



# **38th ANNUAL REPORT**

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## **2008-2009**

REPORT

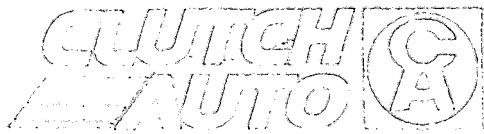
### **RE ENGINEERING**



ACMA TECHNOLOGY AWARD 2008

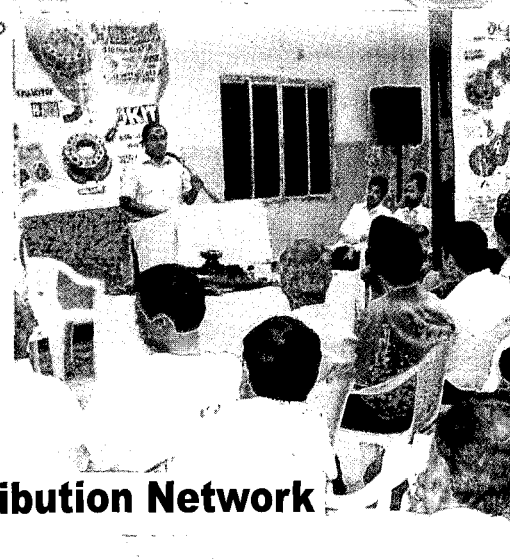
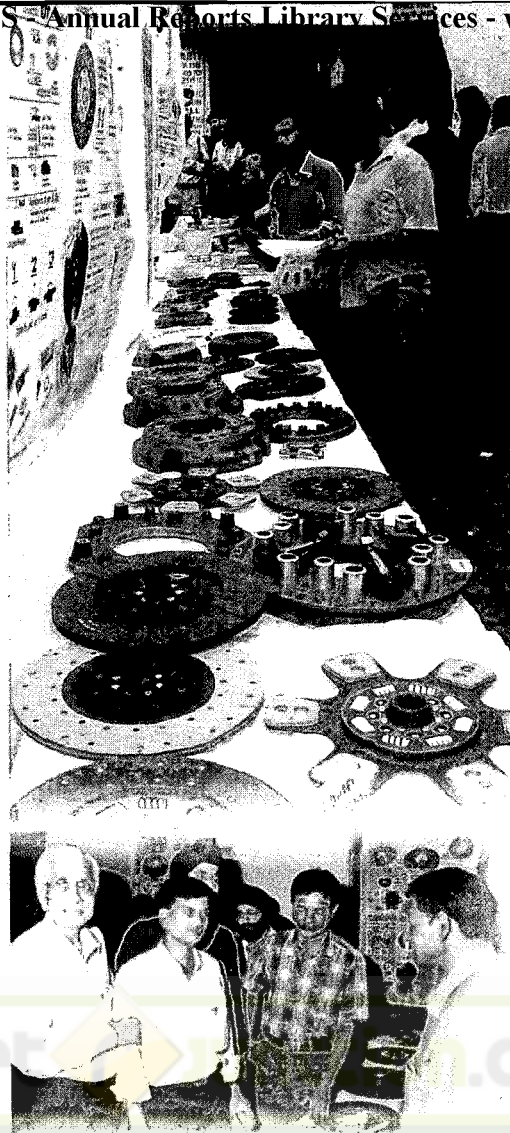
### **THE NEXT DIMENSION**





# All India Launch of 77 Exclusive New Generation Clutches

20 CITIES  
37 LOCATIONS  
1 NEPAL



India's Largest Distribution Network

**BOARD OF DIRECTORS:**

Sh. Vijay Krishan Mehta  
 Sh. Kewal Krishan Taneja  
 Sh. Chandra Shekhar Aggarwal  
 Sh. Avinash P Gandhi  
 Sh. Anuj Mehta  
 Smt. Pooja Kapur

Chairman & Managing Director  
 Director  
 Director  
 Additional Director  
 Executive Director  
 Director

