

## Chairman's Message



Dear Shareholders,

In 2009-10, **Samkrg Pistons & Rings Ltd.** delivered a record performance in both domestic and export growth during the year with net sales increased of 34% and net profit increased with 59%, the Company has executed strategic planning, Human resource policies and redefined **SAMKRG** vision and achieved higher performance in operations and financial parameters. It gives me great pleasure to communicate to all of you, the commitment and continued optimism, your Company has again demonstrated its strength by enhancing the Turnover & Profits compared to the last year.

Your Company shall, as has been the usual practice endeavor to confirm to quality, sustain its market presence and maximize the value addition to the investor, thus ensuring the continued prosperity of the investors.

We need to do more and more to meet the standards achieved by the global auto part manufacturing companies. Our team has greater commitments towards achieving these goals than over before.

I would like to take this opportunity to express my gratitude to each one of you for your unstinted faith, support and confidence and look forward to further growing **SAMKRG** from strength to strength.

With warm regards

Sincerely

**S.D.M. RAO**  
Chairman

Date: 14.05.2010

**BOARD OF DIRECTORS**

Shri S D M Rao	Chairman & Managing Director
Shri S Karunakar	Whole Time Director
Shri S Kishore	Whole Time Director
Shri M N Thakkar	Director
Shri S Madhava Rao	Director
Shri V Chakrapani	Director
Dr. V Venkat Reddy	Director

**Auditors**                      **M/s. Ravi & Keshav**  
Chartered Accountants  
Hyderabad

**Bankers**                         State Bank of India

**Registered Office**            1-201, Divyashakti Complex  
7-1-58, Ameerpet  
Hyderabad - 500 016  
Tel.: 040 - 23730596  
Fax : 040 - 23730216

**Factories**

**PLANT - I**                         Sy.No.537, Temple Road  
**(PISTONS &**                         Bonthapally  
**PINS)**                                 Narasapur Taluk  
Medak District. A.P

**PLANT - II**                         Sy.No.33, Varisam  
**(PISTON**                                 Pydibhimavaram  
**RINGS)**                                 Ranastalam Mandal  
Srikakulam District. A.P

**PLANT - III**                         Sy.No.232  
**(PISTONS &**                                 Arinama Akkivalasa  
**PINS)**                                 Allinagaram, Etcherla Mandal  
Srikakulam District

<b>Registrar Share Transfer Agent</b> In Physical form & In Electronic Mode	<b>M/s. XL Softech Systems Ltd</b> 3, Sagar Society, Road No.2 Banjara Hills, Hyderabad - 500034. Ph: 040-23553214
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## NOTICE

NOTICE is hereby given that the Twenty Fourth (24th) Annual General Meeting of the Members of the **SAMKRG PISTONS AND RINGS LIMITED** will be held on Monday the 16th August, 2010 at 10.30 A.M at **HOTEL ATHITHI INN, DHARAM KARAM ROAD, AMEERPET, Hyderabad** to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March 2010 and Profit and Loss Account for the year ended on that date together with Directors' report and Auditors' report thereon.
2. To declare a Dividend on Equity shares.
3. To appoint a Director in place of Shri S Madhava Rao who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. V Venkat Reddy who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.
7. RESOLVED THAT Sri. S.Karunakar, Wholetime Director of the Company be paid a Salary of Rs. 1,50,000/- per Month (Including Dearness Allowances) in grade of Rs.1,50,000-25,000-2,25,000 and Commission of 2% of the Net profits of the Company from 01.04.2010. Salary and other terms and Conditions remain same as approved by the members in their Annual General meeting held on 29th September, 2008. The Change in remuneration was approved by the Remuneration Committee in their meeting held on 14.05.2010.
8. RESOLVED THAT Sri. S.Kishore, Wholetime Director of the Company be paid a Salary of Rs.1,50,000/- per Month (Including Dearness Allowances) in grade of Rs.1,50,000-25,000-2,25,000 and Commission of 2% of the Net profits of the Company from 01.04.2010. Salary and other terms and Conditions remain same as approved by the members in their Annual General meeting held on 29th September, 2008. The Change in remuneration was approved by the Remuneration Committee in their meeting held on 14.05.2010.

### NOTES:

### SPECIAL BUSINESS:

To consider and if thought fit to pass the following resolutions as special resolutions

6. RESOLVED THAT Sri. SDM Rao, Managing Director of the Company be paid a Commission of 1% of the Net profit of the Company from 01.04.2010. Salary and other terms and Conditions remain same as approved by the members in their Annual General meeting held on 28th August, 2009. The Change in remuneration was approved by the Remuneration Committee in their meeting held on 14.05.2010.
1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the Company not later than 48 hours before the commencement of meeting.
3. Members/Proxies should bring their copy of Annual reports along with Attendance Slip duly filled in for attending the meeting.
4. The Register of the members and Share Transfer Books of the Company will remain closed from 10th

August 2010 to 16th August 2010 (Both days inclusive).

5. The dividend if declared at the 24th Annual General Meeting shall be paid to the members after 16th August, 2010, whose names appear in the register of members as on 9th August, 2010,

*In respect of shareholding in dematerialised form, dividend will be paid to the Beneficial Owners as per list to be furnished by the Depositories directly through ECS wherever ECS facility is available subject to availability of bank account details. In case the said details have not been provide to the concerned Depository Participant or there is any change, the same may please be intimated to the concerned Depository Participant immediately.*

*In respect of shares held in Physical form to those members whose names appear in the register of members up to end of Business hours on 9th August, 2010.*

6. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed / unpaid dividends up to the financial year ended 31st March, 2002 have been transferred to the General Revenue Account of the Central Government.

Consequent upon the introduction of Section 205(C) by the Companies (Amendment) Act, 1999, the amount of dividend remain unpaid or unclaimed for the period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payment shall be made in respect of any such claims by the Fund.

Members, who have not yet encashed their dividend warrant(s) for the financial years from

2003 to 2008-2009, are requested to make their claims to the Company without any delay.

7. **In the terms of notification issued by SEBI, the Equity Shares of the Company are under compulsory Demat trading for all Investors from 24th July, 2000. Shareholders are advised to hold their shares in Demat mode and to send their Share Certificates along with Dematerialisation request to the RTA through their Depository Participants.**

8. The Members are requested to:

- a) Intimate changes, if any, in their registered address at an early date.
- b) The Members are requested to use ECS facility for receiving Dividend by filling and deposit the ECS form enclosed in this report.
- c) *Members who have multiple Folios in identical names or joint names in the same order are requested to intimate to the company those folios to enable the company to consolidate all such share holdings into a single folio.*

9. *The Annual Listing fee for the year 2010-11 has been paid to Bombay Stock Exchange Ltd*

BY ORDER OF THE BOARD  
For SAMKRG PISTONS AND RINGS LIMITED

Place : Hyderabad  
Date : 14.05.2010

**S.D.M. RAO**  
CHAIRMAN  
& MANAGING DIRECTOR

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**
**ITEM NO.6**

Sri S.D.M. Rao was appointed as Managing Director of the Company for a period of 5 Years w.e.f. 01-09-2009 in the Annual General Meeting held on 28th August, 2009. In view of the growth in the activities of the Company, the responsibilities are shouldered by other 2 Whole-time Directors, it is felt that Commission of the Managing Director be reduced to 1% of the net profits of the Company and the remaining 2% be shared between the other 2 Whole time Directors.

Shri S.D.M. Rao, Shri S. Karunakar (son), Shri S. Kishore (Son) and Shri S.Madhava Rao may be deemed and concerned or interested in this resolution. None of the other directors of the Company is, in any way concerned or interested in this resolution.

Your directors recommend the resolution for your approval as Special Resolution.

**Item No.7**

Sri S. Karunakar, was appointed as Whole-time Director of the Company for a period of 5 Years w.e.f. 01-10-2008 in the Annual General Meeting held on 29th September, 2008. In view of the growth in the activities of the Company, he is responsible to the Unit at Plant-1, Bonthapally and shown good results in the previous year. So the Board felt that the Commission reduced to the Managing Director be shared between the 2 Whole time Directors and proposed the resolution for your approval

Shri S.D.M. Rao, Shri S. Karunakar (son), Shri S. Kishore (Son) and Shri S.Madhava Rao may be deemed and concerned or interested in this resolution. None of the

other directors of the Company is, in any way concerned or interested in this resolution.

Your directors recommend the resolution for your approval as Special Resolution.

**Item No.8**

Sri S. Kishore, was appointed as Whole-time Director of the Company for a period of 5 Years w.e.f. 01-10-2008 in the Annual General Meeting held on 29th September, 2008. In view of the growth in the activities of the Company, he is responsible to the Unit at Plant-ii & Plant-iii, Pydibhimavaram & Arinama Akkivalasa and shown good results in the previous year. So the Board felt that the Commission reduced to the managing Director be shared between the 2 Whole time Directors and proposed the resolution for your approval

Shri S.D.M. Rao, Shri S. Karunakar (son), Shri S. Kishore (Son) and Shri S.Madhava Rao may be deemed and concerned or interested in this resolution. None of the other directors of the Company is, in any way concerned or interested in this resolution.

Your directors recommend the resolution for your approval as Special Resolution.

