

AUNDE India Limited



**16th ANNUAL REPORT
2012 - 2013**



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

16th ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE 2013

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|--|---|--|
| 1. Date of Annual General Meeting | : | Saturday, 30th November 2013 |
| 2. Time and Venue | : | 10.30 AM at Plot No. 146
Waghdhara Village Road
Dadra – 396 193
UT of Dadra & Nagar Haveli |
| 3. Book Closure | : | Saturday, 23rd November 2013 to Saturday,
30th November 2013 (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
Salim Govani	Director

COMPLIANCE OFFICER

Jovita Reema Mathias	Company Secretary
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REGISTERED OFFICE & FACTORY

Plot No. 146, Waghdhara Village Road,
Dadra – 396193
Union Territory of Dadra & Nagar Haveli.
Ph: 0260 2668539
Fax: 0260 2668501
Email: info@aundeindia.com

CORPORATE OFFICE

102, Shiv Smriti Chambers,
49-A, Dr Annie Besant Road,
Worli, Mumbai – 400 018
Ph: 022 4351 444
Fax: 022 2493 6811

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 16th Annual General Meeting of the Members of **AUNDE India Limited** will be held on Saturday, 30th November 2013 at Plot No. 146, Wagdhara Village Road, Dadra – 396 193 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 2013 and the Audited Statement of Profit & Loss for the year ended 30th June 2013 together with the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Rolf Konigs, 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."

SPECIAL BUSINESS

4. To Consider and if, thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. Salim Govani, who was appointed as an Additional Director of the Company on 15th September 2013 under Articles of Association of the Company and who by virtue of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting, but being eligible, offers himself for re-appointment and in respect of whom the Company has received Notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation".

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

Place: **Mumbai**
Date : **21.10.2013**

(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 relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
4. The Register of Members and the Share Transfer Registers of the Company shall remain closed from Saturday, 23rd November 2013 to Saturday, 30th November 2013 (both days inclusive).
5. Members are requested to inform 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.
6. 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.
 7. 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.
 8. 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.
 9. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies through electronic mode. Further, in line with circular issued by the Securities and Exchange Board of India (SEBI) and consequent changes in the listing agreement, Companies can send Annual Report in electronic mode to Members who have registered their e-mail addresses for the purpose. Members who have not registered their e-mail address with the Company can now register on Company's website www.aundeindia.com. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form, upon request.
 10. Members are requested to bring their copy of this Annual Report to the Meeting.
 11. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
 12. Brief resumes of Mr. Rolf Konigs and Mr. Salim Govani, Directors are given under the Corporate Governance Report.

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

Item No. 4

Mr. Salim Govani was appointed as Additional Director Articles of Association of the Company w. e. f. 15.09.2013 pursuant to Section 260 of the Companies Act, 1956. As per the term of appointment, his term as Director expires at the forthcoming Annual General Meeting. The Company in turn has received notices from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to appoint him as Director of the Company liable to retire by rotation. The Directors recommend his appointment in the best interests of the Company.

None of the Directors of the Company except Mr. Salim Govani may be considered to be interested in the passing of this resolution.

The Directors recommend the passing of the resolution at item No. 4 of the accompanying Notice.

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

Place: **Mumbai**
Date : **21.10.2013**

(Jovita Reema Mathias)
Company Secretary



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DIRECTORS' REPORT

To the Members

Your Directors are pleased to present the 16th Annual Report on the working of the Company, together with the Audited Accounts for the year ended 30th June 2013.

FINANCIALS :

(₹ in Lacs)

Particulars	For the Year ended 30.06.2013	For the Year ended 30.06.2012
Revenue from Operations	12541.37	9182.43
Less Excise duty on domestic sale	1228.96	906.62
Revenue from Operations (net)	11312.41	8275.81
Other Income	110.81	16.13
Profit before interest, tax, depreciation & amortization, finance cost and exceptional items	1592.12	1556.38
Finance Cost/Interest	689.56	693.31
Depreciation & amortization expenses	421.70	391.88
Profit/ (Loss) Before Tax	480.86	471.19
Less: Tax Expenses		
Current Tax	96.21	97.12
Deferred Tax	14.95	24.16
Profit/ (Loss) After Tax	369.70	349.91

OPERATING RESULTS

AUNDE India Limited recorded a significant growth of 36.58% in gross turnover from ₹ 9182.43 Lacs in the previous year to ₹ 12541.36 Lacs in FY 2012-13. This is the highest turnover recorded by the Company achieving a milestone of 100 Crores in the current year.

The revenues (net of excise) for FY 2012-13 of ₹11312.41 Lacs as against previous years ₹ 8275.81 Lacs grew by 36.70% over last year due to strong growth in volumes across products, markets and range of fabrics offered by the Company. The Profit Before Tax and Profit After Tax were ₹ 480.86 Lacs and ₹369.70 Lacs, showing a growth of 2.3% & 5.7% respectively.

BUSINESS OVERVIEW

FY 2012-13 was a challenging year for the economy, both globally and in India. The world economy grew by a mere 3.1% in 2012 as compared to 3.9% in the previous year. The domestic situation in India was influenced by these global trends and the ripple effect of a global slowdown was felt. After years of strong positive growth, the Indian economy slowed down to a GDP of 5% from 6.5% in the previous year.



The automotive textile industry is highly dependent on the growth of the Automobile Industry and the sluggish growth of automobile industry suppresses the growth of auto textile industry. AUNDE India is also highly dependent upon the OEM's demand for the seat fabric manufactured by the Company. The demand for passenger vehicles was affected mainly by weak sentiments, high cost of ownership, high interest rates, fuel prices and reduction in discretionary spends. Overall growth in Domestic passenger vehicle industry was flat in FY 2012-13.