**COMPANY SECRETARY:**

Sh. Pritam Paul

GM-Commercial & Company Secretary

**AUDITORS:**

M/s. B. Aggarwal & Co.,  
 Chartered Accountants,  
 16A/17, Ajmal Khan Road,  
 Karol Bagh,  
 New Delhi – 110 005

**BANKERS:**

IndusInd Bank Ltd.  
 DBS Bank Ltd.  
 Development Credit Bank Ltd.  
 Canara Bank

**REGISTERED OFFICE:**

2E/14, (1st Floor)  
 Jhandewalan Extn.,  
 New Delhi – 110 055  
 Telefax: (011) 23683548

**Works & Admn. Office:**

Plot No.1A, Sector 27D,  
 12/4, Mathura Road,  
 Faridabad – 121 003.  
 Tel: (91-129) 2565000  
 Fax: (91-129) 2276039  
 E-mail: cal@nda.vsnl.net.in

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## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 38th Annual Report of the Company along with the Audited Accounts for the year ended 31st March 2009.

### FINANCIAL RESULTS

|   | (Rs. in Lakhs) |          |
|---|----------------|----------|
|   | 2008-09        | 2007-08  |
| <b>Income from Operations</b>   | 21992.17       | 23798.03 |
| Excise Duty   | 2247.29        | 2099.90  |
| <b>Net Sales (1-2)</b>  | 19744.88       | 21698.13 |
| Other Income (including increase/Decrease in value in goods in process) | 87.88          | 488.26   |
| <b>Total Revenue (3+4)</b>  | 19832.77       | 22186.39 |
| Raw Materials and Components  | 11200.99       | 13495.93 |
| Employees Costs   | 2128.37        | 1885.69  |
| Other Expenses (excl. Dep. & Interest)                                  | 3818.56        | 3457.90  |
| <b>Total Expenses (excl. Dep. &amp; Interest)</b>                       | 17147.92       | 18839.52 |
| <b>PBDIT (5-9)</b>  | 2691.57        | 3346.87  |
| Depreciation and Amortisation   | 782.92         | 592.90   |
| <b>PBIT (10-11)</b>   | 1908.65        | 2753.97  |
| Interest  | 1346.04        | 1149.00  |
| <b>PBT (12-13)</b>  | 562.61         | 1604.97  |
| Current Tax   | 162.66         | 231.21   |
| Deferred Tax  | (46.00)        | 27.00    |
| <b>PAT (14-15-16)</b>   | 445.95         | 1346.76  |
| Balance Brought Forward from last year                                  | 5493.35        | 4146.59  |
| <b>Surplus carried forward to the Balance Sheet</b>                     | 5939.30        | 5493.35  |
| <b>Earning per Share</b>  |                |          |
| (EPS in Rupees) - Basic   | 2.73           | 8.26     |
| - Diluted   | -              | -        |

### Fixed Deposits

The Company has not accepted any public Deposits within the meaning of Section 58A of the Companies Act, 1956.

### Directors

**(i) Additional Director** – Your Board has appointed Sh. Avinash P. Gandhi, aged 70 years, an Engineering Graduate (Mech), is one of the distinguished professionals in the Automobile Industry, with effect from 18th April, 2009 and now commends the said appointment of Sh. Avinash P. Gandhi as a **Non Executive Independent Director**, for consideration and approval of the Shareholders at the ensuing Annual General Meeting of the Company. Brief Resume of Sh. Avinash P. Gandhi has been given under heading 2 (a) of the Corporate Governance Report.

Board members co-opted Sh. Gandhi as an additional Director in view of and to fill up the vacancy caused by the resignation of Sh. Shital Kumar Jain.

Sh Avinash P. Gandhi does not hold any shares in the Company.

**(ii) Resignation of a Director** – Due to personal reasons, Sh. Shital Kumar Jain resigned and cease to be a Director with effect from 23.03.2009. Board members at their meeting held on 18.04.2009 noted the same and recorded their note of appreciation of the valuable service, guidance and help rendered by Sh. Shital Kumar Jain during his tenure as a Non-executive Independent Director of the Company

### Disclosures regarding re-appointment of Directors liable to retire by rotation

In terms of Section 256 of the Companies Act, 1956, Sh. Kewal Krishan Taneja and Sh. Chandra Shekhar Aggarwal, Directors are liable to retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors recommend their re-appointments for a further term from the conclusion of the ensuing Annual General Meeting in the larger business interests of your Company.