BY ORDER OF THE BOARD  
 For **SAMKRG PISTONS AND RINGS LIMITED**

Place : Hyderabad  
 Date : 14.05.2010

**S.D.M. RAO**  
 CHAIRMAN & MANAGING  
 DIRECTOR

## DIRECTOR'S REPORT

### DEAR SHAREHOLDERS

Your Directors are pleased to present 24th Annual Report and the Audited Accounts of the Company for the year ended March 31, 2010.

#### Financial results

	Rs. In lacs.	
	2009-2010	2008-2009
Gross Sales	15033.04	11610.18
Net Sales	13260.28	9912.92
Total Expenditure	11245.62	8387.48
Other Income	106.24	204.11
Operating Profit (PBDIT)	2120.90	1729.55
Interest	196.67	338.26
Cash Profit	1924.23	1391.29
Depreciation	912.38	777.68
Profit before Tax	1011.85	613.61
Provision for Taxation		
i) Current Year	276.00	135.33
ii) Fringe Benefit Tax	-	5.00
iii) Deferred Taxation	25.00	25.00
Profit before extraordinary item	710.85	448.28
Extraordinary Item	-	-
Net Profit after extraordinary Item	710.85	448.28
Add: Refund of Income Tax	-	-
Add: Extraordinary Item - Excess Depreciation	-	923.01
Less: Taxation of Previous Years	-	-(41.91)
Add: Balance brought forward from previous year	2408.94	1500.96
Amount Available for Appropriations	<u>3119.79</u>	<u>2830.34</u>
APPROPRIATIONS		
Proposed Dividend		
Rs. 4-00 per share i.e @ 40% (Previous Year 35%)	392.82	294.62
Tax on Proposed Distributed Profits	66.79	50.08
Transfer to General Reserve	126.48	76.70
Balance carried to Balance Sheet	<u>2533.70</u>	<u>2408.94</u>
	<u>3119.79</u>	<u>2830.34</u>

Note: Figures have been re-grouped wherever necessary to confirm to current period classification.

### RESERVES

12.5% of profits i.e Rs.126.48 Lacs transferred to General Reserve.

### DIVIDEND

Your Directors pleased to recommend a dividend of Rs. 4.00 per equity share i.e 40% for the Year Ended 31st March 2010.

### OPERATIONS:

Despite the drop in export sales in 3rd & 4th Quarters verses the previous year as well as drop in OEM sales due to unprecedented decline in Automotive market the Company has adopted aggressive marketing strategies in domestic and after market achieved the gross turnover of Rs.15033.04 lakhs during 2009-10 as against Rs.11610.18 lakhs in the previous year 2008-09 there by an increase of growth of Rs.3422.86 lakhs and profits to Rs.1011.85 lakhs as against Rs.613.61 lakhs.

The company pushed up the R&D expenditure to 99.45 lakhs i.e., 0.75% of sales during the year to catch up with up- gradation of technology and to meet OEM's ever demanding quality and new developments requirement to improve life cycle of their product meeting Euro III norms.

The operation of the Company on the whole has been satisfactory.

Your company has posted Net turnover of Rs.13260.28 lacs as compared to Rs.9912.92 lacs for the previous year.

Earnings Before Depreciation, Interest and Tax (PBDIT) at Rs.2120.90 lakhs as against previous year of Rs.1729.55 Lakhs. The Profit Before Tax was at Rs.1011.85 lakhs as compared to Rs.613.61 lakhs in 2008-09.

### Management Discussion and Analysis

A detailed discussion on the industry Structure, Development, Opportunities, Threats review of operational performance and risk factors is provided, which forms part of this report.

### Corporate Governance

Pursuant to the provisions of the Clause 49 of the Listing Agreement a report on Corporate Governance and a certificate from the Statutory Auditors regarding the Compliance of conditions of Corporate Governance are annexed to and form part of this Annual Report.

### EXPORTS

The Export Turnover of Rs.2542.28 lakhs during the year as against Rs.2187.12 lakhs of the previous year recession in US & Europe our exports are increased by 16.24%.

The Company is focusing exports to developed Countries like Australia, Europe, U.K, North America and Russia. The Company has plans to reach 25% of the Turnover during the next 2 years.

### POLLUTION CONTROL SAFETY & ENVIRONMENTAL PROTECTION:

We are complying all the norms prescribed by the statutory authorities i. e. A. P. Pollution Control Board.

The Company very much concerned for safety of men and machines through safety awareness training programmes.

### BOARD OF DIRECTORS

Shri S Madhava Rao, Director is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.

Dr. V Venkat Reddy, Director is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 your Directors are hereby confirmed that:

- In the participation of Annual Accounts the applicable accounting standards have been followed and that there have been no material departures.

- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit to the Company for the year.
- Your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the Annual accounts on a going concern basis.

The Company's Internal Auditors have conducted periodic audit to provide reasonable assurance that the Company's established policies and procedures have been followed. The Audit Committee of the Board meets once in a quarter with Internal Auditors to review internal control and financial reporting issues.

### AUDITORS

M/s. Ravi & Keshav, Chartered Accountants, will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received the Certificate U/s 224 (1-B) of the companies Act, 1956 from M/s. Ravi & Keshav. that their appointment, if made, would be in compliance with the provisions of said section. Relevant notes to the Accounts concerning Auditors observation there on are self-explanatory.

### PARTICULARS OF EMPLOYEES

Particulars of employees required to be furnished under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in the annexed statement with forms an integral part of this report. The Company continued to have cordial and harmonious relations with its employees.

**DISCLOSURE OF PARTICULARS**

The information required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure-1 forming part of this report.

Business Associates, Shareholders, dealers, and suppliers who are enabling the Company to achieve its goals. The Directors also place on record their appreciation made by the employees at all levels.

**FIXED DEPOSITS**

The Company has not accepted any Deposits in terms of Sec.58 (A) of the Companies Act, 1956 and the rules made there under and hence compliance with the same as not applicable.

On behalf of the Board of Directors

**ACKNOWLEDGMENTS**

Your Directors wish to place on record their appreciation for the cooperation and support of Bankers, Customers,

Place : Hyderabad  
Date : 14.05.2010

**S. D. M. RAO**  
CHAIRMAN  
& MANAGING DIRECTOR

**ANNEXURE:** Statement showing particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 for the year ended 31st March, 2010.

Name of the Employee	Age	Designation	Qualification & Experience	Date of commencement of employment	Remuneration	Particulars of last employment
Shri S.D.M. Rao	76 Years	Chairman & managing Director	B.Sc, B.E Industrial Experience over 45 years	01.07.1987	28,12,650/-	A.P.S Limited
Shri S. Karunakar	46 Years	Whole Time Director	B.E (Mechanical)	30.09.1998	18,61,550/-	N.A
Shri S. Kishore	44 Years	Whole Time Director	B.E (Mechanical)	30.09.1998	18,61,550/-	N.A

- NOTES:**
1. Designation of Employee indicates the nature of his duties.
  2. Remuneration includes Salary, Commission, House Rent Allowance and Perquisites.



**ANNEXURES TO DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2010**
**ANNEXURE - I**

Information under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of Directors' Report.

**A. CONSERVATION OF ENERGY:**

The Company has always been taking various energy conserving / saving measures at all points to manufacturing continuously.

Total energy consumption and energy consumption per unit of production, particulars given in Form A here below:

	2009-10	2008-09
<b>A. Power and fuel consumption</b>		
1. Electricity:		
a) Purchased		
Units	1,58,31,204	1,49,85,82
Total Amount (Rs.)	5,84,24,465	5,63,26,76
Unit Rate (Rs.)	3.69	3.76
b) Own Generation:		
Through Diesel		
Generator Units	3,89,243	5,99,030
Units per litre of		
Diesel Oil	2.80	2.78
Cost/Unit (Rs.)	11.47	11.79
c) Through Steam		
Turbine/Generator Units	NIL	NIL
2. 'D' Grade coal used in Boiler	NIL	NIL
3. Furnace Oil		
Quantity (Ltrs)	3,59,060	3,93,670
Total Amount (Rs.)	90,14,792	91,44,285
4. Other/Internal Generation	NIL	NIL
<b>B. Consumption of Power per Unit of Production</b>		
Pistons (Units per Piston)	2.29	2.11
Piston Rings (Units per Piston Rings)	0.37	0.34

**B. TECHNOLOGY ABSORPTION:**
**(A) Research and Development (R&D)**

- 1 Specify areas in which R & D : Training to upgrade in multi-skill of Employees in all the plants and all levels carried out by the Company by Japanese Consultants and German Consultants:

On Design, manufacturing Process of Pistons & Rings and Casting Technology.

**1) On Design**

- i) Completed change over to twin casting Machines and tooling to reduce Aluminium Alloy consumption and to improve quality.
- ii) Developed complete steel ring packs for 2W, 3W & Cars.
- iii) Developed flexible lines on CNC to reduce cycle times and on line inspection.

iv) Developed Asymmetric Profile Piston Rings for both Nitrated & Chrome plate Rings.

v) Developed Moly coating processes for piston & Rings.

ii) **Manufacturing Process:**

a Engine testing to speed up Piston & Ring validation process to the Customer

b. Developed light weight and high Strength pistons for meeting Euro III norms.

c. Ring Carrier pistons for diesel engines 20 models for trucks and tractors for exports & 3W diesels during the year.

