

AUNDE India Limited



**15th ANNUAL REPORT
2011 - 2012**



15th Annual Report 2011-2012

AUNDE India Limited
(Formerly known as AUNDE Faze Three Limited)

15th ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE 2012

1. Date of Annual General Meeting : Saturday, 15th December 2012
2. Time and Venue : 10.30 AM at Plot No. 146
Waghdhara Village Road
Dadra – 396 191
UT of Dadra & Nagar Haveli
3. Book Closure : Saturday, 8th December 2012 to Saturday, 15th
December 2012 (Both Days inclusive)
4. Investors' Complaints may be addressed to : Corporate Office:
AUNDE India Limited,
102, Shiv Smriti Chambers, 49-A,
Dr. Annie Besant Road, Worli,
Mumbai-400 018
Phone : 022 6660 4600
Email: investors@aundeindia.com

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BOARD OF DIRECTORS

Ajay Anand	Managing Director
Rolf Konigs	Director
Kapil Sethi	Director
R. J. Avadhani	Director

COMPLIANCE OFFICER

Jovita Reema Mathias	Company Secretary
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REGISTERED OFFICE

Plot No. 146, Waghdhara Village,
Dadra – 396191
Union Territory of Dadra & Nagar Haveli.

CORPORATE OFFICE

102, Shiv Smriti Chambers,
49-A, Dr Annie Besant Road,
Worli, Mumbai – 400 018

AUDITORS

M/s Majibail & Co.
Chartered Accountants
Mumbai.

ADVOCATES & SOLICITORS

Vikram Philip & Associates

BANKERS

The Saraswat Co-operative Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) P Ltd.
Unit-1, Luthra Industrial Premises,
Andheri – Kurla Road, Safed Pool,
Andheri (East), Mumbai – 400 072.
Phone: 022 2851 5606 / 5644
Website: www.sharexindia.com
Email: sharexindia@vsnl.com



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NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Members of **AUNDE India Limited** will be held on Saturday, 15th December 2012 at Plot No. 146, Wagdhara Village Road, Dadra – 396 191 Union Territory of Dadra & Nagar Haveli at 10.30 AM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2012 and the Audited Statement of Profit & Loss for the year ended 30th June 2012 together with the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Kapil Sethi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

"RESOLVED THAT M/s. Majibail & Company, Chartered Accountants, Mumbai, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Statutory Auditors."

By order of the Board of Directors
For **AUNDE India Limited**

Place: **Mumbai**

Date : **15th November 2012**

(**Jovita Reema Mathias**)
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND & VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a Proxy, in order to be effective, should be deposited with the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person if he or she so wishes. A form of proxy is given at the end of the Annual Report.
3. The Register of Members and the Share Transfer Registers of the Company shall remain closed from Saturday, 8th December 2012 to Saturday, 15th December 2012 (both days inclusive).
4. Members are requested to intimate any change in their address to the Registrar and the Share Transfer Agent, Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Industrial Premises, Andheri – Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072. The Company or its Registrar cannot act on any request for change in the address received directly from the shareholders holding shares in electronic form. Such changes are to be advised only to the Depository Participant of the respective shareholders.
5. Documents referred to in any of the items in the Notice are available for inspection at the Registered Office of Company on any working day during Business Hours between 11.00 am to 1.00 pm.
6. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the meeting so that the answers may be made available at the meeting.
7. Members are requested to address all the correspondence/documents, invariably quoting their Registered Folio No. / Client ID relating to the Equity Shares held by them, directly to our Registrar and Share Transfer Agent, **Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Industrial Premises, Andheri – Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072.**
8. Members are requested to bring their copy of this Annual Report to the Meeting.
9. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
10. Brief resume of Mr. Kapil Sethi, Director is given under the Corporate Governance Report.

AUNDE India Limited



DIRECTORS' REPORT

To the Members

Your Directors are pleased to present the 15th Annual Report on the working of the Company, together with the Audited Accounts for the year ended 30th June 2012.

HIGHLIGHTS: -

FINANCIALS

(₹ in Lacs)

Particulars	For the year ended 30th June 2012	For the year ended 30th June 2011
Sales	9182.43	7710.28
Profit before tax, depreciation & amortization, finance costs and exceptional items	1556.39	1287.69
Less: Depreciation & amortization expenses	391.88	338.48
Finance cost	693.31	545.93
Profit before tax	471.19	403.27
Less: Current Tax	97.12	81.10
Deferred Tax	24.16	--
Profit / (Loss) After Tax	349.91	322.17

OPERATING RESULTS & PROFITS

The Company witnessed a growth of 19% during the year, as the automotive industry showed moderate growth of 7.2% in FY2012. The Company's domestic sales grew by 16% to Rs. 9010.03 Lacs and exports grew by 3% to Rs. 172.30 Lacs. The Company has earned a Profit before tax, depreciation & amortization, finance cost and exceptional items of Rs.1556.39 Lacs as compared to Rs. 1287.69 in the previous year. The Company earned net profit of Rs.349.91 Lacs as compared to net profit of Rs. 322.17 Lacs during the previous year.

