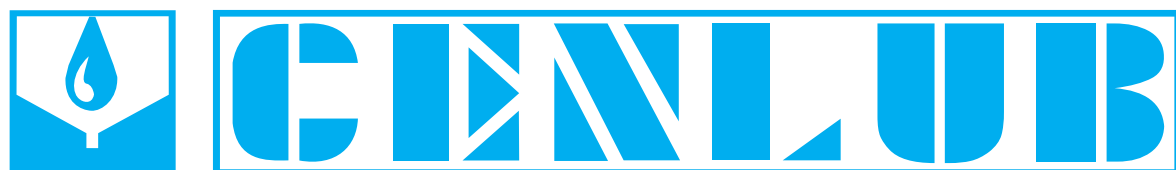


23rd Annual Report 2014-2015



CENLUB INDUSTRIES LTD.

CORPORATE Information

BANKERS

State Bank of India
HDFC Bank Limited

AUDITORS

SATISH SINGLA & CO.
Chartered Accountants

COMPANY SECRETARY

VARSHA AGGARWAL

REGISTERED OFFICE :

Plot No- 233 & 234 , Sector-58,
Ballabgarh, Faridabad – 121 004(Haryana)
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AGM-2015

DATE : 30.09.2015
DAY : Wednesday
TIME : 9:15 A.M.

VENUE

AGGARWAL SEWA SADAN
D-48, SECTOR-11,
FARIDABAD, (HARYANA)

BOARD of directors



Vijendra Kumar Mittal
Chairman and Managing Director



Virendra Kumar Gupta
Executive Director



Madhu Mittal
Executive Director



Aman Mittal
Executive Director



Ansh Mittal
Executive Director



Dinesh Kaushal
Director



K.G. Gupta
Director



O.P. Verma
Director



Ashok Kumar Agarwal
Director



Ankur Garg
Director

Chairman's Letter

CHAIRMAN-CUM MANAGING DIRECTOR'S ADDRESS TO SHARE HOLDERS



Dear Share Holders,

I once again would like to share the development and progress of the company with you. In my last year speech I was optimistic and expected major economic revival in 2014-15 which would lead to revival of last economic growth coupled with GDP growth in India. However I am a bit disappointed that we could not give good response of ourselves to the economic revival that started with the inception of a New Central Government in India.

At the same time I do agree that due to severe competition from International Players in Steel Sectors along with slow down in Power Sector, the two major sources of consumption of our products, our growth rate was slow and not at the expected level.

And regard to Machine Tool Manufacturing sector which remained static without any substantial growth, we could not achieve any substantial improvement in sales even though this is our company's bread and butter segment.

However, with persistent effort and hard work of our workers, staff and managers we could achieve a reasonable growth and achieved sales figure of 29.82 crs in 2014-15 in comparison to Rs.25.49.00 crs achieved in 2013-14.

I am sure however, that 2015-16 will be different and the team at Cenlub Industries Limited will perform to its full capacity and efficiency and achieve a very higher goal than what we have achieved till date.

I whole heartedly thanks all our share holders, the board members, the employees having faith and patience and for their unstitching support to me as well as to the company.

I wish and request you all to continue in the same spirit in the future also which will benefit Cenlub Industries Limited and help it achieve greater heights in the coming years.

With warm regards,

V.K. MITTAL

Chairman Cum Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

1. Global Economics

The FY 2014-15 witnessed slowdown in the global economy. This slower growth in the developed economies was accompanied by moderated GDP growth in the emerging economies like India. Besides this the euro zone also witnessed a significant slowdown with a fall in aggregate demand and concerns over Greek bankruptcy.

2. Industry Structure

Your company is catering to various sectors like Machine Tools, Steel, Power, Sugar, Paper and Vehicle Chassis. It is quite obvious that if one sector picks up the growth while other slows down. This, in fact, is advantageous to CENLUB business. But the FY 2014-15 was not encouraging for all the sectors. Hence, CENLUB results were not very appreciable.

With the modernization of machines like CNC, more and more sophisticated lubrication units are being used where CENLUB is doing R & D activity.

