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EXEDY
Focus on Basics

ANNUAL REPORT
2011 - 2012

EXEDY India Limited

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Board of Directors

Mahesh B. Kothari	Executive Chairman
Homi C. H. Bhabha	Director
Shreekant V. Mehta	Director
Bharat H. Patel	Director
Sudhir Sathe	Director
Pradeep B Chinai	Managing Director
Akira Hirai	Managing Director
Hideshi Shiba	Whole Time Director

Company Secretary

Niharika Tripathi

Auditors

D. L. Shah & Co.
Chartered Accountants, Mumbai

Bankers

Bank of Maharashtra
IDBI Bank Limited
ICICI Bank Limited

Registered Office

Plot No. L-4, M. I. D. C. Industrial Area,
Chikalthana, Aurangabad – 431 006, Maharashtra.

Head Office

NKM International House, 4th Floor,
178, Babubhai M. Chinai Marg, Mumbai- 400 020, Maharashtra.

Factories

- Unit 1 : Plot No. L-4, M. I. D. C. Industrial Area,
Chikalthana. Aurangabad – 431 006, Maharashtra.
- Unit 2 : Plot No. 9, Udyog Kendra Industrial Area,
Greater Noida – 201 304 (U. P)

Registrar & Share Transfer Agent

Link Intime Spectrum Registry Private Limited
C-13, Pannalal Silk Mills Compound, L. B. S. Marg,
Bhandup (West), Mumbai- 400 078.

NOTICE

Notice is hereby given that Thirty Eighth Annual General Meeting of the members of Exedy India Limited will be held on Monday, the 18th day of March, 2013 at 11.00 a.m. at the Registered Office at plot No. L-4, MIDC Industrial Area, Chikalthana, Aurangabad – 431 006, Maharashtra to transact the following Business:

ORDINARY BUSINESS

1. To receive, Consider and adopt the Directors' Report, Auditors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2012.
2. To Appoint a Director in place of Mr. Bharat Patel who retires by rotation and being eligible offers himself for reappointment.
3. To Appoint a Director in place of Mr. Sudhir Sathe who retires by rotation and though eligible for re-appointment, does not offer himself for reappointment.

Mr. S. Okamura who has given a notice of his candidature proposing himself for Directorship under section 257 of the Companies Act, 1956 to be appointed as Director in his place. The members to consider and if thought fit, pass with or without modification, the following resolution as Ordinary Resolution :

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. S. Okamura be and is hereby appointed as Director of the Company subject to retirement by rotation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary/required for the abovementioned appointment of Mr. S. Okamura as Director of the Company.”

4. M/s D. L. Shah & Co., Chartered Accountants, the retiring auditors of the Company have expressed their desire to step down as auditors of the Company and have requested to be relieved from the responsibility.

Giving due respect to their decision ,the company has approached M/s. ASA & Associates, Chartered Accountants to be appointed as Statutory Auditors of the Company for the financial year 2012-13 and they have consented to be appointed as such. The members to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution relating to the Appointment of Auditors of the Company:

“RESOLVED THAT pursuant to the provisions of Section 224, 225 and other applicable provisions, if any of the Companies Act, 1956 M/s ASA & Associates, Chartered Accountants, KS House, 118, Shahpur Jat, New Delhi be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of next Annual General Meeting of the Company at such remuneration plus service tax and out-of-pocket expenses as may be determined by the Board of Directors on the recommendation of the Audit Committee.”

By Order of the Board of Directors

NIHARIKA TRIPATHI
COMPANY SECRETARY

Registered Office:

Plot No. L-4, MIDC Industrial Area,
Chikalthana, Aurangabad -431 006,
Maharashtra.

Mumbai, 21st February, 2013

NOTES :

1. MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER.
2. The Instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting
3. Register of Members of the Company will remain closed from 12th March, 2013 to 18th March, 2013 (both days inclusive)
4. A copy of the Directors' Report, Auditors' Report, and Audited Profit & Loss Account of the Company for the financial year ended 31st March, 2012 and Balance Sheet as on that date are annexed.
5. Shareholders are requested to inform the company immediately of any change in their address.
6. The documents relating to any of the items referred to in the Notice are available for inspection at the Registered Office of the Company between 11.00 a.m to 3.00 p.m on any working day
7. Pursuant to Section 205A of the Companies Act, 1956 all the unclaimed Dividends upto the financial year ended 31st March, 2005 have been transferred to the Investor Education and Protection Fund.
8. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of the Section 205C, by the Companies (Amendment) Ordinance, 1999, now the amount of the dividend remaining unclaimed for the period of seven year shall be transferred to the Investor Education and Protection Fund.
9. Member attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.

