



28TH

ANNUAL REPORT
2010 - 2011

KRISHNA ENGINEERING WORKS LIMITED

BOARD OF DIRECTORS

1.	Sh. Gurbachan Juneja	-	Chairman Cum Managing Director
2.	Sh. Yogesh Goel	-	Nominee Director
3.	Sh. Ashok Vinayek	-	Director
4.	Maj. Gen. T. V Manoharan (Retd.)	-	Director
5.	Sh. Varinder Paul Juneja	-	Director
6.	Sh. Sunil Kumar Sharma	-	Director

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

COMPANY SECRETARY

Jyoti Parihar
Company Secretary
Krishna Engineering Works Limited
Ladowali Road, Jalandhar-144001

COMPANY'S REGISTRAR AND SHARE TRANSFER AGENT

M/s Skyline Financial Services Pvt. Ltd.
123, Vinoba Puri, Lajpat Nagar-II,
New Delhi-110024.

KRISHNA ENGINEERING WORKS LIMITED

DIRECTORS' REPORT

Dear Members,

We are delighted to present the 28th Annual Report on the affairs of the company for the year ended 31st March, 2011.

FINANCIAL RESULTS

The financial results for the year are as under:

Financial Results	31.03.2011 (Rs. in Lac)	31.03.2010 (Rs. in Lac)
Sales	6006.13	2334.07
Other Income	663.57	190.78
Total Expenses before Interest, Depreciation & Taxes	6548.89	3152.77
Profit/(Loss) Before Interest & Depreciation	120.82	(627.91)
Depreciation	251.49	315.30
Interest	19.76	1.80
Net Profit/(Loss) Before Tax	(150.44)	(945.01)
Provision For Tax	NIL	NIL
Net Profit/(Loss) After Tax	(150.44)	(945.01)
Add		
Brought Forward Previous Year	(10614.35)	(9669.33)
Add. Fringe Benefit Tax	00	00
Balance Carried Forward	(10764.79)	(10614.35)

During the year under review the sales of the company has increased nearly 157% of the previous year's. With this, the company earned profit of Rs. 120.81 lacs before interest and depreciation against the previous years figures loss of Rs. (627.91) lacs. Net Loss has been reduced to Rs. 150.44 lacs against the previous year figures of Rs. (945.01) lacs. Your directors are trying hard to overcome these losses and earn profits.

1. DIVIDENDS

Keeping in view of the position of the company and non availability of profits, your directors do not recommend any dividend on equity shares for the year ended 31st March, 2011.

2. FIXED DEPOSITS

The Company did not accept any deposits from the public in terms of the provisions of Section 58A of the Companies Act, 1956 during the year ended March, 2011.

3. DIRECTORS

The Board inducted Sh. Sunil Kumar Sharma to the Board. We seek members support in confirming his appointment as director liable to retire by rotation. Brief resume of Sh. Sunil Kumar Sharma is given in notice of the Annual General Meeting.

Major General T V Manoharan (Retd) will retire by rotation and being eligible, offers himself for reappointment. His resume is given in notice of Annual General Meeting.

Sh. R.K Bhandari was nominee director of Punjab State Industrial Development Corporation on the Board till 12.05.2011. PSIDC vide its letter No. PSIDC SL. 8283 nominated Sh. Y K Goel- Senior General Manager PSIDC as a director on the Board of the company in place of Sh. R K Bhandari. The Board of Directors in its meeting held on 13th May, 2011 took note of the PSIDC's letter and approved the nomination of Sh. Y K Goel as nominee director. The Board of Directors place on record the valued contribution of Sh. R K Bhandari during his association with the company.

Sh. Gurabachan Juneja's term as Managing Director of the company is going to expire. Hence members' approval is sought for his re-appointment as Chairman cum Managing Director of the company.

4. AUDITORS

The auditors, M/s Brij Aggarwal & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. 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

Point wise reply of Auditors' Observation in Auditors Report:

KRISHNA ENGINEERING WORKS LIMITED

4(iv) The company has adopted the policy to pay gratuity on cash basis. Thus no provision has been made.

4(vii)(a) No provision of interest has been there in the balance sheet on the secured and unsecured loan. The Company has submitted draft rehabilitation scheme to operating agency which includes waiver of interest and the same is pending for sanction.

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

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

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

Point No. 11 of Annexure: Due payments to Banks, FIs and Debenture Holders have been incorporated in the Draft Rehabilitation Scheme, which has been presented to the Auditors.

Auditors' Qualification on Research and Development Section.

The Draft Rehabilitation Scheme is under consideration with Operating Agency which would cover the settlement amount, waiver of interest, liquidated damages, penalties and other expenses. Accordingly, confirmation from the lenders is not possible till the Rehabilitation Scheme is sanctioned.

6. PARTICULARS OF EMPLOYEES

The information in respect of particulars of employees u/s 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 may be treated as NIL.

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

Particulars in respect of conservation of energy and technology absorption and foreign exchange earnings and out go as required under section

217(1) (e) of the Companies Act, 1956 are provided as under:

a) Conservation of Energy.