The auto sector reported a robust growth rate of 26 percent in the last two years (2010-2012). However, the sector has shown a sluggish growth of 7.2% percent in 2012. The trend is likely to stay in FY 2013, citing a high ownership costs and slow rural income growth, with easing of interest rates expected in the last quarter of the current fiscal the demand is expected to get a fillip. However, the rising incomes, improved affordability and untapped markets present promising opportunities for automobile manufacturers in India. The sale of passenger vehicles is expected to double in the next four years and growth anticipated is higher than the growth achieved in the past 10 years.

The sluggish growth of automobile sector has affected the overall growth of the company in terms of sales and profits. However, the company has achieved a turnover of Rs. 9182.43 Lacs recording a growth of 19% during the year and export turnover of Rs. 172.30 Lacs during the year which is significant in terms of sales growth.

BUSINESS OVERVIEW

The Indian economy, which recorded a growth rate of 8.6% during FY 2010-11, started showing softening indicators in second half of FY 2010-11. This was mainly due to inflationary pressures and continued anti-



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inflationary monetary steps taken by Reserve Bank of India (RBI) coupled with the rising fiscal deficit of the Government. In the current year, the inflation continued to remain at higher levels. On the foreign exchange front, higher crude oil prices, lower net capital inflows and lower export growth in the last six months of the year due to worsening global economic scenario, adversely affected the Indian currency.

The automotive industry was affected by the overall macro economic factors discussed above. In particular, the demand was impacted due to higher interest rates and slowing economy. Further, sharp increases in petrol prices adversely impacted the demand for petrol vehicles.

The company which is reliant on the automotive industry expects that the positive inflow of investment by foreign automakers and favorable government support to the upcoming projects will boost sales of auto industry and in turn company's sales will have significant growth in the next year.

DIVIDEND

In order to conserve resources for strengthening the on-going project(s), your Directors do not recommend any dividend for the year under review.

FIXED DEPOSITS

Your Company has not accepted any deposits from public in terms of the Companies (Acceptance of Deposits) Rules, 1975, and no amount of principal or interest was outstanding on the date of the Balance Sheet.

DIRECTORS

Mr. Kapil Sethi, Director of the Company retires by rotation at the ensuing Annual General Meeting pursuant to the provisions the Companies Act, 1956 and Articles of Association of the Company and being eligible offers himself for re-appointment. A brief resume of the above said director is forming part of the corporate governance report.

AUDITORS

M/s. Majibail & Company, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for reappointment. The retiring Auditors have furnished a Certificate of their eligibility for re-appointment under section 224(1B) of the Companies Act, 1956, and have indicated their willingness to continue. Members are requested to appoint the auditors and fix their remuneration.

PARTICULARS OF EMPLOYEE

There are no employees drawing salary as required to be mentioned under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

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

Details of energy conservation and research and development activities undertaken by the Company alongwith the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given as an Annexure to the Directors' Report.



DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit or loss of the Company for that period;
- (iii) the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) these Accounts have been prepared on a "going concern basis".

CORPORATE GOVERNANCE

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report.

ACKNOWLEDGEMENT

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance. The Directors would also like to thank the shareholders, customers, dealers, suppliers, bankers and all the other business associates for the continuous support given by them to the Company and their confidence in its management.

By order of the Board of Directors
For **AUNDE India Limited**

Place: **Mumbai**
Date : **15th November, 2012**

(Ajay Anand)
Chairman & Managing Director



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ANNEXURE TO DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 forming part of Directors' Report for the year ended 30th June 2012.

1. RESEARCH AND DEVELOPMENT (R & D)

- (i) Specific area in which R & D is carried by the Company:
 - Introduction of New Products and improving the processes of existing products.
 - Development of new technology for our Autofab / Furnishing products.
 - Making new Designs acceptable to customers.
- (ii) Benefits derived as a result of R & D activities:
 - Product Range Extension
 - Improvement of Quality and yield
 - Cost reduction leading to competitiveness
 - Development of various designs as well as new products, with high standards.
 - Reduction in Cost and Time cycle, better effluent management and utilizing indigenous products for offering finished products.
- (iii) Future Plan of Action
 - Development of Products for indigenous market.
 - Substitute Development of new designs of high value Autofab / Furnishing products, which are currently imported.

