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**27<sup>TH</sup>**  
**ANNUAL REPORT**  
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**KRISHNA ENGINEERING WORKS LIMITED**

## **BOARD OF DIRECTORS**

- |    |                                    |   |                                   |
|----|------------------------------------|---|-----------------------------------|
| 1. | Mr.Gurbachan Juneja                | - | Managing Director                 |
| 2. | Mr.R. K. Bhandari                  | - | Nominee Director                  |
| 3. | Mr.Ashok Vinayek                   | - | Director                          |
| 4. | Major Gen. T. V. Manoharan (Retd.) | - | Director                          |
| 5. | Mr.Sunil Kumar Sharma              | - | Director (upto 13th August, 2010) |
| 6. | Mr.Varinder Paul                   | - | Director (w.e.f. 15th May, 2010)  |

### **AUDITORS**

M/s Brij Aggarwal & Associates  
Chartered Accountants  
Jalandhar City - 144 001

### **BANKERS**

State Bank of India  
Specialised Commercial Branch  
Civil Lines, Jalandhar

### **REGISTERED OFFICE**

Ladowali Road, Jalandhar- 144 001

### **WORKS**

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

### **COMPLIANCE OFFICER**

Gurbachan Juneja  
(Managing Director)  
Address: EH-58, Ladowali Road, Jalandhar.

### **COMPANY'S REGISTRAR AND SHARE TRANSFER AGENT**

M/s Skyline Financial Services Pvt. Ltd.  
D-153/A, 1st Floor, Okhla Industrial Area,  
Phase-1, New Delhi-110020.

# KRISHNA ENGINEERING WORKS LIMITED

## DIRECTORS' REPORT

Dear Members,

Your directors have pleasure to present the 27th Annual Report on the affairs of the company for the year ended 31st March, 2010

### FINANCIAL RESULTS

The financial results for the year are as under:

Sr.No. Particulars	31.03.2010 (Rs. in Lac)	31.03.2009 (Rs. in Lac)
Sales	2334.07	2737.07
Other Income	190.78	187.92
Total Expenses Before Depreciation, Taxes & Financial Expenses	3150.89	3333.61
Profit Before Interest & Depreciation	(626.04)	(408.61)
Depreciation	315.30	420.94
Financial Expenses	3.68	119.60
Net Profit Before Tax	(945.02)	(949.16)
Provision For Tax	NIL	NIL
Net Profit After Tax	(945.02)	(949.16)
Add		
Brought Forward Previous Year	(9669.33)	(8719.97)
Add. Fringe Benefit Tax	00	0.19
Balance Carried Forward	(10614.35)	(9669.33)

Your directors report that during the year under review the sales have declined from 2737.07 Lac to Rs. 2334.07 Lac. However, there is nominal change in the losses suffered by the company during the current year and previous year. The main reason of losses is due to company being a sick industrial unit. Details of expenses incurred by the company during the year have been given in schedule to annual accounts.

Your directors are trying their best to improve the performance of company in the future.

### 1. DIVIDENDS

In view of non availability of profits, your directors regret their inability to distribute any dividend on shares.

### 2. FIXED DEPOSITS

During the year under report, your Company did not accept any deposits from the public in terms of the provisions of Section 58A of the Companies Act, 1956.

### 3. DIRECTORS

No changes occurred in the constitution of the Board of Directors during the year ended 31st March, 2010.

Mr.Ashok Vinayek, Director will retire by rotation and being eligible, offers himself for reappointment.

Mr.Varinder Paul was appointed as Additional Directors by the Board of Directors in its Meeting held on 15th May 2010.

Brief Resume of Mr. Varinder Paul, director and details of the directorship and membership of Board committees held by him is given in notice of the Annual General Meeting.

Sh. Sunil Kumar Sharma submitted his resignation letter on 2nd August, 2010 which was accepted by the Board of Directors in its meeting held on 13th August, 2010. The Board places on record its appreciation of the valuable contributions made by Mr. Sunil Kumar Sharma during his association with the company.

Directors recommend the resolutions pertaining to re-appointment & appointment of Directors, for approval of the members.

### 4. AUDITORS

M/s Brij Aggarwal & Associates, Chartered Accountants, Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made, would be in accordance with Section 224(1-B) of the Companies Act, 1956. The Board recommends their re-appointment.

### 5. COMMENTS ON AUDITORS' REPORT

The Company is a sick industrial unit and registered with BIFR. The Draft Rehabilitation Scheme is under consideration with Operating Agency. The indebtedness to L.I.C, G.I.C, L & T Finance, P.S.I.D.C and all other statutory dues will be addressed appropriately in the Rehabilitation Schemes upon its finalization.

# KRISHNA ENGINEERING WORKS LIMITED

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## 6. PARTICULARS OF EMPLOYEES

During the financial year under review, none of the Company's employee was in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and hence no particulars are required to be disclosed in this Report.

## 7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of energy and technology absorption and foreign exchange earnings and out go as required under section 217(1) (e) of the Companies Act, 1956 have been as under:

### a) Conservation of Energy.

Power & fuel expenses incurred by the company during the year amounted to Rs. 39309382/- as compared to expenses of Rs. 39989394/- incurred during the previous year.

### b) Technology absorption, Adaptation & Innovation.

The company is committed to the process involving industry knowledge, training and adoption.

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

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

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your directors confirm that:

- (i) In preparation of the Annual Accounts, applicable accounting standards have been followed and there are no material departures;
- (ii) Such accounting policies have been selected and applied consistently subject to such adjustments and estimates have been made for preparation of accounts that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year

ended on 31st March 2010 and the profit of the company for the year.

(iii) Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the company and to prevent fraud and other irregularities;

(iv) Statement of accounts have been prepared on a going concern basis.

## 9. CORPORATE GOVERNANCE

Your company continues to follow the principles of good Corporate Governance. The company has already constituted certain committees of directors to assist the Board of Directors on various important issues. The report on the status of the compliance of Corporate Governance Guidelines of SEBI, is enclosed with this report.

## 10. BIFR STATUS

The company is a sick industrial company and is registered with BIFR under SICA ( Sick Industrial Companies Act, 1985). The company is preparing a Draft Rehabilitation Scheme for its reconstruction. The management is very positive on an early revival.