Power & fuel expenses incurred by the company during the year amounted to Rs. 51264633/- as compared to expenses of Rs. 39309382/- 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. CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis and Corporate Governance forms a part of the Annual Report. The requisite certificate from the Auditors of the company confirming compliance with the conditions of Corporate Governance as per Clause 49 of the Listing Agreement is attached to this Report.

9. Listing

The equity shares of the Company are listed with National Stock Exchange of India Limited (NSE), Bombay Stock Exchange (BSE), The Delhi Stock Exchange Limited (DSE), Calcutta Stock Exchange Association Limited (CSE), The Ludhiana Stock Exchange Limited (LSE) and The Stock Exchange, Ahmedabad.

10. BIFR Status

The company is a sick industrial company and is registered with BIFR under SICA (Sick Industrial Companies Act, 1985). The Company has filed the appeal before AAIFR against the BIFR order for change of management and has obtained stay against the said order. Further the company has submitted Draft Rehabilitation Scheme with the Operating Agency. The AAIFR has adjourned the case and next date of hearing

KRISHNA ENGINEERING WORKS LIMITED

is 21-09-2011. The company is in the process of settling the dues with Bank/Financial Institutions individually.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the 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 2011 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.

12. ACKNOWLEDGMENT

The Directors wish to convey their appreciation to business associates for their support and contribution during the year. The Directors would also like to thank the employees, shareholders, customers, suppliers and bankers for the continued support given by them to the Company and their confidence reposed in the management.

For and on behalf of
the Board of directors

Place : Jalandhar
Dated : 12th August, 2011

Gurbachan Juneja
(Chairman Cum Managing Director)

KRISHNA ENGINEERING WORKS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure and Developments

Engineering industry primarily deals with the design, manufacture and operation of structures, machines or devices. Main core operations carried on by our company is in casting & forging sector. The Indian casting and forging industry is broadly classified into four sectors - large, medium, small and tiny. A major portion of this industry is made up of small and medium units / enterprises (SMEs). The industry is comprised of about 200 organised and 1000 odd un-organised forging units in the country which are mainly spread across Pune, Chennai, Delhi and Ludhiana. The forging industry depends heavily on the automobile industry which accounts for roughly 70% of the total forging production while the balance is sold to non-auto companies like valves, power sector, earth moving, mining & oil field equipment, engineering, capital goods, etc. Steel forms a major part of input of the forging industry.

OPPORTUNITIES AND THREATS

The industry needs to improve the efficiency of logistics by developing new methods for working more effectively with suppliers, sponsoring efforts to shape information technology and standards to meet the manufacturing needs of the forging industry.

RISKS AND CONCERNS

Technology development and application

- find and deploy strategically significant technologies
- die design/modeling

ENERGY AND THE ENVIRONMENT

- energy efficient/environmentally responsible
- cooperate to make process environmental asset
- pollution prevention
- reduce or eliminate forging die lubrication
- reduce energy consumption
- induction heating/combustion advancements
- waste treatment/recycling
- renewable energy and environmental protection

COOPERATIVE EFFORTS

- leverage resources/share knowledge/protect IPRs
- enlist suppliers/fair compensation at each stage
- information exchange/technology deployment
- Unify support for Industry Vision

COMPETITIVENESS

- process improvement + productivity = profitability
- electronic product design/process technology
- net-shape/materials utilization
- decrease per-unit energy, die, and labor costs
- uniform standards for electronic commerce

EDUCATION

- customers
- basic skills of workforce
- generate political/legislative support
- new information exchange/teaching technologies
- new forging technologies

MARKETS

- meet customers' future needs
- changes in existing markets
- globalization/realistic projections for demand
- new products/markets
- value-added services
- competing materials/processes
- emerging technologies
- global market opportunities

HUMAN RESOURCES

- reestablish an improved public perception
- rewards based on performance
- drive education/consider trends affecting workforce
- management staff/strategies

OUTLOOK

The market potential continues to grow for the forging industry. Looking at the overall long term picture, the industry seems well poised to maintain a remarkable growth rate. Forging industry would shift into higher gear to cater to:

- Expected surge in global demand Galloping surge in the domestic automotive sector
- Upcoming projects in Energy - especially nuclear application.

The production of forgings for the non-automotive sector is on the rise, to give it a more widespread portfolio. Identified drivers of growth in the non-auto sector are Aerospace, Energy, Oil & Gas and Heavy engine parts.

Internal Control Systems and their adequacy

The Company has an adequate system of internal controls implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with applicable laws.

The system is continuously reinforced with analysis of data to strengthen it to meet the changing requirements.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

Your company strongly believes that people are its assets and they are key to drive competitive advantage. Recognizing the importance of Human Resource, all efforts have been put by your company to ensure that best talent is recruited and retained. Overall industrial relations remained cordial during the year.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include change in Government regulations, tax laws, economic & political developments within and outside the country and such other factors.

KRISHNA ENGINEERING WORKS LIMITED

CORPORATE GOVERNANCE REPORT

Your Directors present the Company's report on Corporate Governance in compliance with clause 49 of the listing agreement with stock exchanges.