2. Benefits derived as a result of quality

4 axis CNC profile turning M/c's to meet up gradation, process improvement, complicate profiles to meet Euro norms.

Technology absorption & up gradation ongoing process by Japanese consultancy agency and as a result of this, the Company has been able to develop pistons and rings meeting Euro III norms for futuristic engines and as a result new business operations both in domestic and exports.

Technology imports

Piston casting technology crown down and crown up processes and development of light weight high strength pistons from our on going Consultancy Agency - I.D.C. - Japan.

3. Future plan of action:

- Development of Surface coatings for pistons & rings.
- Planning to develop cooling gallery pistons for diesel engines.
- Introduction of hard anodising plant for motorcycles and car pistons.
- Ceramic coating of pistons & rings.
- Practicing TPM

4. **EXPENDITURE ON R & D:**

	(Rs. In lakhs)	
	2009-10	2008-2009
a) Capital	64.65	56.70
b) Recurring	34.80	33.30
c) Total	99.45	90.00
d) Total R & D Expenditure as A percentage of Sales.	0.75%	0.78%

C. **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

a. During the year, the company's senior executives travelled to various countries to explore new export markets for its products.

b. Total foreign Exchange used and earned:

Total foreign Exchange used : Rs. 166.70 lakhs  
 Total foreign Exchange earned : Rs.2250.77 lakhs

For and on behalf of the Board

Place : Hyderabad  
 Date : 14.05.2010

**S.D.M. RAO**  
 Chairman & Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Management discussions and analysis

Auto Component Industry is having high growth prospects. Indian Industry is now growing as potential Global automotive supplier with very good export potential as the developing Countries comes out of recession.

The Company has very good opportunities because of valued customers both in Domestic OEM's and Replacement Market & Exports. Because of our in time supplies, superior quality products and our technical expertise both from Japanese & German Consultants.

The Company has got very strong distribution network at their aftermarket sales because of imports from free trade zones the competition is very stiff and price sensitive.

#### Outlook :

The company continues its drive for sustainable growth in this growing Domestic automotive industry.

All the cost effective steps taken to meet the challenges of price competition and also quality, delivery and logistics.

#### Concern & Risks :

The company has taken all the steps to mitigate the following risks:

Raw material prices : Ours is a continuous high volume manufacturing industry. Our profitability will depend on change in the price in raw materials and input costs.

Foreign currency Risks: Exchange rate fluctuations may some times effect. Adequate steps taken.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has well defined internal control systems and procedures for ensuring optimum utilization of various resources, Investment decisions involving Capital

Expenditure or taken up only after due appraisal and review. Internal audit function covers and carried out periodically and reviewed by the Audit Committee to ensure that all policies and procedures are adhered to, and all statutory obligations complied with.

#### FINANCIAL PERFORMANCE:

The Company earned total revenue of Rs.13260.28 lakhs compared with Rs.9912.92 lakhs in the previous year and the operational expenses increased by 30.00% at Rs. 12354.67 lakhs compared with Rs. 9503.42 lakhs incurred last year mainly on account of steep increase in raw material cost.

Profit Before Depreciation, interest and tax (PBDIT) at Rs. 2120.90 lakhs. The Profit Before Tax was at Rs. 1011.85 lakhs as compared to Rs.613.61 Lakhs in 2008-09.

#### HUMAN RESOURCES

The Company maintains cordial industrial relations environment and the Company continues to establish its training facilities.

The Company making to be available and encourages good talent in the rapidly challenging business and competitive environment

#### CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objective, projections, estimates and expectations may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results might differ marginally or materially from those either expressed or implied.

#### 10 YEARS RECORD

A chart showing 10 Years performance is appended forming part of this report.

## DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a code of conduct for all Directors and Senior Management personnel of the Company. It is further confirmed that all Director and Senior Management personnel of the Company affirmed compliance with the Code of Conduct of the company for the financial year ended on 31st March, 2010 as envisaged in clause 49 of the listing agreement with stock exchanges.

Place : Hyderabad  
 Date : 14.05.2010

S. D. M. Rao  
 Chairman & Managing Director

**REPORT ON CORPORATE GOVERNANCE**  
(PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT)

**Company's philosophy on Code of Corporate Governance**

Samkrg Pistons and Rings Limited defines Corporate Governance as a process directing the affairs of the Company with integrity, transparency and fairness, so as to optimise its performance and maximize the long term shareholder value in legal and ethical manner, ensuring justice, courtesy and dignity in all transactions of the Company. Your Company is committed to good Corporate Governance in all its activities and process.

**1. BOARD OF DIRECTORS:**

The present strength of Board of Directors is consists of Seven, three are Executive Directors, and the other Four are Non Executive Directors (NED).

The Board of Directors and the management of Samkrg Pistons and Rings Limited are committed to:

- Ensuring discipline, transparency and accountability and shareholder value.
- To provide adequate customer service focussing the activities on customer expectations and meeting them and
- Comply with all statutory / regulatory requirements.

**2. COMPOSITION OF THE BOARD AND DETAILS OF MEETINGS**

During the Financial Year 2009-2010, the Board of Directors met 4 (four) times on 29th June 2009, 20th July 2009, 5th October 2009 and 13th January 2010.

The following table gives the composition of Directors and their attendance at the Board meetings held on the dates above mentioned, and the Twenty Third Annual General Meeting held on 28th August, 2009.

Name of the Director	Category	No of Board meetings attended	Attendance at Last AGM	No. of outside drectorships held
Mr. S.D.M Rao	ED	4	YES	Nil
Mr. M.N. Thakkar	NED	2	No	3
Mr. S Madhava Rao	NED	4	YES	1
Mr. V Chakrapani	NED	3	YES	1
Mr. S Karunakar	ED	4	YES	Nil
Mr. S Kishore	ED	4	YES	Nil
Dr. V Venkat Reddy	NED	4	YES	Nil

ED - Executive Director, NED - Non Executive Director

**Information placed before the Board:**

Apart from the items that are required to be placed before the Board for its approval, under the statutes the following are also tabled for Board's Periodic Review / Information.

- Minutes of meetings of Audit Committee and other Committees of the Board;
- Annual operating plans, capitals & revenue budgets and updates;
- Quarterly financial results of the Company;
- Materially important show cause, demand, prosecution and penalty notices;
- Information on recruitment and remuneration of senior officers, just below the Board level;
- Non-compliance of any regulatory, statutory or listing requirements and shareholder services.
- important labour problems and their proposed solutions;

### Directors seeking re-appointment.

Shri S Madhava Rao and Dr. V Venkat Reddy, Directors, retire by rotation at the forth coming Annual General Meeting and seek re-appointment.

Shri S Madhava Rao

Shri S Madhava Rao (66) is a Post Graduate in Industrial Engineering and Management and having 28 years experience in Hyderabad Allwyn Limited, Hyderabad in R&D, Production, Plant Engineering, P.P.C, Industrial Engineering and Quality Control.

Dr. V Venkat Reddy

Dr. V Venkat Reddy (72) is a Free Lance Consultant and worked at Chief Executive Level in Public and Private Sector organizations for over a period 12 years and worked as Head of Materials Department in the Public and Private Sector Industries for a period of 14 years, worked in Department of Industries Govt. of Andhra Pradesh in different capacities for over a decade.

### 3. AUDIT COMMITTEE:

Terms of Reference of Audit Committee of the Board of Directors are as under:

The Audit Committee during the year ended 31st March, 2010 comprised of Three members out of whom there are two Non-Executive Independent Directors and one Non-Executive Director Viz., Mr. M N Thakkar (Chairman and Non-Executive Independent Director of the Committee), Mr. S Madhava Rao (Non-Executive Independent Director) and Mr. V Chakrapani (Non-Executive Director) who are financially literates and chairman is an expert in financial management.

Representatives of the Management, Finance Department and Statutory Auditors are invitees to the Meeting of the Audit Committee.

- Review of accounting and financial policies and practices of the company.
- Review of the company's financial reporting process, and its financial statements.
- Review of risk management and policies and practices.
- Review of the internal control and internal audit system.
- To review quarterly, half yearly and annual financial results before submission to the board.

Name	No. of Meetings Held.	No. of Board meetings attended	No. of Board meetings attended through Conference call
Mr. M.N. Thakkar (Chairman)	4	2	2
Mr. S Madhava Rao	4	4	Nil
Mr. V Chakrapani	4	3	1

The audit committee met on four occasions i.e 29th June 2009, 20th July 2009, 5th October 2009 and 13th January 2010.

The audit committee reviewed the concurrent audit reports and follow up including internal control systems prevailing in the company. Committee expressed its satisfaction on Accounts.

**4. Remuneration Committee**

Executive Directors

The compensation of the executive directors comprises of fixed component and a performance incentives/ commission. The compensation is determined based on the levels of the responsibility and scales prevailing in the industry. The executive directors are not paid sitting fee for any Board or Committee meetings attended by them.

Non-Executive Directors

Non Executive Directors are paid sitting fee only.

The Remuneration committee presently comprises of Three non-executive directors i.e. shri. S. Madhava Rao, Mr. M.N. Thakkar and Dr. V. Venkat Reddy.

The Committee met twice during the year and all the committee members attended the meetings.