## 11. ACKNOWLEDGEMENT

The Board of Directors of the Company wish to place on record their thanks and appreciation to all workers and staff members for their contribution to the operations of the company. The directors are thankful to the Bankers for their continued support to the company. The Directors also place on record their sincere thanks to the shareholders for their continued support, co operation and confidence in the management of the company.

For and on behalf of  
the Board of directors

Place : Jalandhar

Dated : 1st September, 2010

Gurbachan Juneja  
(Managing Director)

# KRISHNA ENGINEERING WORKS LIMITED

## CORPORATE GOVERNANCE REPORT

Corporate governance is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. The term can refer to internal factors defined by the officers, stockholders or constitution of a corporation, as well as to external forces such as consumer groups, clients, and government regulations. A well-defined and enforced corporate governance provides a structure that works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws.

### Company's Philosophy on Corporate Governance

The company believes that good governance generates goodwill among business partners, customers and investors, earns respect from society, brings about a sustainable growth for the company and generates competitive returns for the investors. Your company is committed to the principles of good governance.

### BOARD OF DIRECTORS

The Board of Directors consists of experienced people drawn from diverse fields. The majority of the directors on the Board are independent and non executive directors. The day to day management of the company is conducted by the Managing Director subject to the supervision and control of the Board of Directors.

The total strength of the Board has been 5 directors comprising of one Managing Director and 4 non executive and independent directors as on 31st March, 2010. None of the Directors on the Board holds the office of director in more than 15 Companies or memberships in committees of the Board in more than 10 Committees or Chairmanship of more than 5 committees.

Five Board Meetings were held during the financial year ended on 31st March, 2010 on the following dates : 30th April, 2009 , 29th July, 2009, 31st August, 2009, 30th October, 2009 and 29th January, 2010.

The details in regard to the attendance of directors at the Board Meetings held during the year and at last Annual General Meeting are given below :

Name	Category	No. of Board meetings attended during the year	Whether Attended last Annual General Meeting
Mr. Gurbachan Juneja	Executive (Chairman)	5	Yes
Mr. Sunil Kumra Sharma	Non Executive (Independent)	5	Yes
Mr. R K Bhandari	Non Executive (Independent)	5	No
Major Gen. T. V Manoharan (Retd.)	Non Executive (Independent)	NIL	No
Mr. Ashok Vinayak	Non Executive (Independent)	NIL	No

None of the Independent Directors have any material pecuniary relationship of transactions with the Company.

Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

# KRISHNA ENGINEERING WORKS LIMITED

## AUDIT COMMITTEE

The "terms of reference" of the Audit Committee included the following:

- a) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) 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.
- c) Approval of payment to Statutory Auditors for any other services rendered by them.
- d) Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
  1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  2. Change, if any, in accounting policies and practices and reasons for the same.
  3. Major accounting entries involving estimates based on the exercise of judgment by management.
  4. Significant adjustments made in the financial statements arising out of audit findings.
  5. Compliance with listing and other legal requirements relating to financial statements.
  6. Disclosure of any related party transactions.
  7. Qualifications, if any, in the draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Discussing 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.
- g) Compliance with Stock Exchange and legal requirements concerning financial statements.
- h) Reviewing the Company's financial and risk management policies.

## Composition , name of members & chairperson As on 31st March , 2010

Mr. Sunil Kumar Sharma	-	Chairman (Non Executive, Independent)
Mr. R K Bhandari	-	Member (Non Executive, Independent)
Mr. Ashok Vinayek	-	Member (Non Executive, Independent)

Five Meetings of Audit Committee were held during the year ended on 31st March, 2010 on the following dates:

30th April, 2009 , 29th July, 2009 , 31st August, 2009 , 30th October, 2009 and 29th January, 2010.

### Attendance of Members

Name of Member	No. of Meetings Attended
Mr. Sunil Kumar Sharma	5
Mr. R K Bhandari	5
Mr. Ashok Vinayek	NIL

### Remuneration Committee

The Remuneration Committee comprised of 2 non executive members of the Board ie. Mr. Sunil Kumar Sharma (Chairman) and Mr. R K Bhandari as on 31st March, 2010. The Committee decides on the company's policy on the remuneration package for its Managing director.

No Meeting of the Remuneration Committee was held during the year ended on 31st March, 2010.

Details of Remuneration paid to managing director are as follows ;

Mr. Gurbachan Juneja Rs. 4,80,000/-  
(Managing Director)

The company pays sitting fees of Rs. 2000/- to its non executive directors for attending each meeting of the Board and committee.

### Shareholders Grievance Committee

The committee comprised of Mr. Sunil Kumar Sharma (Chairman ) and Mr. Gurbachan Juneja (Member) as on 31st March , 2010.

The Committee looks into various issues relating to shareholders/investors grievances relating inter alia to non receipt of annual report, non delivery of shares after transfer/delay in transfer of shares etc.

Attendance of members at Shareholders Grievance Committee Meetings

Name of Member	No. of Meetings held During the year ended on 31 March, 2010	No. of Meetings Attended
Mr. Sunil Kumar Sharma	2	2
Mr. Gurbachan Juneja	2	2

No Shareholder complaint was received during the year.

## **KRISHNA ENGINEERING WORKS LIMITED**

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### **General Body Meetings**

#### **Details of last three Annual General Meetings :**

Year 2006-2007	29th September, 2007	At A-20, Focal Point Extension, Jalandhar
Year 2007-2008	29th September, 2008	At A-20, Focal Point Extension, Jalandhar
Year 2008-2009	29th September, 2009	At A-20, Focal Point Extension, Jalandhar

No Special Resolution was passed in the last three Annual General Meetings.