The abbreviated resumes of Sh. Kewal Krishan Taneja and Sh. Chandra Shekhar Aggarwal, the Directors seeking re-appointment / appointment are as under:

#### ♦ Sh. Kewal Krishan Taneja

Sh. K K Taneja is a highly qualified and retired Deputy Director General, DGTD, Ministry of Industry. He is having a vast experience of over 40 years in planning, development and modernization of industries as well as technology transfer and investment, promotion. He has widely travelled abroad and has acted as an industrial consultant in developing countries under the aegis of UNIDO and other multilateral international aid agencies. He has been associated with the establishment of many major Industries in India as technical consultant. He is also a Director on the Boards of M/s. Orind Exports Limited. Sh. K K Taneja is the Chairman of the Audit Committee of the Company.

#### ♦ Sh. Chandra Shekhar Aggarwal

Sh. C S Aggarwal is a Law graduate from the University of Delhi and was inducted as an Additional Director effective from 26.07.2008. Sh. Aggarwal is a Senior Advocate by profession and a renowned tax counsel and consultant in the Corporate sector.





## Management Discussion & Analysis Report

The Board presents Management Discussion and Analysis Report as **Annexure – A** to this Report.

## Corporate Governance Report

Your Company has been complying with good Corporate governance practices in terms of Listing Agreement by maintaining highest level of transparency, ethics, accountability and fairness in all facets of its operations. To achieve highest internal standards in corporate governance, the Company believes in attaining the best business interests to enhance overall shareholders' value by adopting sound business practices. **Annexure - B** on Company's Corporate Governance is annexed herewith.

A separate statement on Corporate Governance is included as a part of the Annual Report along with the Practicing Company Secretary's Certificate on its compliance as **Annexure – C** to this report.

## Auditors

M/s. B. Aggarwal & Co., Chartered Accountants, New Delhi, the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment, subject to approval of the shareholders of the company, for a further term at such remuneration as may mutually be agreed between the Board and the Auditors.

## Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with appropriate explanation relating to material departures;
- (ii) that the Directors have 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 at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors 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 frauds and other irregularities;

- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2009 on a "going concern" basis.

## Employees

The year under report witnessed stressed business environment across. Though the Company had to take some corrective steps to downsize the number of employees, however, was able to maintain cordial and harmonious relationship throughout the year and on behalf of your Board, I would like to express appreciation of the good work done and co-operation extended by employees at all levels in accomplishing Company's tasks and goals even under uncertain business environment.

The information required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report is placed as **Annexure – D** to this report.

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

A Statement as required under the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 as part of the Directors' Report for the year ended 31st March, 2009 is submitted in **Annexure – E** to this report.

## Acknowledgement

Your Directors place on record their thanks for the assistance, guidance and cooperation extended from time to time by our revered Customers, Financial Institutions, Banks, Central & State Governments and our dear Shareholders during the year under report. They also wish to convey deep appreciation of the loyal and devoted services rendered by the employees at all levels of the Company.

**For and on behalf of the Board**

New Delhi,  
28th July, 2009

**Vijay Krishan Mehta**  
**Chairman & Managing Director**



## ANNEXURE - A TO DIRECTORS' REPORT

## MANAGEMENT DISCUSSION &amp; ANALYSIS

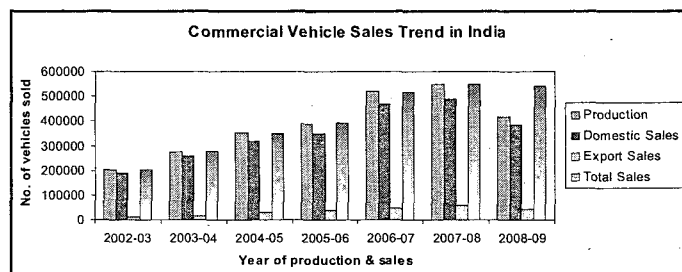
## I. INDUSTRY STRUCTURE &amp; OPPORTUNITIES

