.4 for approval by the Members.

Except Sh. Gian C Narang, none of the Directors of the Company is in any way concerned or interested in the proposed resolution No.4 of the Notice.

ITEM NO.5

Appointment of Sh. Dharendra N Chaturvedi as Director

Sh. Dharendra N Chaturvedi was appointed as Additional Director of the Company with effect from 10 November 2013 pursuant to Section 260 of the Act and Article 109 of the Articles of Association of the Company. He will cease to hold office at the Board of Directors of the Company at the ensuing Annual General Meeting and is eligible for appointment as a Director. The notice under Section 257 of the Act has been received from a Member signifying his intention to propose the candidature of Sh. Dharendra N Chaturvedi for his appointment as a Director of the Company.

Brief information regarding Sh. Dharendra N Chaturvedi has been given in the Corporate Governance Report. The Board considers that the Company should continue to avail services of Sh. Dharendra N Chaturvedi and accordingly commends the Resolution at item No.5 for approval by the Members.

Except Sh. Dharendra N Chaturvedi, none of the Directors of the Company is in any way concerned or interested in the proposed resolution No.5 of the Notice.

Regd.Office
2E/14 (1st Floor)
Jhandewalan Extn.
New Delhi 110 055

By Order of the Board of Directors

(V K Mehta)
Chairman & Managing Director

Dated: 31st July, 2013

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.4 & 5 set out above and details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment at the Annual General Meeting, are annexed hereto.
2. Only registered members of the Company may attend and vote at the Annual General Meeting. A Member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself/herself. A proxy need not be a member of the Company.
3. The proxy in order to be effective, should be duly signed, stamped and deposited at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Annual General Meeting.
4. The Register of Members and Transfer Books will remain closed on 31st December, 2013.
5. The Company has admitted its Equity Shares in the Depository System of National Securities Depository Limited (NSDL) as well as Central Depository Services (India) Ltd. and has offered investors the facility to hold shares in demat form and to carry out scripless trading of these shares as per the prescribed procedure.
6. The shareholders may send their requests for transfer, transmission, transposition, deletion of name, demat, remat, change of address etc. at the below mentioned address of the Registrar & Share Transfer Agent (R & T Agent):

M/s. MAS Services Ltd.,
T-34, 2nd Floor,
Okhla Industrial Area Phase – 2,
New Delhi – 110 020.

The requests received at the registered office will also be forwarded to the R & T Agent.

7. Pursuant to the provisions of Section 109A of the Companies Act, 1956, shareholders may file Nominations in respect of their respective shareholdings. Any shareholder willing to avail of this facility may submit to the Company the prescribed form 2B, if not already filed.
8. Members are requested to bring their copies of Annual Report to the Meeting as such copies may not be available at the Annual General Meeting.
9. Members are requested to put their signatures at the space provided in the Attendance Sheet annexed to the proxy form and hand over the same at the designated counter near the entrance of the Meeting Hall.
10. Members may also kindly note that there will be no gifts/food coupons at the Annual General Meeting.
11. The documents referred to in the accompanying notice and explanatory statement are open for inspection at the Registered Office of the Company on all working days, except Holidays, between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.

Regd. Office
2E/14 (1st Floor)
Jhandewalan Extn.
New Delhi 110 055

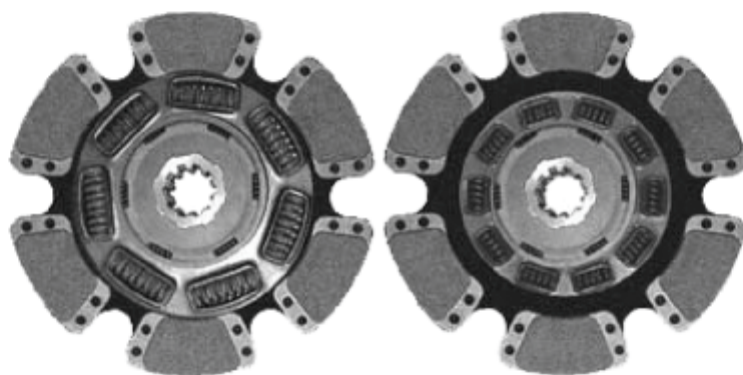
By Order of the Board of Directors

(V K Mehta)
Chairman & Managing Director

Dated: 31st July, 2013



Book Post



If undelivered please return to :

CLUTCH AUTO LIMITED

2E/14, (1st Floor),

Jhandewalan Extension

New Delhi-110055

CLUTCH AUTO LIMITED

Works & Admn. Office: SP-173/174, RIICO Industrial Area, Kaharani, Bhiwadi, Distt. Alwar (Rajasthan)