**No extra ordinary General Meeting was held during the Financial Year ended on 31st March, 2010.**

### **GENERAL SHAREHOLDERS INFORMATION**

Annual General Meeting	:	Monday the 27th day of September, 2010 at 10.00 A M at A-20, Focal Point Extension, Jalandhar
Book Closure	:	25th September, 2010 to 27th September, 2010 (both days inclusive) .
Financial Year	:	April, 2010 to 31st March, 2011.
Listing	:	Company's shares are listed on : <ol style="list-style-type: none"><li>1. National Stock Exchange of India Limited, Mumbai</li><li>2. The Delhi Stock Exchange Limited, Delhi.</li><li>3. Bombay Stock Exchange Limited, Mumbai</li><li>4. The Calcutta Stock Exchange Association Limited, Calcutta.</li><li>5. The Ludhiana Stock Exchange Limited, Ludhiana.</li><li>6. The Stock Exchange, Ahmedabad.</li></ol>
Dematerialization of Shares	:	The company's shares are dematerialized vide ISIN No. INE409C01011 with CDSL & NSDL
Registrar & transfer Agents	:	M/s Skyline Financial Services Private Limited D-153/A, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi -110020
Share Transfer System	:	All the share transfer work is handled by Registrar & Transfer Agents. Pursuant to Clause 47 ( c ) of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the company.
Share Holding Pattern	:	As on 31st March, 2010

# KRISHNA ENGINEERING WORKS LIMITED

Category	As on 31 <sup>st</sup> March 2010		As on 31 <sup>st</sup> March 2009	
	No. of Shares	%Age	No of Shares	%
Public	10824089	77.40	11000693	78.67
Promoters & Group of Companies	825319	5.90	825319	5.90
Banks/FI's	569693	4.07	569693	4.07
Mutual Funds	2900	0.02	2900	0.02
Indian Companies	1763299	12.61	1586695	11.34
Others	-	-	-	-
<b>Total</b>	<b>13985300</b>	<b>100</b>	<b>13985300</b>	<b>100</b>

## Distribution of Shareholders:

Share holding of nominal value	No. of Share Holder		Total Share Holding	
	Number	% to total	Number	% to total
Rs. Upto 500	12227	80.15	2598109	18.57
501-1000	1594	10.45	1418081	10.15
1001-2000	653	4.28	1070296	7.65
2001-3000	220	1.45	574076	4.10
3001-4000	110	0.72	405726	2.90
4001-5000	109	0.71	524256	3.75
5001-10000	181	1.19	1362394	9.75
10000 & above	161	1.05	6032362	43.13
<b>TOTAL</b>	<b>15255</b>	<b>100</b>	<b>13985300</b>	<b>100</b>

## Stock Market Data

Month	High Price	Low Price	No. of Shares
April, 2009	3.25	1.70	248116
May, 2009	4.80	2.20	477801
June, 2009	4.40	2.80	269600
July, 2009	3.70	2.75	104660
August, 2009	3.20	2.70	109786
September, 2009	4.10	2.95	363273
October, 2009	3.90	3.15	174190
November, 2009	3.40	2.90	80102
December, 2009	3.35	2.85	173387
January, 2010	4.00	3.00	318265
February, 2010	3.40	2.80	124004
March, 2010	3.15	2.40	151928

## Plant Location

Unit I	B-I, Focal Point, Jalandhar
Unit II	A-20, Focal Point Extension, Jalandhar
Unit III	Ladowali Road, Jalandhar.

## Address for Correspondence

Krishna Engineering Works Limited.

Regd. Office: Ladowali Road,

Jalandhar city- 144001(Punjab)

Phone: 0181-2456081-83, 2234393-94

Fax : 0181-2459777

E-mail : krishnaltd@vsnl.net

## Means of Communication

The company's Quarterly Results, in the format prescribed by the Stock Exchanges are approved and taken on record by the Board of Directors within the prescribed time frame and are sent immediately to the Stock Exchanges. The results are also published in newspapers as per the requirements of Listing Agreement.

## Disclosures

1. There are no transactions of material nature with the promoters or the management or their relatives or subsidiaries that may have potential conflict with the interest of the company at large.
2. The company has complied with all the requirements of the Stock Exchanges/SEBI/ Statutory Authorities on all matters related to capital matters, during the last three years. There are no strictures or penalties imposed on the company by the Stock Exchanges or SEBI or any other statutory Authority relating to above.
3. The company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

The company has set up a Remuneration Committee, details of which are provided above.

For and on behalf of the Board

Place : Jalandhar

Dated: 1st September, 2010

Gurbachan Juneja

(Managing Director)

## **KRISHNA ENGINEERING WORKS LIMITED**

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### **Declaration by the Managing Director under Clause 49(1D) of the Listing Agreement**

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Directors and Senior Management, as approved by the Board for the Financial Year Ended 31st March, 2010.

Dated : 1st September 2010  
Place : Jalandhar

**(Gurbachan Juneja)**  
(Managing Director)

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### **Managing Director's Certification under Clause 49(V) of the Listing Agreement**

To,  
The Board of Directors,  
Krishna Engg. Works Limited,  
Regd. Office : Ladowali Road,  
Jalandhar.

I hereby confirm

1. that I have reviewed the financial statements and the cash flow statements for the year and to the best of my knowledge and belief:
  - a) these statements do not contain any materially untrue statement and figures and do not omit any material fact which may make the statements or figures contained therein misleading.
  - b) these statements together provide a true and fair view of the company's affairs and are in compliance with existing accounting standards, laws and regulations.
2. that to the best of my 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.
3. there are proper and effective internal control systems pertaining to financial reporting.
4. that all the significant changes in internal controls and accounting policies (if any) during the year were indicated to the auditors and the audit committee.

Dated : 1st September 2010  
Place : Jalandhar

**(Gurbachan Juneja)**  
(Managing Director)

# KRISHNA ENGINEERING WORKS LIMITED

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## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Engineering industry is one of the largest segment of the overall industrial growth of a nation. It is an intermediate unit whose demand depends on a variety of end-user industries such as power, mining, oil and gas, consumer goods, automotive and the general manufacturing sector. In other words, the products covered under this industry are largely used as inputs to the capital goods / heavy engineering industries. Being highly labour intensive, the light engineering sector generates ample employment opportunities in the economy, especially into the areas where there is an abundant supply of skilled and semi-skilled labour.

The initiatives and measures taken by the Government for the overall expansion of this industry, along with the establishment of new private units therein, has resulted in higher growth for the engineering industry. This trend has been continuing due to the increased sector's usage in almost all major industrial groups in the country as well as initiation of many new projects for infrastructure development like power, railways, roadways, etc. The engineering industry is vital for manufacturing various final products and improving the quality of life of the people. It holds immense potential for accelerating the pace of development of country and thus offers innumerable opportunities for the investors.

### OPPORTUNITIES AND THREATS

The engineering industry in India has seen unprecedented growth in past 3-4 years. There are wide opportunities for this industry due to increased investment in infrastructure by the government, emergence of India as a manufacturing hub and new capacity additions generated due to growth in demand from domestic as well as overseas markets.