After witnessing consistent growth in previous few years, our Country witnessed down turn since previous year and unexpectedly further deteriorated in the current year covering almost every sectors of Indian economy. While US was worse effected due to sub-prime crisis and series of fall out in banking system, the spillover of financial meltdown could be witnessed in rest of the World including Europe, Latin America, China, Japan, Russia & other South Asian countries. First time in the Global history, the Governments of all over the World have taken initiative for a faster recovery by pumping in more than US\$ 2.5 trillion. In US, in the past 15 months, real GDP declined 1.8%, but the monetary stimulus is estimated at 18% of the GDP and the fiscal stimulus at 11.9%. This brings the total stimulus to an unbelievable 30% of the GDP. The Indian Government had extended financial support to the tune of US\$ 4 billion by way of stimulus packages thru' banks and financial Institutions to ensure liquidity in the system, yet it was felt that the credit availability was restrained. Government's above measure was backed by series of CRR/Repo rate cuts as announced by the RBI from time to time. But Banks generally preferred either to lend only in priority sector leaving other troubled sectors like Automotive sector etc. or opted reverse repo to park their money with RBI. With this credit contraction, the MSME's were worst sufferers in terms of credit availability, given the high risk perception of the Banks towards this sector. This could, virtually make no larger impact in the economy since the money could not reach the hands of the end users.

The economy achieved growth rate of 7.8% during the first half of the year and due to dislocation of the manufacturing activity in the second half of the year, particularly in the quarter ended December, 2008, GDP reported growth of 5.30%, followed by last quarter growth of 5.8%, the Economy could achieve overall growth of 6.7% (higher than the Government expectation of 6.5%) against projected growth of  $\approx 8\%$ .

It has been reported that Indian Economy will be likely to grow by  $7.0 \pm 0.5\%$  in 2009-10 fiscal against estimated  $\approx 6.50\%$  growth in the first half and over 7% in the second half of the year. The above estimate are however, based on the assessment that the US economy will start to show signs of growth in Q3/2009, which will strengthen overall global economic activity. Post General Elections 2009, in view of the 100 day agenda set by the Government, it has been reported that if perused in right earnest, economy could sustain a high GDP growth rate of 9-10% in the current fiscal.

Automotive Industry, a prominent segment of the national economy was adversely affected due to Global slowdown, however, continued to survive due to Govt. of India's committed expenditure on the infrastructure sector of the economy. This is the first year of set back ever since the Automotive Mission Plan 2016 was announced by the Government of India with growth rate estimated at 6%, after achieving double-digit growth in recent years. The year witnessed steady falling demand for medium and heavy commercial vehicles (MHCV), which was primarily due to overall slowdown in industrial production. The severe demand shortage since October, 2008 led the leading commercial vehicle manufacturers to cut down schedules drastically, followed by repeated lay-offs, resorting to repeated book closures, job-cuts etc. This was coupled with huge credit crunch and the working capital of large OEMs virtually exhausted, impacting on liquidity of the Tier I suppliers. Hardening of interest rates coupled with higher inflationary pressures and industrial slowdown affected the input costs and availability of essential raw materials very adversely resulting in both bottom and top lines in the Automotive Industry. In spite of RBI and other Financial Institution's continued initiatives to enhance liquidity in the system, Bankers were shy to increase their exposure in the Automotive Sector, and as such could not virtually make any impact on the liquidity. The situation was further fuelled by the Transporters strike in early January, 2009 for a shorter haul. Transporters have deferred purchases despite stable freight rates with rising cost of ownership impacting their profitability amidst concerns over freight demand sustainability. Domestic commercial vehicle production and Sales trend since 2002-03 till 2008-09 were as under:



Source - SIAM Report

In International arena, US Heavy-Duty truck sales hit their lowest level in 16 years during 2008, falling for the second straight year, even though they made a modest recovery after hitting bottom in May, 2008. Further, several North American truck and engine makers underwent significant change during 2008 as they prepare for the next round of federal emission regulations slated for 2010. The fall out of the US Big Three



viz. GM, Ford & Chrysler made significant impact on the component manufacturers in India.