Corporate Governance Philosophy

We stand committed to good Corporate Governance- transparency, disclosure and independent supervision to increase the value of the various stakeholders. The company is committed to transparency in all its dealings and place high emphasis on business ethics. The basic philosophy of Corporate Governance in the company is to achieve business excellence and dedication to increasing long-term shareholder value, keeping in view the interests of the company's stakeholders.

BOARD OF DIRECTORS

In accordance with corporate policy all material information- statutory as well as non-statutory is placed before the board to enable it to efficiently formulate policies and plans for the company so that the company could serve various stakeholders properly and well in time. Agenda for all the board Meetings was circulated in advance of the meetings.

Composition of Board

As on the date of this report the Board of Directors consists of 6 directors comprising of one Managing Director, 1 non executive Director and 4 non-executive / independent directors.

Category	Name of the Director
Mr. Gurbachan Juneja	- Chairman Cum Managing Director- Executive
Mr. Yogesh Goel	- Nominee Director- Independent
Mr. Ashok Vinayek	- Director- Non Executive Independent
Maj. Gen. T V Manoharan (Retd.)	- Director- Non Executive Independent
Mr. Varinder Paul Juneja	- Director - Non Executive
Mr. Sunil Kumar Sharma	- Director -Non Executive Independent

Board Meetings are scheduled well in advance. Agenda for each meeting along with explanatory notes are distributed before hand to the Board Members.

The company held 5 board meetings during 2010-11. The dates on which board meetings were held were as follows: -

15th May, 2010	13th August, 2010	1st September, 2010
12th November, 2010	11th February, 2011	

Presence of Directors in Board Meetings

Name of the Director	Designation	Category	No. of Board meetings attended	Attendance at AGM
Sh. Gurbachan Juneja	Managing Director	Executive	5	YES
Maj.Gen T.V. Manoharan (Retd.)	Director	Non Executive	1	NO
Sh R.K.Bhandari	Director (Nominee-PSIDC)	Non Executive	5	NO
Sh Ashok Vinayak	Director	Non Executive	1	NO
Sh. Sunil Kumar Sharma	Director	Non Executive	1	YES
Sh. Varinder Pal Juneja	Director	Non Executive	3	YES

KRISHNA ENGINEERING WORKS LIMITED

COMMITTEES OF BOARD

AUDIT COMMITTEE

As on this date the Audit Committee of the Board Comprises three independent directors namely Sh. Sunil Kumar Sharma-Chairman, Sh. Ashok Vinayak-Member and Major General T V Manoharan (Retd). The composition of Audit Committee meets with the requirements of Clause 49 of the Listing Agreement.

Five meetings of the Committee were held during the financial year ended on 31st March, 2011 on the following dates:

15th May, 2010

13th August, 2010

1st September, 2010

12th November, 2010

11th February, 2011

Attendance of members at the meetings of the Audit Committee held during the financial year 2010-2011.

Name of Member	No of meetings held	No of meetings attended
Mr. Sunil Kumar Sharma	5	1
Mr. Ashok Vinayek	5	1
Mr. R.K. Bhandari (member upto 12 th May, 2011)	5	5
Mr. Varinder Paul (member upto 12 th May, 2011)	5	3

Objective :

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting policies of the company and its compliance with the legal and regulatory requirements.

Terms of Reference:

The terms of reference of the Audit Committee are as under:

1. Oversight 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.
2. 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.
3. Approval of payment to Statutory Auditors for any other services rendered by them.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to
 - a) 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.
 - b) Change, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications, if any, in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. 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.
7. Compliance with Stock Exchange and legal requirements concerning financial statements.
8. Reviewing the Company's financial and risk management policies.

KRISHNA ENGINEERING WORKS LIMITED

REMUNERATION COMMITTEE

As on this date the remuneration committee constitutes:

Sh. Sunil Kumar Sharma	-	Chairman
Major Gen. T V Manoharan (Retd.)	-	Member
Sh. Ashok Vinayak	-	Member

The Remuneration Committee has the power to determine and recommend to the Board the amount of remuneration, including performance/achievement bonus and perquisites, payable to the whole-time directors.

REMUNERATION OF DIRECTORS

Remuneration paid to the directors during the year under review is as follows:

Name	Category	Gross Amount (Rs.)
Sh. Gurbachan Juneja	Managing Director	Rs. 4,80,000/-

Non executive Directors are not paid any remuneration. No Remuneration Committee Meeting was held during the financial year ended 31st March, 2011.

No sitting fee has been paid to any director during the year ended 31st March, 2011.

SHAREHOLDERS GRIEVANCE COMMITTEE

The committee comprised of Sh. Varinder Pal Juneja (Chairman) and Sh. Gurbachan Juneja (Member) as on the date of this report.

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.

No Shareholder complaint was received during the year and hence no committee meeting was held during the year.

CODE OF CONDUCT

The company has adopted the Code of Conduct for the senior management of the company, including the Managing Director of the company. Further the board has laid down the code of conduct for the non-executive directors of the company. All board members and senior management personnel have affirmed compliance with the applicable code of conduct.

GENERAL BODY MEETINGS

A. Details of Annual /Extraordinary General Meetings.

Location, date of General Meetings held during the last three years and Special Resolutions passed there at are given below:

Annual General Meetings

Year	Location	Date
2007-08	At A-20, Focal Point Extension, Jalandhar	29th September, 2008
2008-09	At A-20, Focal Point Extension, Jalandhar	29th September, 2009
2009-10	At A-20, Focal Point Extension, Jalandhar	27th September, 2010

No special resolution was passed in the above three meetings.