### RISKS AND CONCERNS

The main risks and concerns for the industry include :

- Labour being highly cost competitive
- Low technological competitiveness
- Relative lack of sub-contracting arrangements
- High incidence of indirect taxation

### OUTLOOK

The engineering sector in India has been growing on the back of growth in the user industries and several new projects being undertaken in various core industries such as railways, power, infrastructure etc. Capacity creation in sectors such as infrastructure, oil & gas, power, mining, automobiles, auto components, steels etc. is driving growth for the engineering industry.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal control system provides for safeguarding of assets, proper recording of transactions, and the efficient and effective accomplishment of the unit's and university's goals and objectives including compliance with federal, state, and university rules and regulations. Your management is very active on this front and ensures that there are adequate internal control systems being implemented in the organization.

### HUMAN RESOURCES/INDUSTRIAL RELATIONS

Human resource management (HRM) is the strategic and coherent approach to the management of an organization's most valued assets - the people who individually and collectively contribute to the achievement of the objectives of the business.

The industrial relations remain cordial and peaceful during the year.

### CAUTIONARY STATEMENT

Though the statement and views expressed in the above said report are on the basis of best judgement but the actual future results may differ from whatever is stated in the report.

## **KRISHNA ENGINEERING WORKS LIMITED**

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To,  
The Members of  
**Krishna Engineering Works Limited**

We have examined the compliance of the requirements of Corporate Governance by Krishna Engineering Works Ltd. for the year ended on 31st March 2010, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of the requirements is the responsibility of the management. Our examination has been limited to the procedures and implementation thereof, adopted by the company, for ensuring such compliance. This examination is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the requirements of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the ICAI, New Delhi, we have to state that while the Shareholder/ Investor Grievance Committee has not maintained records to show the investor grievance pending for a period of one month against the company. The Registrar of the Company have maintained the record of investor grievance & certified that as at 31st March 2010 there have no investor grievance pending for more that 30 days.

The above compliance, however, is not an assurance of the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For Brij Aggarwal & Associates**

Chartered Accountants

BRIJ AGGARWAL

Partner

M. No. 16974

Place : Jalandhar

Dated : 1st September, 2010

# KRISHNA ENGINEERING WORKS LIMITED

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## AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY

1. We have audited the attached balance sheet of M/S KRISHNA ENGINEERING.WORKS LTD. as at 31-03-10 and the Profit and Loss and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standard require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts & the disclosures in the financial statements. An audit also includes assessing the accounting principles used & the significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub sec. (AA) of section 227 of the Companies Act, 1956, We enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above, and the note VII given herein below we report that :
  - i) We have obtained all the information & explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books subject to note (vii) below .
  - iii) The balance Sheet, Profit & Loss and Cash Flow statement dealt with by this report are in agreement with the books of accounts subject to note (vii) below :
  - iv) In our opinion, the balance sheet, profit and loss and cash flow state--ments dealt with by this report comply with the accounting standards referred to in sub section .(3C) of section 211 of the Companies Act, 1956 to the extent applicable except accounting standard 15 in regard to Leave encashment benefits to employee, which are accounted for on cash basis and provision for gratuity which has also not been made during the year.
  - v) On the basis of written representations received from the directors and the information and explanations given to us, none of the directors is as on 31st March 2010, prime facie disqualified from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - vi) In our opinion and to the best of our knowledge and according to the explanation given to us, the said accounts read together with & subject to notes attached therewith and subject to points in clause (iv) & (vii) give the information required by the Companies Act, 1956, in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a) In the case of the balance sheet of the state of affairs of the Company as at 31st March, 2010.
    - b) In case of the profit & loss a/c, of the loss for the year ended on that date.

## **KRISHNA ENGINEERING WORKS LIMITED**

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- c) In case of cash flow statement, of the cash flows for the year ended on that date.
- vii) a) The Company has shown net loss of Rs. 945.01 Lac it is less due to non charging of interest to financial institutions and banks. Actual amount of balance outstanding to these financial institutions L.I.C, G.I.C, L & T Finance Ltd. & PSIDC can not be verified by us due to non availability of information.
- b) The quantitative figure with respect to Purchase/sales of trading goods has not been given in notes of accounts.

For **Brij Aggarwal & Associates**  
Chartered Accountants

Place: Jalandhar  
Dated: 01.09.2010

**(BRIJ AGGARWAL)**  
Partner, M.No. 16974

# KRISHNA ENGINEERING WORKS LIMITED

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## Annexure Referred to in para 3 of our report of even date.

		S.No.	Particulars	Amount
1.	a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.	1.	C.S.T Payable	59,65,579
	b) As explained to us, all the assets have been physically verified by the management at the year end. According to the information and explanation given to us, no material discrepancies were noticed on such verification as compared to book records.	2.	P.S.T Payable	2,47,771
	c) The company has not disposed off substantial portion of its fixed assets	3.	VAT Payable	33,19,668
2.	a) We have been told that the inventory has been physically verified during the year by the Management at reasonable intervals.	10.	The accumulated losses of the company are more than 50% of its worth. The Company has Incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year too these were cash losses.	
	b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.	11.	The company has defaulted in repayment of dues to Banks , Financial Institutions and Debenture holders complete details with respect to which can not be provided as the necessary records have not been made available to us.	
	c) Discrepancies noticed on verification between the physical stocks & the book record in respect of manufacturing goods were not material and have been properly dealt within the books of account.	12.	According to the information and explanations given to us. The company has not granted any loans and advances on the basis of security by way of security by way of pledge of shares, debentures and other securities.	
3.	The Company has not maintained any register under section 301 of the Companies Act, 1956. As explained to us company has not taken any loan from the companies whose name are required to be entered into the register maintained under section 301 of Companies act, 1956.	13.	In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society.	
4.	In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weakness in internal control.	14.	As explained to us the co. is not dealing or in trading in shares, securities, debentures or other investments.	
5.	The Company has not maintained any register under sec.301 of the Companies Act,1956.	15.	As explained to us, the company has not given any guarantee for loans taken by others from Bank or financial institution.	
6.	As explained to us the company has not accepted any public deposits during the year.	16.	During the years, no fresh loans were raised by the company.	
7.	In our opinion , the company has an internal audit system commensurate with its size and nature of its business.	17.	The company has not raised any short term or , long term funds during the year, so this Point is not applicable.	
8.	As explained to us , the Central Government has not prescribed maintenance of cost records U/s 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.	18.	As explained to us, the company has not made any preferential shares to parties and companies whose name is required to be entered in the register u/s 301 of the Company Act,1956	
9.	The Company is not regular in depositing with appropriate authorities P.F. Rs. 2,03,853 and ESI Rs. 4,09,742 has not been paid. Detail of undisputed liabilities exceeding six months were in arrears is as under :	19.	As explained to us the company has not issued any debentures during the year.	
		20.	As explained to us, no fraud on or by the company has been noticed or reported during the years.	