By Order of the Board of Directors

NIHARIKA TRIPATHI
COMPANY SECRETARY

Registered Office:

Plot No. L-4, MIDC Industrial Area,
Chikalthana, Aurangabad -431 006,
Maharashtra.

Mumbai, 21st February, 2013

DIRECTORS' REPORT

TO

THE MEMBERS

Your Directors hereby present the Thirty Eighth Annual Report together with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March 2012

1) FINANCIAL RESULTS :

	2011- 2012 Rs. in Lacs	2010-2011 Rs. in Lacs
i) INCOME		
Sale of products & other services (Net of Excise & inter division sales)	21,587.08	20,139.47
ii) EXPENSES		
Manufacturing and other expenses	23,179.82	19,422.82
iii) OPERATING PROFIT		
Before interest & Depreciation	(1,592.74)	716.65
iv) INTEREST	(556.07)	(552.32)
v) GROSS PROFIT (Before depreciation)	(2,148.81)	164.33
vi) DEPRECIATION	(941.14)	(807.49)
vii) PROFIT (After depreciation)	(3,089.95)	(643.16)
viii) PRIOR PERIOD ITEMS	(28.44)	(4.17)
ix) TAX IN RESPECT OF PREVIOUS YEAR	(3.38)	(0.15)
x) PROVISION FOR DEFERRED TAX	(7.53)	-
xi) PROVISION FOR CURRENT TAX	-	-
xii) TRANSFER FROM GENERAL RESERVES	-	-
xiii) PROFIT / (LOSS) AFTER TAX	(3,129.30)	(647.48)
xiv) Balance of profit / (loss) brought forward from previous year	(356.66)	290.82
xv) Amount available for appropriations	(3,485.96)	(356.66)
xvi) APPROPRIATIONS		
a) Dividend (Proposed)	-	-
b) Dividend Tax	-	-
c) Transfer to General Reserve	-	-
d) Balance carried to Balance Sheet	(3,485.96)	(356.66)

2) DELISTING

Board of Directors of the Company had approved the delisting proposal and subsequently obtained approval from the shareholders through postal ballot on 25th July, 2011 on request of one of the promoters EXEDY Corporation Japan.

Subsequently company has obtained final delisting approval from the Bombay Stock Exchange on 16th April, 2012.

3) DIVIDEND

The revenue account of your Company for the year has shown a loss of Rs 3129.30 lacs after providing for interest and depreciation. In view of the loss incurred, your directors do not recommend dividend this year.

4) OPERATIONS

Your Company has been operating plants under the policy laid down by EXEDY Corporation, Japan. Based on the policy of safety, quality, just in time quantity and cost, the company has minimized the number of accidents, even the minor one. Also waste from quality problems were reduced.

Sales have increased by around 7.4%, operating profit before interest and deprecation has decreased from Rs. 716.65 lacs to a loss of Rs. 1,592.74 lacs. Interest costs are high on account of high debt levels. Company incurred heavy burden from high interest as well as increase of imported material cost such as friction facing from Thailand due to very strong JPY against Rupee.

Your Company achieved production of 1.8 million Clutch Disc and 1.7 million Clutch Covers in 2011-12. Production of One Way Clutches was 1.7 million.

The passenger vehicle segment grew by 8% y-o-y. The Commercial vehicle segment had a 17% increase in sales. Increase of the passenger vehicle segment was slower than market expectation due to high petrol & diesel price and high interest on car loan. Especially Maruti Suzuki India Limited who is our biggest customer has reduced their production due to operator unrest, our sales were adversely impacted by this. Other automotive sector such as the commercial vehicle segment and two wheeler segment showed a smart growth. Two wheelers grew by 23%. Overall, the automotive sector showed a steady recovery from the recessionary phase.

The Sale of products during the year is as follows:

Particulars	2011-2012	2010-2011
A) Clutch Discs	18,32,742 Nos.	17,07,829 Nos.
B) Clutch Covers	17,07,274 Nos.	15,82,435 Nos.
C) One Way Clutch	16,95,551 Nos.	16,18,177 Nos.

Your Company incurred an operating loss of Rs. 1,592.74 lacs, during the current year as against an operating profit of Rs. 716.65 lacs for the previous year. The Sales (net of excise and inter division sales) and other income for the financial year under review was Rs.21,587.08 lacs as against Rs. 20,139.47 lacs for the previous financial year.