EXTRA ORDINARY GENERAL MEETINGS

No Extra Ordinary General Meeting was held during the financial year ended on 31st March, 2011.

KRISHNA ENGINEERING WORKS LIMITED

General Shareholders Information

Annual General Meeting	:	Saturday, the 24th day of September, 2011 at 10.00 AM at A-20, Focal Point Extension, Jalandhar.
Book Closure	:	Friday, 23rd day of September, 2011 to Saturday, 24th day of September, 2011 (both days inclusive).
Financial Year	:	1st April, 2010 to 31st March, 2011
Financial Calendar 2011-12 (Tentative)		
Financial Reporting for Quarter ended September, 30, 2011	:	Within 45 days of end of quarter
Financial Reporting for Quarter ended December 31, 2011	:	Within 45 days of end of quarter
Financial Reporting for Quarter ended March, 31, 2012	:	Within 45 days of end of quarter
Listing	:	Company's shares are listed on : <ol style="list-style-type: none">1. National Stock Exchange of India Limited, Mumbai2. The Delhi Stock Exchange Assn. Limited, Delhi.3. Bombay Stock Exchange Limited, Mumbai4. The Calcutta Stock Exchange Association Limited, Calcutta.5. The Ludhiana Stock Exchange Limited, Ludhiana.6. The Stock Exchange, Ahmedabad.
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 123, Vinoba Puri, Lajpat Nagar-II, New Delhi -110024
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.

KRISHNA ENGINEERING WORKS LIMITED

Share Holding Pattern : As on 31st March, 2011

Category	As on 31 st March 2011		As on 31 st March 2010	
	No. of Shares	%	No of Shares	%
Public	11298577	80.78	10824089	77.40
Promoters & Group of Companies	825319	5.90	825319	5.90
Banks/FI's	400000	2.86	569693	4.07
Mutual Funds	2900	0.02	2900	0.02
Indian Companies	1458504	10.44	1763299	12.61
Others	—	—	—	—
Total	13985300	100.00	13985300	100.00

Stock Market Data :

The month-wise high and low market has been:

Month	High Price	Low Price	No. of Shares
April 2010	2.90	2.50	18810
May 2010	2.90	2.50	13425
June 2010	3.00	2.45	25200
July, 2010	3.00	2.40	41100
August 2010	3.45	2.20	166431
September 2010	4.15	2.90	200419
October 2010	3.90	2.85	111180
November 2010	3.45	2.05	64905
December 2010	2.75	2.05	43502
January 2011	2.75	2.40	24205
February 2011	3.00	2.20	22148
March 2011	2.70	2.20	21119

Distribution of Shareholders : As on 31st March, 2011 .

Share holding of Nominal Value	No. of Share holders	% to Total Numbers	Total Shares	% of Share holding
Upto 500	12249	80.15	2589998	18.51
501-1000	1585	10.35	1408300	10.06
1001-2000	649	4.24	1063064	7.60
2001-3000	230	1.50	598786	4.28
3001-4000	111	0.72	407718	2.91
4001-5000	116	0.75	560116	4.00
5001-10000	88	1.25	1434167	10.25
10000 & above	154	1.00	5921151	42.33
Total	15282	100	13985300	100

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: 0181-2456083, 2234393-94
Fax : 0181-2459777
E-mail: krishna1td@vsnl.net

MEANS OF COMMUNICATION

The company sends its quarterly results to the Stock Exchanges immediately after being taken on record by the Board of Directors well within the time limit prescribed by the Securities and Exchange Board of India.

DISCLOSURE

1. The company did not enter into any such transactions with the promoters or management of the company which may have conflict of interest with the company.
2. The company has complied with all the requirements of the Stock Exchanges/SEBI/Statutory Authorities on all matters, during the last three years. No penalties/restrictions were imposed on the company by Stock Exchanges/SEBI/any Statutory Authority relating to above.
3. All the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges had been complied with properly.
4. The company has set up a Remuneration Committee , details of which are provided above.

For and on behalf of the Board of Directors

Place : Jalandhar
Date : 12th August, 2011

Gurbachan Juneja
(Chairman Cum Managing Director)

KRISHNA ENGINEERING WORKS LIMITED

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, 2011.

Place : Jalandhar
Date : 12th August, 2011

Gurbachan Juneja
(Managing Director)

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

To,
The Board of Directors,
Krishna Engineering Works Limited,
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 present 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 disclosed to the auditors and the audit committee.

Place : Jalandhar
Date : 12th August, 2011

Gurbachan Juneja
(Managing Director)

KRISHNA ENGINEERING WORKS LIMITED

To,
The Members of
Krishna Engineering Works Limited
Certificate on Corporate Governance

We have examined the compliance of the requirements of Corporate Governance by Krishna Engineering Works Ltd. for the year ended on 31st March 2011, 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.