**For Brij Aggarwal & Associates**  
Chartered Accountants

Place : Jalandhar  
Dated: 01.09.2010

**(BRIJ AGGARWAL)**  
Partner, M.No. 16974

# KRISHNA ENGINEERING WORKS LIMITED

## Balance Sheet as at March 31, 2010

PARTICULARS	SCHEDULES	AS AT March 31, 2010 Rs.	AS AT March 31, 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share capital	1	138839500	138839500
Share Application Money		—	—
Reserve and surplus	2	158606370	158606370
		<u>297445870</u>	<u>297445870</u>
<b>Loans Funds</b>			
Secured loans	3	626266761	626466761
Unsecured Loans		116503727	116503727
		<u>1040216358</u>	<u>1040416358</u>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>			
Less: Depreciation	4	945785562	939237070
Net block		<u>791878603</u>	<u>760348265</u>
<b>Capital work in progress</b>	5	147000	3176774
		<u>154053959</u>	<u>182065579</u>
<b>Investments</b>	6	35250	35250
<b>Current assets, loans &amp; advances</b>			
Inventories		75064858	95417916
Debtors		44179799	34941957
Cash & bank balances		3588011	2193251
Loans & advances		23092840	18418788
		<u>145925508</u>	<u>150971912</u>
<b>Less: Current Liabilities</b>	8	332232343	281677515
Less: Provision for fringe Benefit tax		—	19590
Net current assets		<u>-186306835</u>	<u>-130725193</u>
<b>Miscellaneous Expenditure</b>	9	10998626	22107168
<b>Profit &amp; loss Account</b>		1061435358	966933554
		<u>1040216358</u>	<u>1040416358</u>
<b>Notes on Accounts</b>	14		

This is the Balance Sheet referred in our report of even date addressed to the members of Krishna Engineering Works Ltd.

The schedules referred above form an intergal part of the Balance Sheet

For **Brij Aggarwal & Associates**  
Chartered Accountants

**Brij Aggarwal**  
Partner

**Varinder Paul**  
Director

**Gurbachan Juneja**  
Chairman & Managing Director

Place : Jalandhar  
Date : 01.09.2010

# KRISHNA ENGINEERING WORKS LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

PARTICULARS	SCHEDULES	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
<b>INCOME</b>			
Sale		233407274	273707249
Job Work/Other Income		<u>19078030</u>	<u>18792219</u>
		<u>252485304</u>	<u>292499468</u>
<b>EXPENDITURE</b>			
Manufacturing & other Expenses	10	294091099	310217395
Administrative & other Expenses	11	9601930	11500772
Financial expenses	12	367620	11960655
Selling expenses	13	287579	534255
Depreciation		31530338	42093879
Product Development exp. w/off		<u>11108542</u>	<u>11108542</u>
		<u>346987108</u>	<u>387415498</u>
Profit(Loss) for the year		(94501804)	(94916030)
Add: Balance of Profit/(Loss) brought forward from previous year		(966933554)	(871997934)
ADD: Fringe Benefit Tax		—	19590
Balance of Profit/(Loss)		(1061435358)	(966933554)
Carried to Balance Sheet			
Notes of Accounts	14		

This is the Profit & Loss Account referred in our report of even date addressed to the members of Krishna Engineering Works Ltd.

The schedules referred above form an intergal part of the Profit & Loss Account

For **Brij Aggarwal & Associates**  
*Chartered Accountants*

**Brij Aggarwal**  
*Partner*

**Varinder Paul**  
*Director*

**Gurbachan Juneja**  
Chairman & Managing Director

Place : Jalandhar  
Date : 01.09.2010

# KRISHNA ENGINEERING WORKS LIMITED

PARTICULARS	SCHEDULES	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
<b>SCHEDULES</b>			
<b>1. SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
	Equity Shares	150000000	150000000
	15000000 (15000000) Equity Shares of Rs. 10.00 (RS.10.00)each		
<b>ISSUED SUBSCRIBED &amp; PAID UP</b>			
	13985300 (13985300) Equity Shares of Rs. 10.00 (Rs. 10.00) each fully paid	139853000	139853000
	Less: Call in Arrears	1013500	1013500
		<u>138839500</u>	<u>138839500</u>
<b>2. RESERVES AND SURPLUS</b>			
	Capital Reserve	3054710	3054710
	General Reserve	5532286	5532286
	Share Premium	146019374	146019374
	Debenture Redemption Reserve	4000000	4000000
		<u>158606370</u>	<u>158606370</u>
<b>3. LOAN FUNDS</b>			
<b>SECURED LOANS :-</b>			
(A)	FROM BANKS		
I.	WORKING CAPITAL FACILITIES	134573298	134573298
	Interest Payable	145993283	145993283
	Secured against hypothecation of Stock and Book-debts of the Company and also guaranteed by two Directors of the Company		
(ii)	TERM LOANS	—	—
	Secured by hypothecation of Vehicles and also guaranteed by two Directors of the Company		
(B)	FROM OTHERS		
I.	Term Loans from Financial Institutions	172074000	172274000
	Interest Payable	107490753	107490753
	secured by registered / equitable mortgage paripassu with Debenture holders over the immovable properties of the company and a first charge paripassu with debentureholders by way of hypothecation of plant & machinery ,spares ,tools ,accessories of the company situated at Jalandhar both existing and future and also guaranteed by two Directors of the Company.		
II.	Director of Industries (Punjab)	967802	967802
	Secured by way of second charge on land, building and machinery of the Company.		