The loss is at Rs.3,129.30 lacs as against loss of Rs. 647.48 lacs in the previous year. Your company has been impacted by slow market growth and higher cost such as interest on loan and imported material by stronger JPY.

The Sales from April to July 2012-13 as compared to the same period in 2011-12 is as follows:

	2012-2013	2011-2012
Clutch Disc Assly	16,28,707 Nos.	14,90,654 Nos.
Clutch Cover Assly	15,55,666 Nos.	13,91,146 Nos.
One Way Clutch	19,05,323 Nos.	14,19,695 Nos.
Net Turnover (net of excise and Inter division sales)	Rs. 19,152.97 Lacs	Rs. 16,574.34 lacs

New Development

Various new vehicle developments took place for vehicles to be launched in 2012-2013.

New Business

Your company has started production for new model at Maruti Suzuki India Limited and is in continuous discussion with various manufacturers for development of clutches for two, three and four wheelers

Finances

Your Company is considering various options to raise funds to finance additional manufacturing capabilities for existing products as well as new products. Your company has started company-wide financial restructuring process for investment of new business and for tight monitoring accounting work.

5) EXEDY CORPORATION

Exedy Corporation your Collaborators & Promoters have continued their valuable support in technology transfer, training our personnel at their as well as your factory and for up-gradation in technology. The Directors would like to place on record their appreciation for continuous patronage given by them.

6) RETIRING DIRECTOR

Mr. Sudhir S. Sathe has expressed his desire to step down as Director of your company. The Directors would like to place on record their appreciation for the continuous guidance and advice offered by him during his tenure.

7) BANKS AND INSTITUTIONS

The Banks have continued their assistance by giving adequate working capital facilities to the Company, which has been of immense help in the day to day cash flow. The long term lending banks have been giving their fullest support. Your Directors take this opportunity to express their appreciation for the excellent assistance and co-operation received from all the banks.

8) DIRECTORS' RESPONSIBILITY STATEMENT

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

1. The applicable accounting standards have been followed by the Company in preparation of the annual accounts for the year ended 31st March, 2012, along with proper explanation relating to material departures;
2. They have selected 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 at the end of the financial year ended 31st March, 2012 and of the profits of the Company for the year under review;
3. They have 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; and
4. They have prepared the annual accounts on a 'going concern' basis.

9) PERSONNEL

Industrial relations between Management, Labour and Staff in the establishment at Aurangabad and Greater Noida have continued to be generally pleasant and harmonious during the year under review. Your Directors wish to place on record their deep appreciation of the excellent work done and cooperation extended by the employees at all levels in achieving the assigned tasks and goals.

10) INSURANCE

All the properties including buildings, plant and machinery, stocks etc. have been adequately insured.

11) PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act, 1956 ("The Act") read with the Companies (particular of Employees) Rules, 1975 forms part of this report. As per the provision of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Shareholders of your company excluding the statement on particulars of employee under Section 217(2A) of the Act. Any shareholders interested in obtaining a copy of said statement may write to the Secretarial Department of your company.

12) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT-GO.

The required details are furnished in Annexure to this report.

13) AUDITORS

Messrs D. L. Shah & Company, Chartered Accountants, the retiring auditors of the Company have expressed their desire to step down as auditors of the Company for the financial year 2012-13 and have requested to be relieved from the responsibility. The Board appreciates the services rendered by Messrs D. L. Shah & Company, Chartered Accountants as statutory auditors of the Company and accept their resignation.

The Board approached M/S ASA & Associates, Chartered Accountants, KS House, 118, Shahpur Jat, New Delhi to be appointed as Statutory Auditors of the Company for the financial year 2012-13 and M/s ASA & Associates, Chartered Accountants, being eligible gave their consent for such appointment as Statutory Auditor of our Company . Your Company wishes to appoint M/s ASA & Associates, Chartered Accountants, New Delhi as Statutory Auditors of the Company for the financial year 2012-13 subject to the approval of Members of the Company.

With respect to the Auditor's report for the financial year 2011-12, specific notes forming part of the accounts referred to in the Auditors' Report are self explanatory and give the complete information.

15) DEMATERILISATION OF SHARES

Your Company entered into an agreement with National Depository Services Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), Mumbai for dematerialization of the equity shares of the Company. The members now have an option of dematerializing the shares with NSDL and CDSL.98.68 % of the total Equity capital is held in a dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd.

For and on behalf of the Board of Directors

MAHESH. B. KOTHARI
Executive Chairman

Registered Office:

Plot No. L-4, MIDC Industrial Area,
Chikalthana, Aurangabad -431 006,
Maharashtra.

Mumbai, 21st February, 2013