As per SIAM Report, overall Industry performance in 2008-09 was as under -

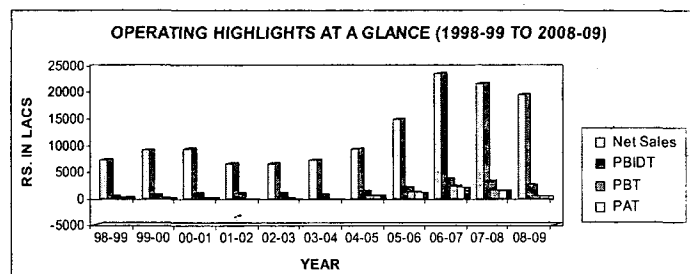
**In domestic market**, Passenger vehicle segment registered growth of 0.13% during 2008-09, the sale of overall commercial vehicles declined by (-) 21.69%. Medium and Heavy Commercial vehicles declined by (-) 33.16% and Light Commercial vehicles recorded de-growth at (-) 7.10%.

**In Exports market**, 2008-09 saw automobile exports growth of 23.61% with all segments except Commercial vehicles, which was declined at (-) 27.67% during the year.

Clutch Auto is catering to three sectors viz. OEM, Replacement Market and Exports. Even under depressed business environment, the Company was able to optimally use its product mix. The Company was able to make good the shortfall in OEM sales by introducing 77 new products by fiscal year end in the Aftermarket and Exports segment. Clutch Auto has made long term commitments to OEMs' in Commercial Vehicle & Tractor segments including a Co-Manufacturing Agreement with a MNC Clutch Manufacturer.

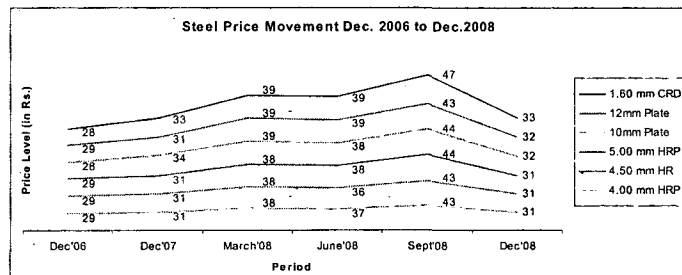
## II. FINANCIAL PERFORMANCE OF THE COMPANY

While the overall commercial vehicle segment witnessed 22% decline in sales, Company's negative performance in 2008-09 was limited to about 10%, which was 5% more than that of the previous year.



The downfall in Sales was primarily due to global slowdown in Heavy duty vehicle segment, wherein the Company is a dominant player in the Industry. While Company's initiatives to use product mix and thereby diverting the supply from OE to Aftermarket and Exports segment was appreciated across, the same could not cover the substantial demand gap in OE segment. However, in view of new launches with strong IPR Portfolio, the Company was able to establish its strong foothold in Aftermarket. Further, with the introduction of the concept of TTD (Traceability Till Death), every clutch manufactured by the Company has become identifiable throughout its entire life span and verifiable about its genuinity. This will gradually replace the spurious products availability biting company's presence in the Aftermarket.

The decline in profitability during the reporting fiscal was largely due to sharp increase in raw material prices and increase in fixed administrative costs. Kew raw material price movements in recent times were as under:



While the Company was able to recover some portion of the price increase in Aftermarket, supplies to OEM's largely became un-remunerative due to time gap of such negotiations. Thus, Company had to struggle to maintain sustainable margins, mainly by cost reduction initiatives and improvement of internal efficiencies.

**Turnover, net of excise duties**, at Rs. 197.44 Cr. vs. Rs. 216.98 Cr. in 2007-08 was lower by 9% due to sharp decrease in demand in OE segment in India as an effect of Global slowdown primarily in Heavy duty commercial vehicle segment.