## KRISHNA ENGINEERING WORKS LIMITED

PARTICULARS	SCHEDULES	For the year ended	For the year ended
		March 31, 2010	March 31, 2009
		Rs.	Rs.
III. Debentures			
200000(200000) @ Rs.16.5%(Rs.16.5%) secured Redeemable Non-convertible Debentures of Rs. 100.00(RS.100.00) each		20000000	20000000
Interest Payable		45167625	45167625
(Secured by equitable mortgage paripassu with financial institutions immovable properties of the Company both present and future and a first charge paripassu with financial institutions by way of hypothecation of all movable properties (except book debts)of the Company both present and future subject to prior charges created/to be created in favour of company's Bankers.)			
		626266761	626466761
Unsecured Loans :			
L & T Finance Ltd.		38391676	38391676
General Insurance Corp.of India		10000000	10000000
Life Insurance Corp. of India		10000000	10000000
Interest Payable		58112051	58112051
		116503727	116503727

#### 4. FIXED ASSETS

##### SCHEDULE OF FIXED ASSETS FORMING PART OF BALANCE SHEET AS ON 31.03.10

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As At	Additions	Deletion	As At	As At	During	Adjust-	As At	As At	As At
	1.4.2009	during	during	31.3.2010	1.4.2009	the Year	ment/	31.3.2010	31.3.2010	31.3.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	3784658	-	-	3784658	-	-	-	-	3784658	3784658
Building	68618954	-	-	68618954	26412961	2291873	-	28704834	39914120	42205993
Plant & Machinery	855522205	6440942	-	861963147	725466762	28931034	-	754397796	107565351	130055443
Furniture & Office Equipments	5654654	107550	-	5762204	2811943	307431	-	3119374	2642830	2842711
Vehicles	3129789	0	-	3129789	3129789	0	-	3129789	0	0
Computer	2526810	0	-	2526810	2526810	0	-	2526810	0	0
TOTAL	939237070	6548492	0	945785562	760348265	31530338	0	791878603	153906959	178888805
PREVIOUS YEAR	925216026	14021044	0	939237070	718254386	42093879	0	760348265	178888805	206961640

#### 5. CAPITAL WORK IN PROGRESS

Capital goods under installation	147000	2280872
Capital Advances	—	895902
	147000	3176774

## KRISHNA ENGINEERING WORKS LIMITED

PARTICULARS	SCHEDULES	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
<b>6. INVESTMENTS(AT COST)</b>			
Unquoted			
1410(1410)Equity Shares of Rs.25/-(Rs.25) each of The Citizen Urban Co-operative Bank Ltd.		35250	35250
		<u>35250</u>	<u>35250</u>
<b>7. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(A) CURRENT ASSETS			
1. Inventories			
(As taken, valued and certified by the Management)			
Stores & Spares(At cost or net realisable value whichever is lower)		1158157	3158430
Finished Goods( At estimated cost or net realisable value whichever is lower)		28368596	54055148
Raw Material( at cost including Excise duty)		3146802	6598737
Stock in process( At estimated cost)		42391303	31605601
	(A)	<u>75064858</u>	<u>95417916</u>
2. <b>Sundry Debtors</b>			
(Unsecured, considered good)			
More than six months old		16446180	19327507
Others		27733619	15614450
	(B)	<u>44179799</u>	<u>34941957</u>
3. <b>Cash &amp; Bank Balances</b>			
Cash in hand (Certified)		3516900	2076992
Balance with schedule banks			
- in current accounts		71111	116259
- in Fixed Deposits accounts			
	(C)	<u>3588011</u>	<u>2193251</u>
(B) <b>Loans &amp; Advances</b>			
(Unsecured considered good)			
Advances recoverable in cash or in kinds or for value to be received		12104255	9602005
No Lien Account SBI/ PSIDC		7000000	5000000
Excise Duty Advance / Receivable		92627	77586
Tax Deducted at Source		60730	39626
Security Refundable		3835228	3699571
	(D)	<u>23092840</u>	<u>18418788</u>
Total(A+B+C+D)		<u>145925508</u>	<u>150971912</u>

## **KRISHNA ENGINEERING WORKS LIMITED**

PARTICULARS	SCHEDULES	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
<b>8. CURRENT LIABILITIES</b>			
Sundry Creditors for Goods		37415256	34194995
Sundry Creditors for Capital Goods		916644	1340492
Sundry Creditors for Expenses		316477	514600
Other Liabilities		289517807	241561269
Interest Payable		4066159	4066159
		332232343	281677515
Provision for Fringe Benefit Tax		—	19590
		332232343	281697105
<b>9. MISCELLANEOUS EXPENDITURE</b>			
Product Development Expenses		10998626	22107168
		10998626	22107168
<b>10. MANUFACTURING &amp; OTHER EXPENSES</b>			
Cost of Material			
Opening Stock:			
Raw Material		6598737	7593402
Stock in Process		31605601	35966408
Finished Goods		54055148	85587029
		92259486	129146839
Add: Purchases		183149227	162150559
	(A)	275408713	291297398
Less: Closing Stock			
Raw Material		3146802	6598737
Stock in Process		42391303	31605601
Finished Goods		28368596	54055148
	(B)	73906701	92259486
	(A-B)	201502012	199037912
Workshop Expenses		23466666	29264842
Power & Fuel		39309382	39989394
Machinery Repair		5366915	3764682
Wages & Other Allowances		13754357	17418954
Excise duty		10691767	20741611
		294091099	310217395

# KRISHNA ENGINEERING WORKS LIMITED

PARTICULARS	SCHEDULES	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
<b>11. ADMINISTRATIVE &amp; OTHER EXPENSES</b>			
Rent, Rates & Taxes		385684	296367
Printing & Stationery		109275	147493
Travelling Expenses		305500	283893
Insurance Charges		163412	251603
Salary & Other Allowance		4553422	4792135
Contribution to P.F. & E.S.I.		823478	828163
Staff Welfare Expenses		1065249	852711
Legal & Professional Charges		100905	138900
Repair and Maintenance		930670	1849952
Postage, Telegram, Telephone		236657	194131
Charity & Donation		18000	12900
Vehicle Expenses		91244	342591
Miscellaneous Expenses		94745	154905
Additional Demand of Taxes		622691	198999
Audit Fees		—	25000
Vat Unclaimed A/c		50998	38907
Worker Compensation A/c		—	50000
Bad Debts A/c		50000	1042122
		9601930	11500772
<b>12. FINANCIAL EXPENSES</b>			
Bank Charges		187518	334132
Interest			
- On Bank		—	—
- On Financial Institutions		—	11524390
- On Others		180102	102133
		367620	11960655
<b>13. SELLING EXPENSES</b>			
Freight & Cartage Outward		77577	92775
Business Promotion		98337	82068
Advertisement		55480	103249
Rebate & Discount		1258	83539
Packing		54927	172624
Commission		—	—
		287579	534255