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

Place: Jalandhar
Dated: 12.08.2011

(BRIJ AGGARWAL)
Partner, M.No. 16974

KRISHNA ENGINEERING WORKS LIMITED

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 31-03-11 and the Profit and Loss and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts & the disclosures in the financial statements. An audit also includes assessing the accounting principles used & the significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub sec. (4A) of section 227 of the Companies Act, 1956, We enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above and the note VII given herein below we report that :
 - i) We have obtained all the information & explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books subject to note (vii) below.
 - iii) The balance Sheet, Profit & Loss and Cash Flow statement dealt with by this report are in agreement with the books of accounts subject to note (vii) below :
 - iv) In our opinion, the balance sheet, profit and loss and cash flow statements dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 to the extent applicable except accounting standard 15 in regard to Leave encashment benefits to employee, which are accounted for on cash basis and provision for gratuity which has also not been made during the year.
 - v) On the basis of written representations received from the directors and the information and explanations given to us, none of the directors is as on 31st March 2011, 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, 2011.

KRISHNA ENGINEERING WORKS LIMITED

- b) In case of the profit & loss a/c, of the loss for the year ended on that date.
- c) In case of cash flow statement, of the cash flows for the year ended on that date.
- vii) a) The Company has shown net loss of Rs. 150.44 Lacs it is less due to non providing for interest to financial institutions and banks . Actual amount of balance outstanding to these financial institutions L.I.C. G.I.C. and PSIDC can not be verified by us due to non availability of information.
- b) The quantitative figure with respect to Purchase/sales & stock of trading goods has not been given separately in notes of accounts.

For **Brij Aggarwal & Associates**
Chartered Accountants

Place: Jalandhar
Dated: 12.08.2011

(BRIJ AGGARWAL)
Partner, M.No. 16974

KRISHNA ENGINEERING WORKS LIMITED

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 its fixed assets during the year.	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 not incurred cash losses during the financial year covered by our audit but in the immediately preceeding financial year there 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 pledge of shares, debentures and other securities.	
3. As explained to us company has not taken/granted any loan from/to the companies whose name are required to be entered into the register maintained under section 301 of Companies act, 1956.	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 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 used short term funds for long term investments during the year.	
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. ESI Rs. 7,21,440 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: 12.08.2011

(BRIJ AGGARWAL)
Partner, M.No. 16974

KRISHNA ENGINEERING WORKS LIMITED

Balance Sheet as at March 31, 2011

PARTICULARS	SCHEDULES	AS AT March 31, 2011 Rs.	AS AT March 31, 2010 Rs.
SOURCES OF FUNDS			
Shareholders Funds			
Share capital	1	138839500	138839500
Reserve and surplus	2	158606370	158606370
		<u>297445870</u>	<u>297445870</u>
Loans Funds	3		
Secured loans		613766761	626266761
Unsecured Loans		78112051	116503727
		<u>989324682</u>	<u>1040216358</u>
APPLICATION OF FUNDS:			
Fixed Assets	4		
Less: Depreciation		946865127	945785562
Net block		817028435	791878603
		<u>129836692</u>	<u>153906959</u>
Capital work in progress	5		
		62750	147000
		<u>129899442</u>	<u>154053959</u>
Investments	6		
		35250	35250
Current assets, loans & advances	7		
Inventories		32431602	75064858
Debtors		1936157	44179799
Cash & bank balances		1561934	3588011
Loans & advances		22718513	23092840
		<u>58648206</u>	<u>145925508</u>
Less: Current Liabilities	8		
		275737939	332232343
Net current assets		<u>-217089733</u>	<u>-186306835</u>
Miscellaneous Expenditure	9		
		0	10998626
Profit & loss Account			
		1076479723	1061435358
		<u>989324682</u>	<u>1040216358</u>
Notes on Accounts	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 integral 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 : 12.08.2011

KRISHNA ENGINEERING WORKS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

PARTICULARS	SCHEDULES	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
INCOME			
Sale		600613235	233407274
Job Work/Other Income		66357580	19078030
		<u>666970815</u>	<u>252485304</u>
EXPENDITURE			
Manufacturing & other Expenses	10	632443878	294091099
Administrative & other Expenses	11	11115643	9601930
Financial expenses	12	2045884	367620
Selling expenses	13	261317	287579
Depreciation		25149832	31530338
Product Development exp. w/off		10998626	11108542
		<u>682015180</u>	<u>346987108</u>
Profit(Loss) for the year		(15044365)	(94501804)
Add: Balance of Profit/(Loss) brought forward from previous year		(1061435358)	(966933554)
Balance of Profit/(Loss)		(1076479723)	(1061435358)
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 integral part of the Profit & Loss Account