Remuneration committee meeting on 14th May, 2010 and recommended for change in Directors remuneration considering the companies growth and responsibilities showed by the Whole Time Directors, the remuneration may be reviewed as below:

Name	Designation	Salary P.M	commission
S D M Rao	Managing Director	No Change	1%
S Karunakar	Whole Time Director	1,50,000/-	2%
S Kishore	Whole Time Director	1,50,000/-	2%

**REMUNERATION OF DIRECTORS:**

The details of remuneration paid/payable to all the directors for the year 2009-10 are:

i. Non executive directors (sitting fee only)

Mr. M.N. Thakkar	Rs. 4000/-
Mr. S Madhava Rao	Rs.8000/-
Mr. V Chakrapani	Rs.6000/-
Dr. V Venkat Reddy	Rs.8000/-

ii. Managing/whole time Director ( No Sitting fee)

	Managing Director (Rs.)	Wholetime Director (Rs.)	Wholetime Director (Rs.)
Fixed Component Salary	18,75,000/-	8,40,000/-	8,40,000/-
Perquisites Variable Component	1,87,500/-	84,000/-	84,000/-
Commission	7,50,150/-	9,37,550/-	9,37,550/-
Total	28,12,650/-	18,61,550/-	18,61,550/-

**5. SHAREHOLDERS/INVESTOR GRIEVANCES COMMITTEE**

The Shareholders/Investor Grievances committee comprises two Directors names as follows :

Shri. S Madhava Rao	Chairman	Non Executive
Shri. S Karunakar	Member	Executive

The Committee met twice during the year. The details on which the meetings were held are : 20.07.2009 & 13.01.2010. All the members have attended all the meetings and the Manager - comercial is the compliance officer of the company.

The company has attended to most of the investor's grievances/correspondence within a period of 15 days from the date of receipt. At most all the rest of the grievances was attended within the maximum period of 30 days. All Transfers were completed within the maximum period of 30 days.

#### 6. DISCLOSURES

The Company complied with all the regulations of the Stock Exchanges, Securities and Exchange Board of India and other statutory bodies regulating the capital markets. No stretchers or penalties were imposed on the company. There are no transactions with related parties having potential conflict with the interest of the company at large. Other transactions are adequately disclosed in the notes to Annual Accounts.

#### 7. MEANS OF COMMUNICATION

Quarterly Financial Results of the Company are forwarded to the Mumbai Stock Exchange and published in Economic Times/Financial Express /Business Standard (English) and Andhra Prabha (Telugu). Annual results/share holding pattern etc., of the company posted on the Company Website.

#### 8. ANNUAL GENERAL MEETINGS:

Year	Location of holding AGM	Date and Time of AGM
2008-2009	Hotel Athithi Inn, Dharam Karam Road, Ameerpet, Hyderabad.	28th August, 2009 at 10.30 A.M
2007-2008	Hotel Green Park, Green Lands, Begumpet, Hyderabad	29th September, 2008 at 10.30 A.M
2006-2007	Hotel Green Park, Green Lands, Begumpet, Hyderabad.	27th September, 2007 at 10.30 A.M

#### Special Resolutions passed during the previous three Annual General Meetings:

- **23rd Annual General Meeting,**  
A Special Resolution for Re-appointment of Shri S D M Rao, Managing Director was passed.  
No Special Resolution have been Passed
- **22nd Annual General Meeting,**
  - 1) A Special Resolution for Re-appointment of Shri S Karunakar, Whole Time Director was passed.
  - 2) A Special Resolution for Re-appointment of Shri S Kishore, Whole Time Director was passed.
- **21st Annual General Meeting,**  
No Special Resolution have been Passed

#### 9. Postal Ballot

The company did not pass any resolution by postal ballot during the Financial year 2009-10.

#### 10. GENERAL SHAREHOLDER INFORMATION:

Date, Time and Venue of the 24th Annual General Meeting	:	16th August, 2010 at 10.30 A.M At Hotel Athithi Inn, Dharam Karam Road, Ameerpet, Hyderabad
Financial Calendar	:	April to March
First quarter results	:	Last week of July 2010
Second quarter results	:	Last week of October 2010
Third quarter results	:	Last week of January 2011
Results for the year ending Mar, 2010	:	End May 2011

Date of Book Closure	:	10.08.2010 to 16.08.2010 (Both days inclusive)
Dividend Payment date	:	Within 30 days from 16th August, 2010
Listing On Stock Exchanges	:	Bombay Stock Exchange Limited
Stock Code	:	520075 (BSE)
Demat ISIN No for CDSL and NSDL	:	INE706B01012
Dematerialisation of shares	:	38.47% of the paid up capital has been dematerialised as on 31.03.2010

**Stock Performance:**

The performance of the company's shares on the BSE is given in the chart below:

**MARKET PRICE DATE ON Company's SCRIP ON BSE DURING THE YEAR 2009-2010**

Month	High Rate (Rs.)	Low Rate(Rs.)
April, 2009	36.70	28.55
May, 2009	45.35	31.15
June, 2009	46.95	35.65
July, 2009	47.80	38.50
August, 2009	56.00	45.70
September, 2009	71.70	47.00
October, 2009	66.00	52.05
November, 2009	62.50	49.00
December, 2009	62.80	55.50
January, 2010	83.00	59.00
February, 2010	71.95	62.20
March, 2010	67.90	62.70

Outstanding ADR/GDR	:	Not Issued
Registered Office	:	1-201, Divya Shakti Complex 7-1-58, Ameerpet , Hyderabad - 500016 Ph.No.040-23730596, 23735578,Fax 040-23730216 E-mail: admin@samkrg.com
Plant Locations	:	PLANT-I (Pistons) Sy.No.537, Temple Road, Bonthapally Narsapur Taluk, Medak District. PLANT-II (Rings) Sy.No.33, Varisam, Pydibhimavaram, Ranastalam Mandal, Srikakulam District. PLANT-III(Pistons)Sy.No.232,Arinama Akkivalasa, Allinagaram, Etcherla Mandal, Srikakulam District.
Investors' correspondence & share Transfer Agent in Physical form & In Electronic Mode	:	M/s. XL Softech Systems Ltd 3, Sagar Society, Road No.2 Banjara Hills, Hyderabad - 500034, Tel(040) 23553214
Trading in shares (Electronic Form) on Stock Exchanges	:	Made Compulsory for all categories of Investors w.e.f 26-12-2000 as per SEBI's mandate



Share Transfer System	:	Share transfers are registered and returned within a period of thirty days from the date of receipt, if the documents are in order in all respects.		
Dividend Declared in earlier years	:	1995-96 - 10%	1996-97 -15%	1997-98 - 20%
		1998-99 - 25%	1999-00 -30%	2000-01 - 15%
		2001-02 - 15%	2002-03 -30%	2003-04 - 45%
		2004-05 - 50%	2005-06 -30%	2006-07 - 35%
		2007-08 - 35%	2008-09 -30%	
Closing price of Company's Shares on Stock Exchange, Mumbai on 31.03.2010	:	Rs.63.85		
All Time high of Company's Share price on Stock Exchange, Mumbai	:	Rs.83.00 dt.19.01.2010		
Secretarial Audit	:	Secretarial Audit is being carried out every quarter by a practising Company Secretary and audit report is placed before the Board for its perusal and filed regularly with the Stock Exchanges within the stipulated time.		

**PATTERN OF SHAREHOLDING AS ON 31.03.2010**

Description	No. of Shareholders	%	No. of Shares	%
Promoters	14	0.167	6514612	66.337
Individuals	8141	96.882	2915305	29.686
FII, NRIs/OCB	53	0.631	25013	0.255
Financial Institutions and Banks	5	0.059	4000	0.041
Mutual Funds	2	0.024	1200	0.012
Bodies Corporate	186	2.213	359870	3.664
Trust	2	0.024	500	0.005
<b>TOTAL</b>	<b>8403</b>	<b>100.000</b>	<b>9820500</b>	<b>100.000</b>

**DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2010**

Range	No. of Shareholders	%	No. of Shares	%
1 - 500	7392	87.97	1268917	12.92
501 - 1000	549	6.53	438978	4.47
1001 - 2000	248	2.95	370571	3.77
2001 - 3000	89	1.06	219398	2.23
3001 - 4000	23	0.27	80687	0.82
4001 - 5000	22	0.26	101279	1.03
5001 - 10000	35	0.42	239467	2.44
10001 & Above	45	0.54	7101203	72.32
<b>TOTAL</b>	<b>8403</b>	<b>100.00</b>	<b>9820500</b>	<b>100.00</b>

## CERTIFICATE BY CEO/CFO

Pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the financial year ended March 31, 2010:

We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief, these statements:

Do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

Together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take, to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee:

Significant changes in internal control over financial reporting during the year;

Significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Hyderabad  
Date : 14th May 2010

**S. D. M. Rao**  
Chairman & Managing Director

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## AUDITORS' CERTIFICATE REGARDING CORPORATE GOVERNANCE

To  
The Members of  
SAMKRG PISTONS AND RINGS LIMITED

We have reviewed the record concerning the company's compliance of conditions of Corporate Governance by SAMKRG PISTONS AND RINGS LIMITED for the year ended 31st March 2010 as stipulated in Clause 49 OF THE Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We had conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for the review, and the information and explanations given to us by the company.