2. CONSERVATION OF ENERGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars with respect to Conservation of Energy etc. pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 under section 217 (1) (e) of the Companies Act, 1956 are set out as under:

	Particulars	year ended 30.06.2012	year ended 30.06.2011
A	CONSERVATION OF ENERGY		
	(i) Electricity		
	A) Purchased		
	Units (Lakhs)	24.40	28.22
	Total Cost (Rs. in Lakhs)	108.00	94.27
	Rate Per Unit (Rs.)	4.43	3.34
	B) Own Generation (Thru DG Set)		
	Units (Lakhs)	1.02	0.58
	Total Cost (Rs. in Lakhs)	14.51	11.57
	Rate Per Unit (Rs.)	14.22	20.00
	(ii) Coal, Firewood, Rice Husk etc.	NIL	NIL
	(Qnty in Qntls)		
	Total Cost (Rs. in Lakhs)	NIL	NIL
	Rate per Qntl. (Rs.)	NIL	NIL
B.	FOREIGN EXCHANGE EARNINGS AND OUTGO (Rs. in Lakhs)	year ended 30.06.2012	year ended 30.06.2011
	Total Foreign Exchange Earnings Earned	169.42	4.00
	Total Foreign Exchange Used	63.11	110.54

By order of the Board of Directors
For AUNDE India Limited

Place: Mumbai
Date : 15th November, 2012

(Ajay Anand)
Chairman & Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMY & BUSINESS OVERVIEW

India is emerging as a strong automotive R&D hub with foreign players like Hyundai, Suzuki, General Motors setting up their base in India. The foreign automakers are looking to set up their units rather than having JV's with Indian Automakers. With growth in operations, overseas manufacturers are severing local partnerships and infusing billions of dollars into wholly-owned Indian units. This move is further enhanced by Government's support towards setting up centres for development and innovation. The Indian market has taken advantage of the opportunities of growth available in alternative segments like electric cars, vehicles run on natural gas, etc.

On one side we are looking at the growth prospective of auto industry and on the other hand the high interest cost and petrol price hike has put auto industry under pressure. The auto industry has reacted strongly because this will likely drive down demand for petrol-driven vehicles in the current year. As per SIAM the cumulative production data for April-September 2012 shows production growth of only 2.44 percent. The overall growth in domestic sales during April-September 2012 was 3.62 percent, showing a declining trend. During April-September 2012 overall automobile exports registered negative growth. The automotive industry body expressed deep concern about the impact of the steep increase in petrol prices as it will affect the middle class income group as many will put their purchasing plans on hold.

The technical textile market in India has grown to Rs 57,000 crore in 2011-12 from Rs 42,000 crore in 2007-08, and is expected to touch Rs 1.58 lakh crore by 2016-17. The ministry has set up Centre's of Excellence to promote technical and industrial textiles like non-woven, composite, mobiltech and products like conveyor belts which have tremendous potential not only in India, but also at the global level.

COMPANY OVERVIEW AND OUTLOOK

AUNDE India has successfully installed technologically advanced equipments like lamination, embossing machines and in house washing range facilities. The company has already entered the international market through GM global programme and exporting fabrics to Uzbekistan, Egypt etc. The Company is now focusing on expanding its export base to other countries. To compete in global market, AUNDE India has to be self sufficient with advanced technological manufacturing facilities to meet the fabric requirements and quality standards set by the OEM's.

The Company, is in addition to the existing customers like Maruti, Hyundai, Tata, Mahindra, Fiat, has stated supplying fabrics to Nissan, Honda & Volkswagen. AUNDE India is in talks with Toyota India for its upcoming launches.

The company has already started exporting fabrics to GM, Renault etc during the year. The company is taking every effort to increase its market base at global level through technology development, design development and fabric supply agreements with other Group Members like AUNDE Spain, AUNDE Brazil and AUNDE Italy etc.

The overall negative impact of auto market is going to affect the turnover of the company in the next year. The increased cost of raw materials, labour and cost of production has driven down the profits in the current year. The company hopes that prospects of Indian Automobile market to attract foreign investments in India and potential projects set up by foreign auto makers are likely to create opportunities in auto textile markets, and AUNDE India is ready to seize every opportunity and look beyond its existing customers to achieve higher sales and profits in coming years.



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OPPORTUNITIES AND CHALLENGES

The Company is well poised to seize opportunities available to the technical textile sector on account of its product resilience, strong domain expertise, technologically advanced production facilities, emphasis on product innovation and growth potential by having market share of 34%. There are challenges, which in the short term, will moderate growth – inflation, high interest rates, depreciating rupee, delays in policy initiatives to boost investments and capital flows. These are likely to affect your Company's performance.

Internal Control Systems and its adequacy

The Company believes in formulating adequate and effective internal control systems and implementing the same to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The Internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control system and suggests improvements for strengthening them. The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken.

Human Resources / Industrial Relations

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR Policies to the growing requirements of the business. The Company has a structured induction process at all locations and management development programmes to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) are in place for senior management staff. Technical and safety training programmes are given periodically to workers. Industrial relations remained generally cordial.

Pollution and Environmental Controls

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations or predictions may be forward looking statements within the meaning of the applicable corporate laws and regulations. It may be noted that the actual results may differ from that expressed or implied herein.

For and on behalf of the Board

Place : Mumbai

Dated : 15th November, 2012

Ajay Anand
Managing Director