For **Brij Aggarwal & Associates**
Chartered Accountants

Brij Aggarwal
Partner

Varinder Paul
Director

Gurbachan Juneja
Chairman & Managing Director

Place : Jaalandhar
Date : 12.08.2011

KRISHNA ENGINEERING WORKS LIMITED

PARTICULARS	SCHEDULES	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
SCHEDULES			
1. SHARE CAPITAL			
AUTHORISED			
Equity Shares		150000000	150000000
15000000 (15000000) Equity Shares of Rs. 10.00 (RS.10.00)each			
ISSUED SUBSCRIBED & PAID UP			
13985300 (13985300) Equity Shares of Rs. 10.00 (Rs. 10.00) each fully paid		139853000	139853000
Less: Call in Arrears		1013500	1013500
		138839500	138839500
2. RESERVES AND SURPLUS			
Capital Reserve		3054710	3054710
General Reserve		5532286	5532286
Share Premium		146019374	146019374
Debenture Redemption Reserve		4000000	4000000
		158606370	158606370
3. LOAN FUNDS			
SECURED LOANS :-			
(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		162074000	172074000
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, 2011	March 31, 2010
		Rs.	Rs.
III. Debentures			
200000(200000) @ Rs.16.5%(Rs.16.5%) secured		17500000	20000000
Redeemable Non-convertible Debentures			
of Rs. 100.00(RS.100.00) each			
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.)			
		<u>613766761</u>	<u>626266761</u>
Unsecured Loans :			
L & T Finance Ltd.		0	38391676
General Insurance Corp.of India		10000000	10000000
Life Insurance Corp.Of India		10000000	10000000
Interest Payable		58112051	58112051
		<u>78112051</u>	<u>116503727</u>

4. FIXED ASSETS

SCHEDULE OF FIXED ASSETS FORMING PART OF BALANCE SHEET AS ON 31.03.11

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As At	Additions	Deletion	As At	As At	During	Adjust-	As At	As At	As At
	1.4.2010	during	during	31.3.2011	1.4.2010	the Year	ment/	31.3.2011	31.3.2011	31.3.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	3784658	-	-	3784658	-	-	-	-	3784658	3784658
Building	68618954	80100	-	68699054	28704834	2293675	-	30998509	37700545	39914120
Plant & Machinery	861963147	938165	-	862901312	754397796	22544312	-	776942108	85959204	107565351
Furniture & Office Equipments	5762204	20800	-	5783004	3119374	309280	-	3428654	2354350	2842830
Vehicles	3129789	40500	-	3170289	3129789	2565	-	3132354	37935	0
Computer	2526810	0	-	2526810	2526810	0	-	2526810	0	0
TOTAL	945785562	1079565	0	946865127	791878603	25149832	0	817028435	129836692	153906959
PREVIOUS YEAR	939237070	6548492	0	945785562	760348265	31530338	0	791878603	153906959	178888805

5. CAPITAL WORK IN PROGRESS

Capital goods under installation

62750	147000
<u>62750</u>	<u>147000</u>

KRISHNA ENGINEERING WORKS LIMITED

PARTICULARS	SCHEDULES	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
6. INVESTMENTS(AT COST)			
Unquoted			
1410(1410)Equity Shares of Rs.25/-(Rs.25) each		35250	35250
of The Citizen Urban Co-operative Bank Ltd.		<u>35250</u>	<u>35250</u>
7. CURRENT ASSETS, LOANS & ADVANCES			
(A) CURRENT ASSETS			
1. Inventories			
(As taken, valued and certified by the Management)			
Stores & Spares(At cost or net realisable value whichever is lower)		1524856	1158157
Finished Goods(At estimated cost or net realisable value whichever is lower)		5494793	28368596
Raw Material(at cost including Excise duty)		3850200	3146802
Stock in process(At estimated cost)		21561753	42391303
(A)		<u>32431602</u>	<u>75064858</u>
2. Sundry Debtors			
(Unsecured, considered good)			
More than six months old		1936157	16446180
Others		0	27733619
(B)		<u>1936157</u>	<u>44179799</u>
3. Cash & Bank Balances			
Cash in hand (Certified)		1498521	3516900
Balance with schedule banks			
- in current accounts		63413	71111
- in Fixed Deposits accounts		0	0
(C)		<u>1561934</u>	<u>3588011</u>
(B) Loans & Advances			
(Unsecured considered good)			
Advances recoverable in cash or in kinds or for value to be received		8937846	12104255
No Lien Account SBI/ PSIDC		9500000	7000000
Excise Duty Advance / Receivable		3303	92627
Tax Deducted at Source		632193	60730
Security Refundable		3645171	3835228
(D)		<u>22718513</u>	<u>23092840</u>
Total(A+B+C+D)		<u>58648206</u>	<u>145925508</u>

KRISHNA ENGINEERING WORKS LIMITED

PARTICULARS	SCHEDULES	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
8. CURRENT LIABILITIES			
Sundry Creditors for Goods		30068896	37415256
Sundry Creditors for Capital Goods		496298	916644
Sundry Creditors for Expenses		206202	316477
Other Liabilities		244966543	289517807
Interest Payable		0	4066159
		<u>275737939</u>	<u>332232343</u>
Provision for Fringe Benefit Tax		—	—
		<u>275737939</u>	<u>332232343</u>
9. MISCELLANEOUS EXPENDITURE			
Product Development Expenses		0	10998626
		<u>0</u>	<u>10998626</u>
10. MANUFACTURING & OTHER EXPENSES			
Cost of Material			
Opening Stock:			
Raw Material		3146802	6598737
Stock in Process		42391303	31605601
Finished Goods		<u>28368596</u>	<u>54055148</u>
		73906701	92259486
Add: Purchases		464419909	183149227
	(A)	<u>538326610</u>	<u>275408713</u>
Less: Closing Stock			
Raw Material		3850200	3146802
Stock in Process		21561753	42391303
Finished Goods		<u>5494793</u>	<u>28368596</u>
	(B)	30906746	73906701
	(A-B)	507419864	201502012
Workshop Expenses		25017762	23466666
Power & Fuel		51264633	39309382
Machinery Repair		5014083	5366915
Wages & Other Allowances		15315236	13754357
Excise duty		28412300	10691767
		<u>632443878</u>	<u>294091099</u>