Based on such a review and best of our information and according to the explanations given to us, in our opinion, the company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/S. Ravi & Keshav  
Chartered Accountants  
Firm Registration No. : 0031875

Place : Hyderabad  
Date : 14th May 2010

**(K.K. KESAVAN)**  
Partner  
M.No 17489

## Auditors Report

To  
The Members of  
SAMKRG PISTONS AND RINGS LIMITED

We have audited the attached Balance Sheet of SAMKRG PISTONS AND RINGS LIMITED as at 31st March, 2010 and the Profit and Loss Account for the year ended as on that date annexed thereto and the cash flow statement for the period ended on that date. This 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.

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 and disclosures in the financial Statements. An audit also includes assessing the accounting principles used and significant Estimates made by management, as well as evaluating the overall financial statement Presentation. We believe that our audit provides a reasonable basis for our opinion.

### Further we report as follows :

1. As required by the Companies (Auditors Report) Order 2003 issued by the central government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956 and on the basis of the such checks of books and records of the company as we considered appropriate and according to information and explanations given to us during the course of the audit, we annex hereto a statement on that matter specified in paragraph 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the statement referred to in paragraph (1) above.
  - A. We have obtained all the information end explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - B. In our opinion, the Company has kept proper books of accounts as required by law so far as appears from the examination of books.
  - C. The Balance Sheet and Profit and Loss Account referred to in the Report are in agreement with the books of accounts.
  - D. In our opinion the Balance Sheet and the Profit and Loss account dealt with by this Report comply with the mandatory Accounting standards referred to in subsection (3-C) of section 211 of the Companies Act 1956.
  - E. On the basis of the written representation received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2010 from being appointed as director under clause (g) of sub-section (1) of section 274 of companies act 1956,
  - F. In our opinion and to the best of our information and according to the explanation given to us, the accounts read together with other notes annexed to and forming part of the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
    - i) In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31 st March 2010 and
    - ii) In so far as it relates to the Profit and Loss Account of the Profit of the Company, for year ended as on that date.
    - iii) In the case of the cash flow statement of the cash flow for the year ended on that date.

For **M/S. Ravi & Keshav**  
Chartered Accountants  
Firm Registration No. : 0031875

**(K.K. KESAVAN)**  
Partner  
M.No 17489

Place : Hyderabad  
Date : 14th May 2010

## ANNEXURE TO AUDITORS REPORT

(statement referred to in paragraph 1 of our report of even date)

1.
  - (a) The Company has maintained proper records showing the full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has program for phased physical verification of all its fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature if its assets. As informed, no material discrepancies were noticed on such verification.
  - (c) The Company has not disposed off any substantial part if its fixed assets during the year.
  - D) The Company had reworked the depreciation since the beginning of the operating of the company ie. 88-89, and found an excess depreciation were charged in the earlier years. The same had been ascertained and credited to the Profit and Loss Account. On account of this the earlier year profits were understated to the extent as declared to the notes to the accounts under the head depreciation. The period represents 1998-99 to 2007-2008.
2.
  - (a) The Management has conducted physical verification of the finished goods at reasonable intervals.
  - (b) The Procedure of physical verification of stocks followed by the Management are considered reasonable and adequate in relation to the Size of the company and the nature of its business.
  - (c) On the physical verification of stocks as compared to book records no material discrepancies were noticed. The company is maintaining proper records of inventory.
  - (d) On the basis of our examination of stocks, we are satisfied that the valuation of stocks is fair and in accordance with normally accepted accounting principles.
  - (e) The imported goods were valued at the invoice value. The exchange rate variation if any at the end of the year were not considered since the impact on the profit or loss is insignificant.
3.
  - (a) According to the information and explanations given to us, the Company has taken unsecured loans from the Directors and their relatives as listed in the register maintained under Section 301 of the companies act 1956. In terms of subsection (6) of section 370 of the companies act 1956 provision of this section is not applicable to the company.
  - (b) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, Firms or other parties listed in the register maintained under Section 301 of the companies act 1956 In terms of subsection (6) of section 370 of the companies act 1956 provision of this section is not applicable to the company.
  - (c) The rates of interest and other terms and conditions of loans taken by the company are unsecured and are prima facie not prejudicial to the interest of the company.
  - (d) The payment of the principal and interest are regular.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to purchases of stores, spare parts including components, plant and machinery, equipment and other assets and for the sale of the goods.
- 5
  - (a) According to the information and explanations provided by the managaement, we are of the opinion that the particulars of contracts or arrangement referred to in section 301 of the act that need to be entered into the register maintained under section 301 have been so entered.
  - (b) in our opinion and according to the information and explanation given to us the transactions made in pursuance of such contracts or arrangement exceeding value of Rs.5,00,000 have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6 As explained to us, there are no unserviceable or damaged stores and there are no unserviceable or damaged raw materials or finished goods.

- 7 The Company has not accepted any deposits from public. Hence, the provisions of Section 58A of the companies Act, 1956, will not be applicable
- 8 In our opinion reasonable records have been maintained by the Company for the sales and disposal of realizable scrap.
- 9 In our opinion the company has internal audit system commensurate with the size of the company and the nature of its business.
- 10 We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of the cost records under Section 209 (i) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed records and accounts have been maintained by the Company.
11. (a) The Provident fund and Employees State Insurance dues have regularly deposited with the appropriate authorities.
- (b) According to the information and explanation given to us the company does not have undisputed amounts payable in respect of Income Tax, wealth Tax, Excise Duty and Customs Duty outstanding for a period of more than six months from the date they become payable.
- In respect of Sale Tax (Entry Tax) there is disputed amount of Rs. 22.47 lacs not deposited with Sales Tax department. The Company had filed an appeal with ADC(CT) Punjagutta Division Hyderabad against certain points in the order of the for the assessment year 2002-03.

S.No	Name Of Of The Statute	Nature Of Dues	Amount In Rs. In Lacs	Forum Where Dispute Is Pending
1	SALES TAX ACT	ENTRY TAX	22. 47	ADC (CT)

12. During the year under report, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the companies Act 1956.
13. the company has no accumulated losses at the end of the financial year and, has not incurred any cash losses in the financial year under report and in the immediately preceding financial year.
14. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions/ banks. The company has not issued any debentures.
15. 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.
16. In our opinion of the company is not chit fund or Nidhi/ Mutual fund / society. Therefore the provisions of Clause 4(XIII) of the companies (Auditor's report) order 2003 are not applicable to the company.
17. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
18. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
19. The company has not raised any money by way of public issue during the year.
20. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of the audit.

For M/S. Ravi & Keshav  
 Chartered Accountants  
 Firm Registration No. : 0031875

Place : Hyderabad  
 Date : 14th May 2010

(K.K. KESAVAN)  
 Partner  
 M.No 17489

**BALANCE SHEET AS AT 31ST MARCH, 2010**

			Rs in Lacs
Particulars	Schedule No.	As at March 31, 2010	As at March 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	1	982.05	982.05
Reserves and Surplus	2	3577.95	3620.83
<b>Loan Funds</b>			
Secured Loans	3	1878.83	1467.42
Unsecured Loans	4	2585.26	2551.00
Deferred tax liability	5	25.00	176.97
<b>TOTAL</b>		<b>9049.09</b>	<b>8798.27</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	13151.96	12937.28
Less: Depreciation		5437.89	5425.51
Net Block		7714.07	7511.77
(Refer note no 3 of Schedule 20 )			
<b>Current Assets, Loans and advances</b>			
Inventories	7	1013.23	832.54
Sundry debtors	8	3034.28	2390.08
Cash and Bank Balances	9	420.12	32.88
Loans and Advances	10	240.02	434.43
		4707.65	3689.93
<b>Less: Current Liabilities And Provisions</b>			
Liabilities	11	2696.02	1905.75
Provisions	12	676.61	497.68
		3372.63	2403.43
<b>Net Current Assets</b>		<b>1335.02</b>	<b>1286.50</b>
<b>TOTAL</b>		<b>9049.09</b>	<b>8798.27</b>
Notes to Accounts	20		

NOTE: Notes as per Schedule I and other Schedules referred to herein form an integral part of these Accounts.