Aunde India has continued on its growth path by achieving a milestone turnover of Rs. 125 Crores recording a highest growth of 36.58%. Company's exports of Rs. 16.50 Crores have contributed to boost sales. Going forward, company is hoping to get ample exports orders in current year. The company is determined to maintain its turnover this year as well. The Company's efforts will be aiming towards maintaining its market share of 40% by offering range of automotive fabrics and to be competitive in the domestic market. The exports are growing slower due to global slowdown, however, the company is hoping that once the global markets will start gearing up, the company is very confident that it will be able to locate new end users through AUNDE Global Group and expand its exports market as well.

DIVIDEND

In order to conserve resources for strengthening the on-going capex, 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

The Board of Directors has appointed Mr. Salim Govani as an Additional Director of the Company w.e.f. 15.09.2013. As Additional Director Mr. Salim Govani hold office till the date of the forthcoming Annual General Meeting of the Company. Mr. Salim Govani is a graduate and having expertise in marketing & financial investments.

Mr. R. J. Avadhani who was appointed as Director of the Company w.e.f. 9.11.2009, resigned from the Board of Director of the Company w.e.f. 7th June 2013. The Board wishes to place on record its appreciation for the contribution made by Mr. R. J. Avadhani and wishes him the best for his future endeavors.

Mr. Rolf Konigs, 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.

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 EMPLOYEES

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.



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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

The Board of 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

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and continued support.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, buyers, vendors and others associated with the Company. The Directors also take this opportunity to thank all investors/stakeholders, Banks, Government and Regulatory Authorities for their continued support

For and on behalf of the Board
For **AUNDE India Limited**

Place: **Mumbai**
Date : **21.10.2013**

(Ajay Anand)
Chairman & Managing Director


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 2013.

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 30.06.2013	year ended 30.06.2012
A	CONSERVATION OF ENERGY		
	(i) Electricity		
	A) Purchased		
	Units (Lacs)	30.96	24.40
	Total Cost (Rs. in Lacs)	133.46	108.00
	Rate Per Unit (Rs.)	4.31	4.43
	B) Own Generation (Thru DG Set)		
	Units (Lacs)	0.84	1.02
	Total Cost (Rs. in Lacs)	12.29	14.51
	Rate Per Unit (Rs.)	14.63	14.22
	(ii) Coal, Firewood, Rice Husk etc.	NIL	NIL
	(Qnty in Qntls)		
	Total Cost (Rs. in Lacs)	NIL	NIL
	Rate per Qntl. (Rs.)	NIL	NIL
B.	FOREIGN EXCHANGE EARNINGS AND OUTGO (Rs. in Lacs)	year ended 30.06.2013	year ended 30.06.2012
	Total Foreign Exchange Earnings Earned	1525.36	169.42
	Total Foreign Exchange Used	268.82	63.11

For and on behalf of the Board
For **AUNDE India Limited**

Place: **Mumbai**
Date : **21.10.2013**

(Ajay Anand)
Chairman & Managing Director



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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMY & BUSINESS OVERVIEW

The Indian automobile industry witnessed a moderation in demand in 2012-13, after the double-digit growth in sales recorded in the preceding three years. Weak economic sentiment coupled with subdued consumer confidence pulled down sales during the year. Due to the current economic slowdown both domestically and globally, the automobile industry is optimistic about the better prospects in the near term.

Indian analysts have prepared a sectoral outlook report on the Automobile sector for the year 2013 which shows that achieving high growth rates is likely to be a major concern for the industry in 2013-14 but the auto industry is likely to gain considerably from the various initiatives on infrastructure development, rural focus and the improved road infrastructure. Growth in sales would be also driven by the expected improvement in macro conditions on the domestic front, moderation in interest rates and revival in consumer confidence.

2012-13 was a challenging year for the passenger vehicle industry, as rising fuel prices and high interest rates led to significant increase in ownership costs, deterring customers from making vehicle purchases. Automobile companies across segments continue to face tremendous pressure on profit margins due to elevated inflation levels.

India is yet to find a significant place in Global Technical Textile Market. Although slow, however, a perceptible sign of growth has been observed in a few specialized fields in Indian technical textile consumption and contribution. With emerging trends, it is expected that consumption of technical textile in India will far outpace that in other developed countries. However, the industry has to work on various fronts in India to attain this growth level.

COMPANY OVERVIEW AND OUTLOOK

The year 2012-13 was also challenging to the company, to maintain its volumes and profitability like previous year. The domestic sales were under pressure due to lower demand for fabrics. However, increase in exports has played a major role in achieving higher turnover.

The Company's team is working on the Integrated Development Process by which the company can curb undue delays in processing fabric and monitor the entire process so qualitative issues can be addressed. The well equipped design team is working on the various design and fabric development projects and they are closely working with other Group members so that Aunde India can contribute to various design and fabric development programmes conducted by AUNDE Global Group, which in turn will help the company to get better export orders in the coming years.

The company is well aware of the current market and cost trends, which are quite volatile. Considering above factors, the company has framed its sourcing policies and effective cost control techniques to reduce the strain on its working capital and as well as on margins. The Company going forward hopes that the Indian auto market will show positive trend while global economy will start flourishing again, Aunde India will be ready to face the new challenges of being competitive in the market and will focus on achieving higher sales growth.

OPPORTUNITIES AND CHALLENGES

India's technical textile industry is expected to grow at a rate of 20 per cent annually to touch \$ 36 billion by 2016-17, according to experts. Technical textile is an important part of the overall textile sector in India. Not only has it grown at an annual rate of 11 per cent during 2006-11, but is also estimated to expand at a rate of 20 per cent to reach \$ 36 billion by 2016-17.