For **Brij Aggarwal & Associates**  
Chartered Accountants

**Brij Aggarwal**  
Partner

**Varinder Paul**  
Director

**Gurbachan Juneja**  
Chairman & Managing Director

Place : Jalandhar  
Date : 01.09.2010

# KRISHNA ENGINEERING WORKS LIMITED

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## SCHEDULE – 14

### NOTES ON ACCOUNTS

#### 1 SIGNIFIICANT ACCOUNTING POLICIES AND PRACTICES

##### A. BASIS OF ACCOUNTING

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

##### B. FIXED ASSETS

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

##### C. DEPRECIATION

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

##### D. INVESTMENTS

Investments are valued at cost,

##### E. INVENTORIES

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

##### F. SALES

Sales are accounted for inclusive of excise duty.

##### G. REVENUE RECOGNITION

Expenses and Revenue are generally accounted for on accrual basis.

##### H. LEAVE ENCASHMENT

Leave encashment expenses are accounted for on cash basis.

##### I. RESEARCH & DEVELOPMENT

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

2. The contingent liabilities not provided for in  
the books of account :- Bank guarantee

— —

## **KRISHNA ENGINEERING WORKS LIMITED**

	Current Year	Previous Year
3. Payment to Directors Managerial Remuneration	4.80 Lacs	4.80 Lacs
4. Auditors Remuneration Statutory		
Audit Fee (including S.Tax)	NIL	0.28 Lac
Taxation matters	NIL	0.28 Lac
5. CIF Value of imports of capital goods	NIL	NIL
6. Expenditure in foreign currency on a/c of Travelling expenses	NIL	NIL
Business Promotion	NIL	NIL
7. Earning in foreign currency FOB value of export	NIL	NIL
8. Capital work in progress inclusive of capital advances	1. 47 Lacs	31.76 Lacs
9. Unpaid lease rent instalment	NIL	NIL
10. Detail of Balance with Non Schedule Bank in C.A. 915	348.21	303.21
The Citizen Urban Co.Op.Bank Ltd. C.A.1817	4811.00	4911.00
The Citizen Urban Co.Op.Bank Ltd. C.A.1894	3024.00	3125.00
11. The confirmation of credit balance of IDBI Rs. 1321 Lac has not been made available.		
12. Debentures of Rs. 2 Crore have already become due for redemption, Reserve account shows a balance of Rs. 40 Lac only shortfall in reserve is due to absence of profit.		
13. Parties balances are subject to confirmation and reconciliation if any.		
14. Previous figures have been regrouped/rearranged wherever considered necessary.		
15. Provisions for taxation has not been made as there is no tax liability during the year as per Companies calculations.		
16. Managerial remuneration 480000 paid to Mg. Director		
17. No interest has been charged on loans from financial institution and Bank during the year .		
18. The Balance confirmation and confirmation of interest charged on loans from financial institutions and Bank have not been made available to us.		
19. Earning per share (EPS)	31-03-2010	31-03-2009
Profit/Loss after tax	(94501804)	(94916030)
No. of shares	13883950	13883950
Earning per share	(-) 6.81	(-) 6.84
20. The company was declared sick industrial company within the meaning of section 3 (1) (o) of the sick industrial co. (Spl. Prov.) Act, 1985 by Hon' Board for industrial and financial reconstruction in 1999.		
21. The company has unabsorbed depreciation and carried forward losses under tax law and there is reasonable certainty that no future taxable income will be available so no deferred tax asset has been calculated and provided .		
22. Segment information		
The company is engaged in the business of engineering components and there are no separate reportable segments as per accounting standards 17 on segments reporting.		

a) Geographical Segment :-

(Rs.in lacs)

Particulars	India		Outside India		Total	
	Cy.	Py.	Cy.	Py.	Cy.	Py.
Segment Rev.	2334.07	2737.07	—	—	2334.07	2737.07
Addition to Fixed and &Intangible assets.	65.48	1402.10	—	—	65.48	1402.10

## KRISHNA ENGINEERING WORKS LIMITED

PRODUCTION		CURRENT YEAR	PREVIOUS YEAR
PARTICULARS		2009-2010 (QTY.)	2008-2009 (QTY.)
AUTO COMPONENTS	( IN PCS )	6356	19138
STEEL FORGING	( IN M.T.)	397.984	692.653
CASTINGS	"	2037.667	2627.244
OTHER STEEL ITEMS	"	52.301	111.548
TOOLS , DIE AND FIXTURE	( IN PCS )	0.00	0.00

### PURCHASE OF FINISHED GOODS

PARTICULARS		2009-2010 (QTY.)	2008-2009 (QTY.)
OTHER STEEL ITEMS	( IN M.T.)	1936.127	1630.720

### SALES

PARTICULARS		2009-2010 (QTY.)	2008-2009 (QTY.)
AUTO COMPONENTS	( IN PCS )	7158	18106
STEEL FORGING	( IN M.T.)	430.625	681.591
CASTINGS	"	2105.810	2559.746
OTHER STEEL ITEMS	"	2781.05	2633.816
TOOLS , DIE AND FIXTURE	( IN PCS )	0.00	0.00

STOCK IN FINISHED GOODS		2009-2010		2008-2009	
		OPENING	CLOSING	OPENING	CLOSING
AUTO COMPONENTS	( IN PCS )	1957	1155	925	1957
RAILWAY COMPONENTS	"	0.00	0.00	0.00	0.00
STEEL FORGING	( IN M.T.)	46.217	13.576	35.155	46.217
C.I.CASTING/CASTINGS	"	103.887	35.744	36.389	103.887
STEEL CASTING	"	0.00	0.00	0.00	0.00
OTHER STEEL ITEMS	"	1529.182	736.560	2420.730	1529.182

### RAW MATERIAL CONSUMED

PARTICULARS		2009-10	2008-09
STEEL FORGING	(IN M.T.)	7.213	15.545
PIG IRON / SCRAP	"	2547.010	2367.140
STEEL ROUND / BILLETS / BARS /	"	488.930	855.120
H.R.SHEET / COIL			
CASTING	(IN M.T.)	0.000	97.606
FURNACE OIL	(IN LTRS)	372.370	414.336