**Raw Material consumption** i.e. to Rs. 112 Cr (52.72%) in 2008-09 was Rs. 134.96 Cr (62.20%) in 2007-08. This was largely a result of unprecedented high steel & Pig Iron prices during the first two quarters, neutralized subsequently during last two quarters of the year. This made a severe impact on Company's VA & VE exercises as part of our cost reduction program. To neutralize the effect in coming years, Company has identified some strategic suppliers in Austria, China, Germany as a part of its global sourcing initiatives to procure key inputs at lower costs, maintaining stringent Quality norms as per customer needs. Company has further planned to increase the capacity of the captive Casting unit over a period of time to ensure easy and timely raw material flow matching with production needs.

**Employee Cost** increased to Rs. 21.28 Cr. (10.78%) from Rs.18.86 Cr. (8.69%) last year due to decline in top-line coupled with inflation and standardization of employee compensation packages at the beginning of the year to retain talent within the Company. Since, the Industry situation worsened during last two quarters of the year, Company substantially reduced its temporary workforce and offered shake hands with some set of deserving employees during that time. However, the Company did not opted for salary cuts of employees across. Though the above increased the efficiency & productivity at shop-floor level, Company had to bear one time settlement costs, causing increase in overall manpower costs during the year. To remain competitive,





Company has further planned to downsize its workforce in a phase manner by year end of current fiscal to a level of 7% of the production value.

**Profit Before Depreciation, Interest, Exceptional items and Tax** decreased to Rs. 26.91 Cr. (13.63%) from Rs. 33.46 Cr. (15.42%) in 2007-08.

**Depreciation** for the year 2008-09 increased to Rs. 7.76 Cr. (3.93%) from Rs. 5.86 Cr. (2.70%) in 2007-08.

**Interest Cost** increased to Rs. 13.46 Cr. (6.81%) in 2008-09 from Rs. 11.49 Cr. (5.29%) in 2007-08 due to increase in PLR coupled with additional long term ECB borrowings for undertaking Company's Capacity expansion & modernization project.

**Profit Before Tax (PBT)** stood at Rs. 5.62 Cr. from Rs. 16.05 Cr. in 2007-08. The tax provision for current year is at Rs. 1.62 Cr. as compared to Rs. 2.58 Cr. in 2007-08.

**Profit After Tax (PAT)** stood at Rs. 4.46 Cr. vs. Rs. 13.47 Cr. in 2007-08 resulting in decline in Earning Per Share (EPS) at Rs. 2.73 compared to Rs.8.26 last year.

#### **Balance Sheet**

**Ordinary Share Capital** - There was no change in the ordinary share capital of the Company, which stood at Rs. 16.31 Cr. as on March 31, 2008,

**Gross Secured Debt** stood at Rs. 108.11 Cr. as on March 31, 2009 as compared to Rs. 83.48 Cr. as on March 31, 2008.

**Current Assets** of the Company declined to Rs. 180.22 Cr. in 2008-09 from Rs. 192.31 Cr. in 2007-08, mainly due to increase in Inventories at Rs. 46.31 Cr. in 2008-09 from Rs. 44.68 Cr. and decline in Cash & Bank Balances at Rs.12.56 Cr. in 2008-09 from Rs. 34.55 Cr. in 2007-08.

**Current Liabilities** of the Company increased at Rs. 61.53 Cr. in 2008-09 from Rs.47.24 Cr. in 2007-08.

### **III. SWOT ANALYSIS**

#### **Strengths –**

- The only Standalone clutch manufacturer in the World, poised to grow based on strong fundamentals in Technology with no restrictions.
- Sustained Brand leadership in a highly technology intensive industry.
- Low manufacturing cost compared to other leaders of the Industry across.
- Efficient supply flow thru' vertical integration.
- Fiercely innovative & focus on needs of end customers.
- Strong planning & implementation skills.
- Versatile Clutch Dyno - testing facility (under implementation).
- Products are virtually in the verge of Double life.
- Outcome of the NMITLI project will create altogether a