3. Industry Structure and Developments :

More than 10,00,000 Lubrication systems made by CENLUB are catering to various industries in India basically machine tools, press tools, die casting, pharmaceutical machines. Besides these, lately CENLUB is also catering to Power Plants in big way, being BHELs as well as multinationals.

CENLUB is developing new lubrication systems for future requirements of the country. These being Wheel Flange / Track Lubrication System particularly for Railways.

With new policy of the government, it has become imperative that more and more Centralised Lubrication System is necessary as compared to old Manual Lubrication System. Sophisticated Lubrication System required be developing and adopting for latest super thermal power plants.

4. Opportunities and threats :

In business, opportunities and threats are inseparable. Your company Directors and Management keep this in mind while taking decision to ensure that stakeholders are not adversely affected. The company's risk management team comprises various departmental heads, who meet regularly to identify the processes that are exposed to risk.

Your company has done quite well for the last so many years as regards machine tool lubrication is concerned and enjoying more than 80% market share particularly for CNC machine lubrication.

Threats :

Due to heavy industrial slowdown for the last few years, your company is finding difficult to give good result. Our bottom line is getting affected because of this reason.

Moreover, due to insertion of new manufacturers from unorganized sector, the competition is becoming more and tight and cheaper products are easily available in the market.

Some MNCs have already put plant in India for the manufacturing of sophisticated lubrication system particularly for Power Plant, Refinery and Steel Plant. Your company is quite aware of these developments.

5. **Outlook**

This year the company is very eager to cater lubrication system for Turbine / Generator to multinationals, who intern export their product along with our lubrication system. In fact, we have already achieved this partially last year (i.e. FY 14-15) and continuing this year (i.e. FY 15-16). Besides this our other business i.e. Machine Tool Lubrication is being maintained.

During the year under review your company has been able to generate a net profit of Rs.118.82 lacs against a net profit of Rs.27.96 lacs of last year.

Our motive is to maintain a high quality of our product. Our growth strategy revolves around the premises of high quality at reasonable cost. Unfortunately there is a strong challenge now but we believe that we have strong strategy and management team to leave change.

6. **Risks and concerns**

The risk that may affect us or inclined to, are not limited to economic condition, but to labour shortage, competitive market condition and new entries to the market.

We have expectation of tackling the slowing economy and facing challenging market conditions in most efficient manner.

7. **Internal Control System**

The company has well documented policy guidelines, defined authority levels and an exhaustive budgetary control system to ensure adequate internal checks and control levels. The internal audit function ensures that the system of recording & reporting, internal controls and checks, safeguarding and protection of assets.

An Internal Audit Committee was laid down with powers and responsibilities which are entrusted to them so that the Internal Audit Department can work independently. The department maintains various manuals, controls and checklists that are to be carried out before execution of any activity.

Internal checks are exercised so that the various procedures laid at the time of delegation of authorities and other procedures are strictly followed. The delegation clearly indicates the powers along with the monetary limits, wherever necessary, that can be exercised by various levels of the managers in the Company.

Similarly, the Company has a well defined manual for all the functional areas, viz., Production, Sales, Administration, Personnel, etc. These manuals contain elaborate procedures and checklist for the related activities. Necessary controls and checks are exercised by strictly adhering to the various procedures and checklist prescribed in the Manuals. Also these are updated from time to time on ongoing basis, keeping in view the latest developments in different areas.

Proper controls and checks are exercised by the company, following the procedures prescribed in the various manuals.

8. **Innovation and intellectual property right**

The company from the day one is engaged in innovation by its R&D activity. There are certain areas where innovation related to Lubrication is needed. Once such a goal is achieved, patent / intellectual property right also to be thought of.

9. **Operational Performance**

Operational performance of the company is being maintained to its best. But the financial result depends on national economic condition. In the FY 14-15 there was a slowdown in Steel sector, Power sector as well as Manufacturing sector. Hence, in spite of the best efforts by the company result are not very appreciable.

10. Dividend

Due to decrease in the cash accruals, there is an increased pressure on the cash flows in the financial year under review. The Board of Directors feels appropriate not to recommend any dividend for the financial year 2014-15.