This is the Balance Sheet referred to in our report of even date.

for **M/s. Ravi & Keshav**

Chartered Accountants,

for and on behalf of the Board of Directors

**K.K. Kesavan**  
Partner  
Membership No. 17489

**S.D.M. Rao**  
Chairman & Managing Director

**M.N. Thakkar**  
Director

Place : Hyderabad  
Date : 14.05.2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	Schedule No.	Rs in Lacs	
		Year Ended 31.03.2010	Year Ended 31.03.2009
<b>INCOME</b>			
Gross Sales	13	15033.04	11610.18
Less: Excise Duty and Sales Tax		1772.76	1697.26
<b>Net Sales</b>		<b>13260.28</b>	<b>9912.92</b>
Other Income	14	106.24	204.11
<b>TOTAL</b>		<b>13366.52</b>	<b>10117.03</b>
<b>EXPENDITURE</b>			
Material Cost	15	3503.02	2698.55
Purchase of Trading goods		131.48	94.51
Personnel	16	1824.04	1381.95
Interest	17	196.67	338.26
Other Manufacturing, Administration & selling exps	18	5879.01	4093.59
Depreciation	6	912.38	777.68
Increase/(Decrease) in stocks	19	-91.93	118.88
<b>TOTAL</b>		<b>12354.67</b>	<b>9503.42</b>
<b>PROFIT BEFORE TAXATION</b>		<b>1011.85</b>	<b>613.61</b>
- Provision for taxation		276.00	135.33
- Fringe Benefit Tax			5.00
- Deferred taxation		25.00	25.00
<b>NET PROFIT</b>		<b>710.85</b>	<b>448.28</b>
Refund of Income Tax		0	0
Taxation of earlier years			(41.91)
Extra ordinary item - excess depreciation			923.01
Balance Brought forward from Previous Year		2408.94	1500.96
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>3119.79</b>	<b>2830.34</b>
<b>APPROPRIATIONS:</b>			
Proposed dividend		392.82	294.62
Tax on Proposed Dividend		66.79	50.08
Transfer to General reserve		126.48	76.70
Balance carried to Balance sheet		2533.70	2408.94
<b>TOTAL</b>		<b>3119.79</b>	<b>2830.34</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (Rs.)</b>		<b>7.24</b>	<b>4.56</b>
Face value per share		10.00	10.00

(Refer Note 9 of Schedule 20)

Significant Accounting policies and Notes to Accounts 20

NOTE: Notes as per Schedule I and other Schedules referred to herein form an integral part of these Accounts.

This is the Profit and Loss Account referred to in our Report even date

for M/s. Ravi & Keshav  
Chartered Accountants,

for and on behalf of the Board of Directors

K.K. Kesavan  
Partner  
Membership No. 17489S.D.M. Rao  
Chairman & Managing DirectorM.N. Thakkar  
DirectorPlace : Hyderabad  
Date : 14.05.2010

Particulars	Rs in Lacs	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
Authorised Capital 1,25,00,000 Equity Shares of Rs.10/- each	<b>1250.00</b>	1250.00
Issued, Subscribed and Paid up Capital 98,20,500 Equity Shares of Rs.10/- each fully paid	<b>982.05</b>	982.05
<b>TOTAL</b>	<b>982.05</b>	982.05
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Subsidy	55.00	55.00
Share forfeiture	1.03	1.03
	<b>56.03</b>	56.03
Revaluation Reserves	155.21	155.21
Share premium	163.92	163.92
<b>General Reserve</b>		
Opening Balance	836.73	760.03
Add: Transferred from Profit & Loss A/c	126.48	76.70
	<b>963.21</b>	836.73
Profit and Loss Account	2533.70	2408.94
Earlier Year Tax Payments	-294.12	0.00
<b>TOTAL</b>	<b>3577.95</b>	3620.83



Particulars	Rs in Lacs	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE - 3 SECURED LOANS</b>		
Term Loan from SBI(Refer note 2 below) SBI - Machinery	242.50	371.02
<b>Working capital loan (Refer Note 1 below)</b>		
Cash Credit	1246.47	966.09
P C F C	388.10	126.33
Loans for Vehicles	1.76	3.98
<b>TOTAL</b>	<b>1878.83</b>	<b>1467.42</b>

Note: 1) Working Capital Loan with SBI is secured by Hypothecation of all current assets including Book debts on First charge basis on all fixed assets and immovable properties of the company.

2) Term Loan from SBI secured by first charge on all the fixed assets (present and future both movable. & immovable) of the company collateral-second charge on all current assets of the company

**SCHEDULE - 4  
UNSECURED LOANS**

Sales tax deferral loan (interest free)	1785.26	1695.99
Other Loans (refer note 6 of notes to the accounts of schedule 20)	800.00	855.01
<b>TOTAL</b>	<b>2585.26</b>	<b>2551.00</b>

**SCHEDULE - 5  
DEFERRED TAX LIABILITY**

Deferred tax liability (difference between Book and Income tax depreciation)	176.97	151.97
less: Deferred Tax Assets	-176.97	0.00
Add: Addition during the year	25.00	25.00
	<b>25.00</b>	<b>176.97</b>

**SCHEDULE - 6  
FIXED ASSETS**

Description	Gross Block			Depreciation			Net Block	
	As at April 1, 2009	Additions during the year	As at March 31, 2010	As at April 1, 2009	For the Year	As at March 31, 2010	As at March 31, 2010	Rs. in lacs
<b>A. Assets</b>								
Land - Freehold	189.61 189.61	0 0	189.61 189.61	0.00 0.00	0.00 0.00	0.00 0.00	189.61 189.61	
Buildings	1276.46 1274.03	0 2.43	1276.46 1276.46	479.27 436.64	40.27 42.63	519.54 479.27	756.92 797.19	
Plant & Machinery	9785.85 9368.80	1083.72 1317.05	10869.57 10685.85	3676.20 3885.97	823.48 690.23	4499.68 4576.20	6369.89 6109.65	
Electrical Installation	376.92 366.67	13.91 10.25	390.83 376.92	248.42 221.84	30.37 26.58	278.79 248.42	112.04 128.50	
Furniture & fixtures	114.23 108.44	3.88 5.79	118.11 114.23	54.43 47.31	8.14 7.12	62.57 54.43	55.54 59.80	
Vehicles	116.98 111.82	13.17 5.16	130.15 116.98	67.19 56.08	10.12 11.11	77.31 67.19	52.84 49.79	
Impairment Assets	177.23 177.23	0 0	177.23 177.23	0.00 0	0.00 0	0.00 0.00	177.23 177.23	
<b>TOTAL</b>	<b>12037.28</b> <i>11596.60</i>	<b>1114.68</b> <i>1340.68</i>	<b>13151.96</b> <i>12937.28</i>	<b>4525.51</b> <i>4647.83</i>	<b>912.38</b> <i>777.67</i>	<b>5437.89</b> <i>5425.51</i>	<b>7714.07</b> <i>7511.77</i>	

(Previous year figures are given in italics)

Particulars	Rs in Lacs	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE - 7</b>		
<b>INVENTORIES</b>		
(As valued and certified by Management)		
Stores and spares	145.18	136.90
Raw materials	309.08	228.60
Semi finished goods	436.28	318.53
Finished goods	122.69	148.51
<b>TOTAL</b>	<b>1013.23</b>	<b>832.54</b>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good, unless otherwise specified)		
Due for more than six months	87.77	5.40
Others	2946.51	2384.68
<b>TOTAL</b>	<b>3034.28</b>	<b>2390.08</b>
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	3.32	3.48
Current Accounts (with Scheduled Banks)	416.80	29.40
<b>TOTAL</b>	<b>420.12</b>	<b>32.88</b>
<b>SCHEDULE - 10</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured - considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	95.50	291.06
Deposit with Govt. departments	144.52	143.37
<b>TOTAL</b>	<b>240.02</b>	<b>434.43</b>
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry creditors (Refer note 3 of notes to the accounts of schedule 20)	1226.81	825.56
Deposit from distributors	26.48	24.64
Interest accrued but not due	0.16	0.16
Other Liabilities	694.83	491.10
Creditors for capital items (net of CWIP)	512.87	564.29
Inter Branch accounts	234.87	0.00
<b>TOTAL</b>	<b>2696.02</b>	<b>1905.75</b>

Particulars	Rs in Lacs	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE - 12</b>		
<b>PROVISIONS</b>		
Proposed dividend	392.82	294.61
Tax on proposed dividend	66.79	50.10
Provision for taxation (net of adv .tax)	75.97	13.27
Provision for gratuity	141.03	139.70
<b>TOTAL</b>	<b>676.61</b>	<b>497.68</b>
<b>SCHEDULE - 13</b>		
Gross Sales	15033.04	11610.18
Less: Excise duty and Sales Tax	1772.76	1697.26
Net Sales :	13260.28	9912.92
: Domestic	10718.00	7725.80
: Exports	2542.28	2187.12
	<b>13260.28</b>	<b>9912.92</b>
<b>SCHEDULE - 14</b>		
<b>OTHER INCOME</b>		
Interest on others	7.84	7.38
Miscellaneous Income	98.40	196.73
<b>TOTAL</b>	<b>106.24</b>	<b>204.11</b>
<b>SCHEDULE - 15</b>		
<b>MATERIAL COST</b>		
Opening Balance	205.33	293.94
Add:Purchases	3606.77	2609.94
	3812.10	2903.88
Less: Closing Balance	309.08	205.33
<b>TOTAL</b>	<b>3503.02</b>	<b>2698.55</b>
<b>SCHEDULE - 16</b>		
<b>PERSONNEL</b>		
Salaries, Wages, Bonus and Commission	1687.14	1201.34
Contribution to EPF and other Funds		
Staff welfare expenses	136.90	180.61
<b>TOTAL</b>	<b>1824.04</b>	<b>1381.95</b>
<b>SCHEDULE - 17</b>		
<b>INTEREST</b>		
On Term Loans	30.36	49.58
On Working Capital and Others	166.31	288.68
<b>TOTAL</b>	<b>196.67</b>	<b>338.26</b>