- different set of products with high economic benefits.
- MEOST (Multiple Environment Over Stressed Testing) facility.
- Preferred to remain low profile with biting capability.
- Customer Centric development with high care attitude.
- Improving credibility against MNC's.
- Steps taken during the last one year for increasing the Foundry capacity will supplement Company's efforts to tap new opportunities in the years to come.
- Timely assistance from International Bankers is likely to help establish need based capacities and test capabilities to meet the Company's International multifarious opportunities.
- Increase in market share of the leading Truck manufacturer in USA, with whom the Company has made long term supply contracts will enhance Company's business opportunity.

#### **Weakness -**

- Present Scale of operations (however, committed to increase capacity to double by December, 2010 in a phased manner).
- Limited Global reach due to lack of complementarity of the products across various continents.
- Single manufacturing facility, to be grown upto a full scale integrated facility.
- High dependence on Limited resource base.

#### **Opportunities –**

- Agricultural Segment- Five decade monopoly.
- Heavy duty segment – There is no compatibility among dominant players.
- Technology dissemination.
- Cost effective solutions.
- Long obsolescence.
- Retrofitability on 20-30 years old vintage cars has extended service life even on old vehicles.

#### **Threat -**

- Infringements by local players in unorganized sector.
- General market environment.
- Penetration of Spurious products in Aftermarket segment.
- New Technologies.
- Consolidation by the Competitors in domestic arena.
- OEM's target to have total control on the Aftermarket can significantly impact company's Replacement Market operations.
- Competition from Chinese low cost manufacturers can be a threat to Company's business in some segments.

### **IV. TECHNOLOGY**

Company is committed to deliver superior products across all segments. Under Capacity expansion and modernization plan with investment of US\$ 15 Mio targeted to be implemented by December, 2010, the Company has ordered

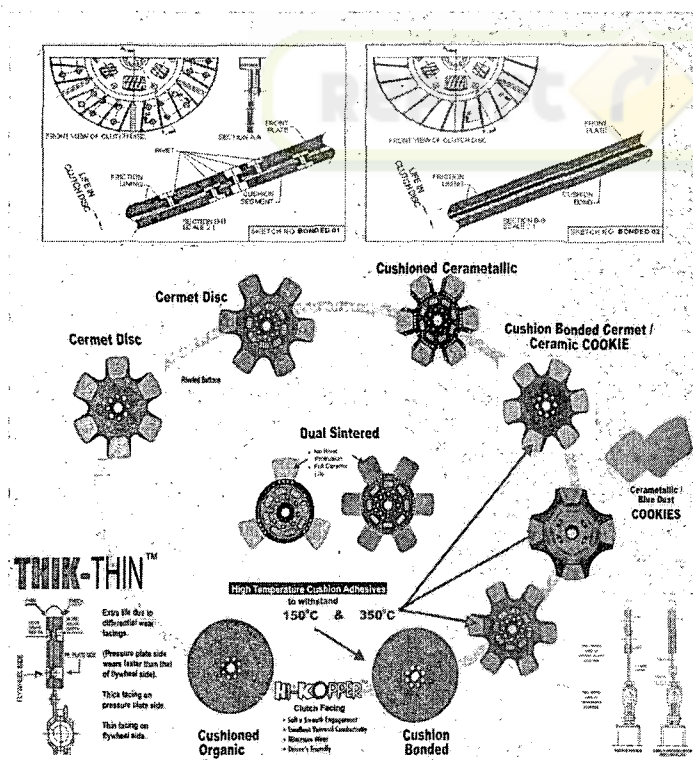




specialized machines from leading Global manufacturers. These machines include Engine based Clutch Dynamometer and other latest test machines, Virtual testing, Automatic riveting machines, latest NVH Systems, Torque test machines etc., which will not only sharpen the Technology edge of the Company but will also increase the productivity at large.