11. Material Development in Human Resources / Industrial Relation Front :

During the year the company has developed various HRD plans with in various departments in order to enhance the productivity between various employees groups. Also special steps has been taken to create awareness for growth in the minds of the employees.

The company policies included emphasis in growth and all-round development of various persons employed in company. The company had also given special emphasis on training its employees to equip themselves to face the challenges in the competitive business environment and to achieve the desired goals. I appreciate cordial relations between management and work force during the financial year 2014-15.

12. Cautionary Statement

The statement made in this report describing company's plan, projection and expectation may constitute forward looking statement within the meaning of applicable law and regulations. Actual result may defer materially from those expressed or employed.

13. Acknowledgement

Your director wish to place their sincere thanks to government agencies, banks, customers, shareholders, vendors and other related organizations through their continuous supported and cooperation, as partners, in your company's progress.

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the shareholders of **M/s Cenlub Industries Ltd. will be held on Wednesday 30 September 2015 at 9.15 A.M. at the Aggarwal Sewa Sadan D-48, Sector-11, Faridabad, (Haryana)** to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the standalone financial statements and the consolidated financial statements of the Company for the year ended 31 March 2015 together with the Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Virendra Kumar Gupta (DIN 00006461), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible offers himself for re-appointment.
3. To appoint a director in place of Ashok Kumar Agarwal (DIN 00006512), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolutions as on **Ordinary Resolution**, relating to ratification of appointment of the Auditors of the Company:"

"RESOLVED THAT pursuant to provision of Section 139 of the Companies Act, 2013 and Rules made there under, the appointment of M/s. Satish Singla & Co., Chartered Accountants(Firm Registration No. 000882N) as Statutory Auditors of the Company approved in the Annual General Meeting (AGM) held on 27th September,2014 till the conclusion of 22nd AGM held in 2018 and is hereby ratified and that Board of Directors of the Company be and is hereby authorized to fix such remuneration as may be determined by the Board of Director and recommended by Audit Committee in consultation with auditors

SPECIAL BUSINESS:**5. Appointment of Krishna Gopal Gupta as an Independent Director**

To consider and if thought fit to pass, with or without modifications, the following resolution as an **ordinary resolution**:

"RESOLVED THAT Shri Krishna Gopal Gupta (DIN 00222525) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 13th November 2014 and who holds office up to the date of the forthcoming Annual General Meeting under Section 161 of the Companies Act, 2013(" the Act") and as per applicable Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

"RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152, Schedule IV and other applicable provisions of the Act read with the Companies (Appointment and Qualification of

Directors) Rules,2014(including any modification(s) or re-enactment(s) there of for the time being in force), Shri Krishna Gopal Gupta (DIN 00222525), a Non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5(five) consecutive years from 13th November ,2014."

6. ALTERATION IN MEMORANDUM OF ASSOCIATION

To consider and, if thought fit to pass with or without modification the following resolution as a **Special Resolution**:

"**RESOLVED FURTHER THAT** pursuant to the provisions of section 13, (correspond to section 16 of The Companies Act, 1956) and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, the consent of shareholders be and is hereby accorded, for alteration in Memorandum of Association of the company by:

- a. Adding/replacing/deleting/substituting the clauses in the Object incidental and ancillary to the attainment of main Objects of company as mentioned in sub clause(B) of Clause III of the Memorandum of Association
- b. deleting the other object as mentioned in sub clause(C) of Clause III of the Memorandum of Association as per the provisions of Companies Act, 2013.

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and action as may be necessary, proper or expedient to give effect to this resolution."

7. ALTERATION IN ARTICLES OF ASSOCIATION

To consider and if think fit to pass the following Resolution with or without modification as Special Resolution:

"**RESOLVED THAT** pursuant to provisions of Section 14 and all other applicable provisions of Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and action as may be necessary, proper or expedient to give effect to this resolution."

Faridabad **For and on Behalf of the Board of Directors**
13th August 2015

V.K.Gupta
Director
DIN 00006461

V.K.Mittal
Managing Director
DIN 00006398