KRISHNA ENGINEERING WORKS LIMITED

PARTICULARS	SCHEDULES	For the year ended	For the year ended
		March 31, 2011	March 31, 2010
		Rs.	Rs.
11. ADMINISTRATIVE & OTHER EXPENSES			
Rent, Rates & Taxes		440750	385684
Printing & Stationery		113780	109275
Travelling Expenses		439168	305500
Insurance Charges		168062	163412
Salary & Other Allowance		5011810	4553422
Contribution to P.F. & E.S.I.		789222	823478
Staff Welfare Expenses		1505195	1065249
Legal & Professional Charges		542000	100905
Repair and Maintenance		1299935	930670
Postage, Telegram, Telephone & Telex		186168	236657
Charity & Donation		65750	18000
Vehicle Expenses		187525	91244
Miscellaneous Expenses		89842	94745
Additional Demand of Taxes		148810	622691
Audit Fees		22665	0
Vat Unclaimed a/c		62961	50998
Worker Compensation a/c		42000	0
Bad Debts a/c		0	50000
		<u>11115643</u>	<u>9601930</u>
12. FINANCIAL EXPENSES			
Bank Charges		69303	187518
Interest			
- On Others		1976581	180102
		<u>2045884</u>	<u>367620</u>
13. SELLING EXPENSES			
Freight & Cartage Outward		4974	77577
Business Promotion		102820	98337
Advertisement		56265	55480
Rebate & Discount		59546	1258
Packing		37712	54927
		<u>261317</u>	<u>287579</u>

For **Brij Aggarwal & Associates**
Chartered Accountants

Brij Aggarwal
Partner

Varinder Paul
Director

Gurbachan Juneja
Chairman & Managing Director

Place : Jalandhar
Date : 12.08.2011

KRISHNA ENGINEERING WORKS LIMITED

SCHEDULE – 14

NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

A. BASIS OF ACCOUNTING

The company prepares its financial statements under the historical cost convention in accordance with generally accepted accounting principles and in accordance with the provisions of 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 initial 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 Lac	4.80 Lac
4. Auditors Remuneration		
Statutory Audit Fee (including S.Tax)	0.23 Lacs	NIL
Taxation matters	NIL	NIL
5. CIF Value of imports of capital goods	NIL	NIL
6. Expenditure in foreign currency on a/c of Travelling exps.	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	0.63 Lacs	1.47 Lacs
9. Unpaid lease rent instalment	NIL	NIL
10. Detail of Balance with Non Schedule Bank .		
The Citizen Urban Co.Op.Bank Ltd. C/A 915	348.21	348.21
The Citizen Urban Co.Op.Bank Ltd. C/A 1817	4657.00	4811.00
The Citizen Urban Co.Op.Bank Ltd. C/A 1894	1546.00	3024.00
11. The confirmation of credit balance of IDBI Rs. 1221 Lac has not been made available to us.		
12. Debentures of Rs. 2 Crore have already become due for redemption. Rs. 25 Lacs out of 2 Crore have been paid during the year. But no confirmation has been made available to us.		
13. L & T Finance Ltd. balance of Rs. 38391676 and interest payable of Rs. 4066159 has been written off during the year and shown under misc. income. But no confirmation from L & T Finance Ltd. has been made available to us.		
14. Parties balances are subject to confirmation and reconciliation if any.		
15. The confirmation of debit balance of no lien a/c of S.B.I. and PSIDC of Rs. 95 Lacs has not been made available to us.		
16. Previous figures have been regrouped/rearranged wherever considered necessary.		
17. Provisions for taxation has not been made as there is no tax liability during the year as per Companies calculations.		
18. No interest has been provided for on loans from financial institution and Bank during the year.		
19. 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)	31-03-2011	31-03-2010
Profit/Loss after tax	(15044365)	(94501804)
No. of shares	13883950	13883950
Earning per share	(-) 1.08	(-) 6.81
21. 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.		
22. 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 .		
23. Segment information : The company is engaged only in the business of engineering components and there are no separate reportable segments as per accounting standards 17 on segments reporting.		