Particulars	Rs in Lacs	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE - 18</b>		
<b>OTHER MANUFACTURING, ADMN, AND SELLING EXPENSES</b>		
Stores consumed	1721.40	1066.32
Power and fuel	875.16	782.90
Rent, Rates & Taxes	88.06	58.38
Printing & stationary	38.82	37.11
Communicational expenses	26.89	27.63
Conveyance and travelling	155.59	103.84
Directors sitting fee	0.24	0.18
Packing and forwarding charges	963.86	548.06
Insurance	11.02	5.27
Auditors Remuneration	6.25	6.25
Legal and Professional charges	12.72	7.98
<b>Repairs and Maintenance</b>		
Buildings	83.52	20.56
Plant and Machinery	103.91	73.90
Others	65.46	87.96
Sales Promotion	1630.57	1186.73
Advertisement	8.35	5.93
Misc. expenses	84.72	72.29
Provision for gratuity	2.47	2.30
<b>TOTAL</b>	<b>5879.01</b>	<b>4093.59</b>

**SCHEDULE - 19**  
 (INCREASE)/DECREASE IN STOCKS

**Opening Stocks:**

Semi finished goods	318.54	471.94
Finished goods	148.50	113.98
	<u>467.04</u>	<u>585.92</u>

**Closing Stocks:**

Semi finished goods	436.28	318.54
Finished goods	122.69	148.50
	<u>558.97</u>	<u>467.04</u>

(Increase)/decrease in stocks	-91.93	118.88
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**SCHEDULE - 20**  
**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS****Significant Accounting Policies****1. Method of Accounting**

The financial statements have been prepared on accrual basis and at historical cost in accordance with generally accepted accounting principles in India and provisions of the Companies Act 1956 read with the Companies (Accounting Standards) Rules 2006.

**2. Revenue Recognition**

Sales comprises sale of goods and services net of trade discount and inclusive of Excise duty and sales Tax.

**3. Fixed Assets**

- A.**
- (a) Fixed Assets are stated at cost less depreciation. The cost of Fixed Assets is net of Cenvat credit availed and to be claimed.
  - (b) Depreciation on Fixed Assets added or disposed during the year is provided on pro-rata basis with respective date of acquisition or disposal.
  - (c) The Fixed Assets includes self made machines.

**B. Depreciation:**

Being the Company had claimed Depreciation on Straight line basis, the Assets on which 100% Depreciation claimed were reduced from the Gross Block of Asset and Gross Depreciation and the value is Rs.9.00 crores

**4. Inventories**

- i) Raw material, stores and spares and work-in-progress are valued at cost, net of cenvat Credit. Finished goods are valued at the lower of cost or market value whichever is lower.
- ii) Excise Duty on stocks lying with the company is not added to the cost of finished goods Inventory. This is in line with the consistency in valuation of inventory by followed by the Management.

**5. Excise Duty**

Excise duty on goods manufactured is accounted only at the time of removal of goods from the factory.

**6. Foreign Currency Transactions**

- a) Foreign Currency transactions are recognized in the books at the exchange rates prevailing on the date of the transaction.
- b) In the case of Current Assets/Liabilities the difference (Gain or Loss) between the actual payment and the amount recognized in the books is accounted as Exchange Gain or Loss..
- c) Other income includes the following items
  - i) Sale of DEPB Licenses Rs.51.52 lacs.
  - ii) Exchange Fluctuation Gain Rs. 8.83 lacs.
  - iii) An amount of Rs. 10.37 lacs has been received from TECUMSEH (ITALY) which has been written off in 06-07 as non recoverable. The above amount represents out of an amount of Rs.95.89 lacs charged to profit and loss account as an extra ordinary item in the year 2006-07.

**7. Retirement Benefits**

- a) The Company's contribution to Provident Fund is administered through Regional Provident Fund Commissioner and being charged to revenue as incurred.

- b) Gratuity in respect of past and present services of employees is being accounted for on accrual basis based on actuarial valuation done by the company. The payment of Gratuity to the employees who had left the service had been adjusted against the provision made. The provision of gratuity has been computed as on the date of closure of accounts by reducing the provision made in the earlier years.
- c) Leave encashment is accounted for on cash basis on the basis of the actual payments made.

#### 8. Taxes on Income

- a) Current Tax: Provision for Income Tax is determined in accordance with the provisions Of Income Tax Act. 1961.
- b) Deferred Tax Provision: Deferred Tax is recognized on timing differences being the Differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s). Provision had been made on the account of above as there exist deferment assets.
- c) The timing deference on account of Depreciation charged on the Assets as per the Companies Act and as per the Income Tax Act has been provided. The net deferred tax liability over the Deferred Tax Assets was Rs. 25.03 lacs was considered for the current year as Rs.25.00 lacs.

#### NOTES TO ACCOUNTS

1. Interest free sales tax deferred loan is repayable as
- a) Plant - I a) First Deferment completed in the year 2003, b) Second deferment Repayable in 14 years commences from April 2012
- b) Plant - II First Deferment repayable in 10 years commences from April 2004 and second deferment April 2015
- c) Plant - III repayable in 14 years commences from April 2011
2. Contingent liabilities not provided for
- a) Disputed amount of Rs.25.68 lacs towards A.P. Tax on Entry of goods for the assessment year 2002-03 is pending with the ADC (CT) Punjagutta Division, Hyderabad against which we have already paid an amount of Rs. 3.21 Lacs.
- b) Customs Duty liability on Imports under EPCG Scheme pending fulfillment of Export obligations of Rs.67.07 lacs is Rs. 8.38 lacs

#### 3. SUNDRY CREDITORS

Disclosure under the Micro and Small Enterprises Development Act, 2006.

Amount due to Micro and Small Enterprises are disclosed on the basis of information company regarding available with the status of the suppliers is as follows.

Sl. No.	Particulars	Rs./in lacs			
		2009-10		2008-09	
		Principal	interest	Principal	interest
1	Principal Amount and Interest thereon due, remaining unpaid at the end of the year.	35.63	Nil	21.79	Nil
2	Interest paid during the year	Nil	Nil	Nil	Nil
3	Interest due and payable (on the amount which have been paid beyond the appointed date during the year)	NA	Nil	NA	Nil
4	Interest remaining accrued and unpaid at the end of year	NA	Nil	NA	Nil
5	Interest due of the previous year	NA	Nil	NA	Nil

4. Amount of exchange difference as per AS-11 accounting for the effects of changes in Foreign Exchange rates included in the other income account of Rs. 8.83 lacs. (Previous year Rs.101.80 lacs)
5. Estimated amount of contracts remaining to be executed on capital account is Rs.91.07 lacs (Previous year Rs.119.31 Lacs ) against which advances have been paid RS.19.86 lacs (Previous Year Rs. 62.96 lacs.)
6. Unsecured Loan comprise of loan from Directors and their relatives - Rs.800.0 lakhs (Previous year Rs.855.01 lakhs)

	Rs. in lakhs	
	2010	2009
<b>7. MANAGERIAL REMUNERATION:</b>		
a. Remuneration	35.55	45.12
b. Commission	26.25	0.00
c. Other Perquisites	3.56	4.52
<b>TOTAL</b>	<b>65.36</b>	<b>49.64</b>

**Calculation of commission:**

Net Profit for the year	1011.85	613.61
Add Directors Remuneration	65.36	49.64
Sitting Fee	0.24	0.18
Net Profit	<b>1077.45</b>	<b>663.43</b>

Total salary and commission -10% of the profits	107.75	66.34
Total amount paid to directors	65.36	49.64
Commission 5% for the Directors	NIL	NIL
Restricted to actual payment	Nil	NIL

8. The Company had taken on lease from the Directors of the company viz., Shri.S.D.M. Rao, Shri. S.Karunakar and Sri. S. Kishore, for the Branch office at Vizag, Staff Quarters at the factory and residence for the Directors. The rent paid is commensurate on the prevailing rate applicable at the relevant time.

**9. Earning per share**

Net Profit (Rs in lacs)	710.85	448.28
No. of Equity Shares (throughout the year) in lacs	98.205	98.205
Earning per share (Basic & Diluted) Rs.	7.23	4.56

**9. CAPACITY, PRODUCTION, SALES AND STOCKS:**

- (a) Licensed and Installed Capacity and Actual Production:

Particulars		Licensed Capacity	Installed Capacity	Actual Production
Piston	Nos.	De-licensed	7,500,000 (7,500,000)	62,64,106 (49,27,734)
Piston Pin	Nos.	"	7,500,000 (7,500,000)	63,69,169 (39,60,253)
Piston Rings	Nos.	"	22,000,000 (22,000,000)	19,947,601 (15,888,744)

Note: Figures in brackets pertains to previous period.



**(b) Particular of Opening Stock, Closing stock and turnover**

Particulars	Opening stock		Closing stock		Turnover	
	Quantity	Value (Rs. InLacs)	Quantity	Value (Rs. InLacs)	Quantity	Value (Rs. In Lacs)
Piston (Nos.)	26,415 (115,683)	39.62 (145.25)	16,580 (26415)	41.45 (39.62)	62,73,941 (50,17,002)	9346.43 (7619.80)
Piston Pin (Nos.)	81,324 (567,830)	153.79 (66.49)	15,935 (81,324)	224.79 (153.79)	64,34,558 (44,46,759)	5701.69 (4092.00)
Piston Rings (Nos.)	854,363 (358,218)		899,143 (854,363)		19,902,821 (15,392,599)	

Note: Figures in brackets pertains to previous period.