SIGNATURE OF SCHEDULE 1 TO 14  
FOR BRIJ AGGARWAL & ASSOCIATES  
For **Brij Aggarwal & Associates**  
*Chartered Accountants*

FOR AND ON BEHALF OF BOARD OF  
DIRECTORS

**Brij Aggarwal**  
*Partner*  
Place : Jalandhar  
Date : 01.09.2010

**Varinder Paul**  
*Director*

**Gurbachan Juneja**  
*Chairman & Managing Director*

# KRISHNA ENGINEERING WORKS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	AS AT 31.03.2010 Rs. in lacs	AS AT 31.03.2009 Rs. in lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit (Loss) after tax and extra ordinary items	(945.01)	(949.16)
ADJUSTMENTS FOR :		
Depreciation	315.30	420.94
Interest	3.68	119.61
Product Development Expenses written off	111.09	111.09
	<u>430.07</u>	<u>651.64</u>
	(514.94)	(297.52)
Operating Profit(Loss) before working capital changes		
ADJUSTMENT FOR:		
Trade & Other Receivables	(139.12)	149.24
Inventories	203.53	381.52
Trade payable	505.35	(113.47)
	<u>569.76</u>	<u>417.29</u>
Cash generating from operations	54.82	119.77
Interest Paid	(3.68)	(4.36)
FBT Paid	0.00	(0.20)
	<u>(3.68)</u>	<u>(4.56)</u>
Cash flow before extra ordinary items	51.14	115.21
Extra ordinary items	—	—
Net cash from operating activities (A)	51.14	115.21
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Product development expenses	0.00	0.00
Purchase of Fixed Assets	(35.19)	(72.37)
Sale of Fixed Assets	0.00	0.00
Sale of Investment	0.00	0.00
Net cash used in investing activities (B)	<u>(35.19)</u>	<u>(72.37)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment / Proceeds against Borrowings	(2.00)	(50.00)
Share Application Money	0.00	0.00
Net Cash from financing activities (C)	<u>(2.00)</u>	<u>(50.00)</u>
Net Increase/ (Decrease) in cash & cash equivalents (A+B+C)	13.95	(7.16)
Cash & Cash equivalents (Opening Balance)	21.93	29.09
Cash & Cash equivalents (Closing Balance)	35.88	21.93
Note :- Figures in bracket represent outflows.		

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Jalandhar  
Date : 01.09.2010

Varinder Paul  
(Director)

Gurbachan Juneja  
(Chairman & Managing Director)

### AUDITOR'S CERTIFICATE

To

Board of Directors.  
Krishna Engineering Works Ltd.  
Jalandhar - 144 001

We have examined the attached cash flow statement of the Krishna Engg. Works Ltd. for the year ended 31st March, 2010. The statement has been prepared by the company in accordance with the requirement of clause 32 of listing agreements with the stock exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company covered by our audit report of 1 September, 2010 to the members of the company.

For **Brij Aggarwal & Associates**  
Chartered Accountants

Place : Jalandhar  
Date : 01.09.2010

**Brij Aggarwal**  
Partner

## **KRISHNA ENGINEERING WORKS LIMITED**

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### **Balance Sheet Abstract & Company's Business Profile Additional disclosure under Schedule VI Part IV of the companies ACT 1956**

<b>I.</b>	<b>Registration Detail</b>			
	Registration No.	5454	State Code	16
	Balance Sheet Date	31/3/2010		
<b>II.</b>	<b>Capital Raised during the year</b>			
	(Amount in Rs.Thousands)			
		31/3/2010		31/3/2010
	Public Issue	NIL	Right Issue	NIL
	Bonus Issue	NIL	Private Placement	NIL
<b>III.</b>	<b>Position of Mobilisation and Deployment of Funds</b>			
	(Amount in Rs.Thousands)			
	Total Liabilities	1040216	Total Assets	1040216
	Source of Funds			
	Paid-up Capital	138839	Reserve & Surplus	158606
	Secured Loans	626267	Unsecured Loans	116504
			Share Application money	Nil
	Application of Funds			
	Net Fixed Assets	154054	Investments	35
	Net Current Assets	(186306)	Profit & Loss	1061435
			Misc. Expenses	10998
<b>IV.</b>	<b>Performance of Company</b>			
	(Amount in Rs. Thousand)			
	Turnover & Other Income	252485	Total Expenditure	346987
	Profit/Loss Before Tax	(94502)	Profit & Loss After Tax	(94502)
	Earning per share in Rs.	(6.81)	Dividend	NIL
<b>V.</b>	<b>Generic Names of Three Principal/Services of Company</b>			
	(As per monetary terms)			
	<b>PRODUCT DESCRIPTION</b>			<b>ITEM CODE No.</b>
	Casting, Forging			ITC Code
	& Auto Mobile Components			ITC Code

## KRISHNA ENGINEERING WORKS LIMITED

Regd. Office : Ladowali Road, Jalandhar- 144 001

DP ID*	
Client ID*	

### ADMISSION SLIP

Folio No.	
No. of shares held	

For the 27th Annual General Meeting to be held on **Monday the 27th day of September, 2010** at 10.00 A.M. I certify that I am registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company at A-20, Focal Point, Extension, Jalandhar.

.....  
Member's/proxy name  
(in block letters)

.....  
Member's/proxy Signature

**Note : Shareholders are requested to bring this slip at the meeting duly filled in including folio number.  
\*Strike out whichever is not applicable.**

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## KRISHNA ENGINEERING WORKS LIMITED

Regd. Office : Ladowali Road, Jalandhar- 144 001

DP ID*	
Client ID*	

### PROXY FORM

Folio No.	
No. of shares held	

I/We .....of.....  
.....being a member/member(s) of  
Krishna Engineering Works Ltd. hereby appoint.....  
of .....of failing him .....  
.....as my/our proxy to vote for me/us and  
on my/our behalf at the 27th Annual General Meeting of the Company to be held on Monday the 27th day of  
September, 2010 at 10.00 A.M. or at any adjournment thereof.

Signed this .....day of .....2010

Signature (s) :  
of the Member (s) .....

<b>AFFIX REVENUE STAMP</b>
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Notes :

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

\*Applicable for investors holding shares in electronic Form.