KRISHNA ENGINEERING WORKS LIMITED

PRODUCTION		CURRENT YEAR	PREVIOUS YEAR
PARTICULARS		2010-2011 (QTY.)	2009-2010 (QTY.)
AUTO COMPONENTS	(IN PCS)	16080	6356
STEEL FORGING	(IN M.T.)	1785.449	397.984
CASTINGS	"	2911.598	2037.667
OTHER STEEL ITEMS	"	171.957	52.301

PURCHASE OF FINISHED GOODS

PARTICULARS		2010-2011 (QTY.)	2009-2010 (QTY.)
OTHER STEEL ITEMS	(IN M.T.)	7203.575	1936.127

SALES

PARTICULARS		2010-2011 (QTY.)	2009-2010 (QTY.)
AUTO COMPONENTS	(IN PCS)	16230	7158
STEEL FORGING	(IN M.T.)	1773.960	430.625
CASTINGS	"	2878.899	2105.810
OTHER STEEL ITEMS	"	8104.555	2781.05

STOCK IN FINISHED GOODS		2010-2011		2009-2010	
		OPENING	CLOSING	OPENING	CLOSING
AUTO COMPONENTS	(IN PCS)	1155	1005	1957	1155
STEEL FORGING	(IN M.T.)	13.576	25.065	46.217	13.576
C.I.CASTING/CASTINGS	"	35.744	68.443	103.887	35.744
OTHER STEEL ITEMS	"	736.560	7.537	1529.182	736.560

RAW MATERIAL CONSUMED

PARTICULARS		2009-10	2008-09
STEEL FORGING	(IN M.T.)	13.068	7.213
PIG IRON / SCRAP	"	4682.798	2547.010
STEEL ROUND / BILLETS / BARS / H.R.SHEET / COIL	"	2220.735	488.930
CASTING	(IN M.T.)	93.050	0.000
FURNACE OIL	(IN LTRS)	319.570	372.370

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 : 12.08.2011

Varinder Paul
Director

Gurbachan Juneja
Chairman & Managing Director

KRISHNA ENGINEERING WORKS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	AS AT 31.03.2011 Rs. in lacs	AS AT 31.03.2010 Rs. in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Loss) before tax and extra ordinary items	(150.44)	(945.01)
ADJUSTMENTS FOR:		
Depreciation	251.49	315.30
Interest	20.45	3.68
Product Development Expenses written off	109.98	111.09
	<u>381.92</u>	<u>430.07</u>
	231.48	(514.94)
Operating Profit(Loss) before working capital changes		
ADJUSTMENT FOR:		
Trade & Other Receivables	426.18	(139.12)
Inventories	426.33	203.53
Trade payable	(564.94)	505.35
	<u>287.57</u>	<u>569.76</u>
Cash generating from operations	519.05	54.82
Interest Paid	(20.46)	(3.68)
FBT Paid	0.00	0.00
	<u>(20.46)</u>	<u>(3.68)</u>
Cash flow before extra ordinary items	498.59	51.14
Extra ordinary items	—	—
Net cash from operating activities (A)	498.59	51.14
B. CASH FLOW FROM INVESTING ACTIVITIES		
Product development expenses	0.00	0.0
Purchase of Fixed Assets	(9.95)	(35.19)
Sale of Fixed Assets	0.00	0.00
Sale of Investment	0.00	0.00
Net cash used in investing activities (B)	<u>(9.95)</u>	<u>(35.19)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment / Proceeds against Borrowings	(508.91)	(2.00)
Share Application Money	0.00	0.00
Net Cash from financing activities (C)	<u>(508.91)</u>	<u>(2.00)</u>
Net Increase/ (Decrease) in cash & cash equivalents (A+B+C)	(20.27)	13.95
Cash & Cash equivalents (Opening Balance)	35.88	21.93
Cash & Cash equivalents (Closing Balance)	15.61	35.88
Note :- Figures in bracket represent outflows.		

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Jalandhar
Date : 12.08.2011

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, 2011. 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 12th August, 2011 to the members of the company.

For Brij Aggarwal & Associates
Chartered Accountants

Place : Jalandhar
Date : 12.08.2011

Brij Aggarwal
Partner

KRISHNA ENGINEERING WORKS LIMITED

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

I. Registration Detail

Registration No.	5454	State Code	16
Balance Sheet Date	31/3/2011		

II. Capital Raised during the year

(Amount in Rs.Thousands)

	31/3/2011		31/3/2011
Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs.Thousands)

Total Liabilities	989324	Total Assets	989324
Source of Funds			
Paid-up Capital	138839	Reserve & Surplus	158606
Secured Loans	613767	Unsecured Loans	78112
		Share Application money	NIL
Application of Funds			
Net Fixed Assets	129899	Investments	35
Net Current Assets	(217089)	Profit & Loss	1076479

IV. Performance of Company

(Amount in Rs. Thousand)

Turnover & Other Income	666971	Total Expenditure	682015
Profit/Loss Before Tax	(15044)	Profit & Loss After Tax	(15044)
Earning per share in Rs.	(1.08)	Dividend	NIL

V. Generic Names of Three Principal/Services of Company

(As per monetary terms)

PRODUCT DESCRIPTION

Casting, Forging
& Auto Mobile Components

ITEM CODE No.

ITC Code

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 28th Annual General Meeting to be held on **Saturday the 24th day of September, 2011** 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.**

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 28th Annual General Meeting of the Company to be held on Saturday the 24th day of
September, 2011 at 10.00 A.M. or at any adjournment thereof.

Signed thisday of2011

Signature (s) :
of the Member (s)

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.

**AFFIX
REVENUE
STAMP**

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KRISHNA ENGINEERING WORKS LIMITED

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Jalandhar- 144 001

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