	2009-2010			2008-2009		
	Qty Nos.	Rs. in Lacs	%	Qty Nos.	Rs. in Lacs	%
10. Particulars of Raw Materials Consumption:						
Alloy Elements (Kgs)	1552505	2069.90		1311697	1844.13	
Pin Steel (Kgs)	405215	299.38		405463	235.65	
Pig Iron (Kgs)	438165	114.34		359380	120.69	
Stop Pegs & Circlips (Nos)	17522028	52.00		15060877	54.43	
11. Value of Raw Materials Components & Spare Parts Calculated on CIF Value						
Raw Material		150.15			177.32	
Components & Spare Parts		Nil			Nil	
Capital Goods		Nil			44.96	
12. Expenditure in Foreign Currency Traveling (On payment basis)		16.55			7.43	
13. Earnings in Foreign currency (On receipt basis)		2250.77			2318.21	
14. Value of Raw Materials, Spares & Components Consumed						
A) Indigeneous		3544.37	94.81%		2527.14	93.44%
B) Imported		193.88	5.18%		177.32	6.56%

## 15. Segment reporting under Accounting Standard-17

The Company operates in single primary business segment namely manufacture of Auto Components - Piston Assemblies, Hence no separate disclosure is required.

## 16. The Company is taking steps to transfer balance funds in un-paid dividend account to Investors Education and Protection fund.

## 17. Related Party Disclosures:

The disclosure pertaining to the related party transactions as required by the Accounting Standards (As - 18) issued by the Institute of Chartered Accountants of India, as applicable are indicated below:

- a) List of related parties with whom transactions are taken place during the year
- |                     |                 |  |  |
|---------------------|-----------------|--|--|
| Executive Directors | Mr. S D M Rao   |  |  |
|                     | Mr. S Karunakar |  |  |
|                     | Mr. S Kishore   |  |  |
- b) Loans:
- |  | 2010   | 2009   |
|--|--------|--------|
| Loans with related parties outstanding | 800.00 | 855.01 |
- c) Transactions with Executive Directors consists of remuneration as detailed in Note 7 of Schedule 20
18. Figures for the previous year has been regrouped/reclassified wherever necessary to be conformity with the current year.
19. Figures are rounded off to the nearest rupee.
20. Additional information pursuant to provisions of Part IV of Schedule VI of the Companies Act, 1956 is furnished in Annexure "A"

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Signature to Schedule 1 to 20

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As per our report attached  
for **M/s. Ravi & Keshav**  
Chartered Accountants,

for and on behalf of the Board of Directors

**K.K.Kesavan**  
Partner  
Membership No. 17489

**S.D.M.Rao**  
Chairman & Managing Director

**M.N.Thakkar**  
Director

Place : Hyderabad  
Date : 14.05.2010

**1. ANNEXURE - A****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 31.03.10****1. Registration Details**Registration No.      State Code  Balance Sheet Date        **2. Capital Raised during the year (Amount in Rs. 000)**Public Issue        Rights Issue       Bonus Issue        Private Placement       **3. Position of Mobilisation and Deployment of Funds (Amount in Rs.000)**Total Liabilities        Total Assets       **Sources of Funds**Paid -up Capital        Reserves and Surplus      Secured Loans        Unsecured Loans       Deferred Tax Liability      **Application of Funds**Net Fixed Assets        Investments       Net Current Assets        Misc. Expenditure       Accumulated Losses       **4. Performance of Company (Amount in Rs. 000)**Total Income        Total Expenditure       Profit Before Tax  
(Before Extraordinary item)        Profit After Tax      Earning per share (Rs.)       Dividend Rate %      **5. Generic Names of Three Principal Products/Services of Company (as per Monetary Terms):**Item Code No.  
(ITC Code)      

Product : Parts &amp; Accessories of Vehicles of Headings Nos.87.11 to 87.13 of Motor Cycles (Including Mopeds).

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

Particulars	Rs in Lacs	
	Year Ended 31st March 2010	Year Ended 31st March 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax and extraordinary items	1011.85	613.61
Adjustments For:		
Depreciation	912.38	777.68
Sales tax Deferment	89.27	53.48
Interest	196.67	338.26
Interest Earned	-7.84	-7.38
Gratuity-provision	2.47	
<b>Operating Profit Before Working Capital Changes</b>	<b>2204.8</b>	<b>1775.65</b>
Adjustments For:		
Receivables	-644.2	348.09
Inventories	-180.69	225.39
Loans & Advances	194.41	-31.21
Payables	790.27	256.81
Cash generated from Operations	2364.59	2574.73
Interest Paid	196.67	338.26
Taxes Paid	684.39	237.88
PAYMENT OF GRATUITY	1.14	
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1482.39</b>	<b>1998.59</b>
Net Increase Cash Flow	1482.39	1998.59
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assests	1114.68	1343.37
Interest received	-7.84	-7.38
Term Loan From SBI (including vehilce loan)	130.74	129.72
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>1237.58</b>	<b>1465.71</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Unsecured Loans	55.01	0
Increase(Decrease) in Working capital loan (net of payments)	0	204.81
Dividend and Dividend Tax	344.71	343.72
Nat Increase In Bnak Borrowings	542.15	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>142.43</b>	<b>548.53</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>387.24</b>	<b>-15.65</b>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR	32.88	48.99
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	420.12	32.88

Notes: The above cash flow statement has been prepared under the indirect method as set out in the accounting standard - 3 on cash flow statements.

This is the Chas Flow Statement referred to in our report of even date for M/s. Ravi & Keshav Chartered Accountants,

for and on behalf of the Board of Directors

**K.K.Kesavan**  
Partner  
Membership No. 17489

**S.D.M.Rao**  
Chairman & Managing Director

**M.N.Thakkar**  
Director

Place : Hyderabad  
Date : 14.05.2010



# ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To  
SAMKRG PISTONS AND RINGS LTD.  
M/S. XL SOFTECH SYSTEMS LTD  
3, SAGAR SOCIETY, ROAD NO.2  
BANJARA HILLS,  
HYDERABAD - 500034.

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND / INTEREST.

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY. Please  wherever is applicable.

For Shares held in physical form

FOR OFFICE USE ONLY

Master Folio No. 

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ECS Ref. No.
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For Shares held in electronic form

DP. Id 

--	--	--	--	--	--	--	--	--	--

Client Id 

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<b>Name of First Holder</b>											
<b>Bank Name</b>											
<b>Branch Name</b>											
<b>Branch Code</b>	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table> <small>(9 Digits Code Number appearing on the MICR Bank of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.</small>										

<b>Account type</b>	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 50px; padding: 2px;">Savings</td><td style="width: 20px; height: 20px;"></td></tr></table>	Savings		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 50px; padding: 2px;">Current</td><td style="width: 20px; height: 20px;"></td></tr></table>	Current		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 50px; padding: 2px;">Cash Credit</td><td style="width: 20px; height: 20px;"></td></tr></table>	Cash Credit	
Savings									
Current									
Cash Credit									

A/c. No. (as appearing in the cheque book) 

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Effective date of this mandate 

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I, hereby, declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, M/s. XL Softech Systems Ltd., will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/ Samkrg Pistons and Rings Limited.

I further undertake to inform the Company any cheque in my Bank / branch and account number.

Dated: \_\_\_\_\_ (Signature of First holder)  
Note: Once dematerialisation of existing physical shares, for which you have availed ECS facility, the above form needs to be re-submitted.



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# SAMKRG PISTONS AND RINGS LIMITED

Regd. Office : 1-201, Divyashakti Complex, 7-1-58, Ameerpet, Hyderabad - 500 016.

Name of Member in Capital Letter
Folio Number:
No.of Shares:

<b>ATTENDANCE SLIP</b>
PLEASE HAND OVER THIS ADMISSION SLIP AT THE ENTRANCE OF THE MEETING HALL

<b>24th ANNUAL GENERAL MEETING</b>
16th August, 2010 at 10.30 a.m.
<b>HOTEL ATHITHI INN</b>
Dharam Karam Road, Ameerpet, Hyderabad.

<input type="checkbox"/> MEMBER	<input type="checkbox"/> PROXY
NAME OF THE PROXY IN CAPITAL LETTER	

I hereby register my presence at the meeting

Signature of the Member/Proxy



# SAMKRG PISTONS AND RINGS LIMITED

Regd. Office :1-201, Divyashakti Complex, 7-1-58, Ameerpet, Hyderabad - 500 016.

I/We .....  
.....  
.....  
.....  
.....

<b>PROXY FORM</b>	
FOLIO	NO.OF SHARES

in the district of ..... being a member / members of SAMKRG PISTONS AND RINGS LIMITED hereby appoint ..... of ..... or failing him as my / our Proxy to vote for me / us and on my / our behalf at the 24th ANNUAL GENERAL MEETING of the Company to be held on Monday, the 16th August, 2010, at 10.30 a.m. or any adjournment thereof at HOTEL ATHITHI INN, Dharam Karam Road, Ameerpet, Hyderabad.

Signed this ..... day of ..... 2009

PROXY FORM MUST REACH COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING
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AFFIX REVENUE STAMP
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FOR OFFICE USE ONLY	
PROXY NO.	DATE OF RECEIPT