New concept "Traceability Till Death" (TTD), have been implemented successfully. This unique process of Bar coding the Clutch with the Engines & Transmission has been widely accepted across vehicle manufacturers. Additional machines are being imported to support the 100% production system with this unique characteristic. This will kill the spurious products being available in the market.

**Development of Dual Sintered Buttons** - In association with Hindustan Aeronautics Ltd. (HAL), Clutch Auto has developed the technology for Dual Sintered Buttons used on commercial vehicles clutches known as **Hi-Life & Extra Life** Clutches, specialized **CA City** and universal Clutches for Domestic as well as Overseas applications. By use of the Dual Sintered Buttons, the Clutch life will increase by at-least 100%.



**Development of Cerametallic Buttons** - There are only two recognized sources of this type of buttons, one in Australia and the other one in USA. We have successfully done localization of these kind of button with active assistance of Hindustan Aeronautics Ltd. (HAL) with technology edge i.e. double life – the Road Raider source

with matching service life of clutches with much more competitive prices. This development activity is being extended to local manufacturers under the DEG Project which will be a major step in terms of containing cost of clutches both for domestic and international truck manufacturers (US, Europe and other markets).

Market penetration of 77 new items launched during 9th International Auto Expo, 2008 (New Delhi) have opened up new vistas/opportunities with an edge in such segments where the Company has not pursued business opportunities. The order book position in this segment have been increased by at-least 1.5 times.

## V. IPR PORTFOLIO

The ONLY Indian Auto Component Manufacturer with domestic & overseas Patents & Trade Marks. Company's continued efforts in R&D has generated unique products across all segments and further strengthened the IPR portfolio of the Company over a period of time. Snapshot of such IPR profile is as under:

| Patents               | Approved | Pending   | Under filing |
|-----------------------|----------|-----------|--------------|
| <b>Overseas</b>       |          |           |              |
| USA                   | 1        | 2         | 11           |
| Mexico                | 1        | -         | -            |
| Australia             | 1        | -         | -            |
| <b>Total overseas</b> | <b>3</b> | <b>2</b>  | <b>11</b>    |
| <b>Domestic</b>       | <b>2</b> | <b>11</b> | <b>19</b>    |
| <b>Designs</b>        |          |           |              |
| India                 | 19       | 5         | 2            |
| <b>Trade Marks</b>    |          |           |              |
| USA                   | 11       | 1         | 13           |
| India                 | 10       | 40        | 9            |

## PATENTS & TRADE MARKS

| Patents                               | Trade Marks          |
|---------------------------------------|----------------------|
| <b>APPROVED</b>                       | <b>APPROVED</b>      |
| EZ N LITE - Low Pedal Pressure Clutch | EZ N LITE            |
| Clutch                                | INTERLOCK CLUTCH     |
| Pre-Damp High Torque Clutch Disc      | ECO CLUTCH           |
|                                       | PRE DAMP HIGH TORQUE |
|                                       | WHISPER              |
|                                       | PDHT                 |
|                                       | MONO                 |
|                                       | COOL CLUTCH          |
|                                       | AUTO N EZ            |
|                                       | COOL RAIDER          |
|                                       | COOL N EZ            |
|                                       | TWIN N QUIK          |
|                                       | 3X                   |
|                                       | CA LOGO              |
|                                       | CA Value for Money   |
|                                       | NVL                  |
|                                       | Twin N Quik          |
|                                       | AUTO N COOL          |



#### UNDER CONSIDERATION

Wear Indicator Assembly (Pin Type)  
Clutch Wear Adjustment Indicator  
Clutch Wear Adjustment Tool  
Improved Clutch Disc Direct/Dual Sintering  
Improved Clutch Disc with Spot Welding  
Bonded Disc  
Electronic Wear Adjustment for A Clutch  
Clutch Adjuster  
Clutch Packing cum Setting Gauge  
Self-Adjusting clutch Assembly  
Self Aligning Clutch

#### UNDER CONSIDERATION

ROAD RAIDER  
AUTO COOL N EZ  
SELF ALIGNING  
CLUTCH  
ECO NAUTO  
AUTO  
Hi-life  
The Clutch that  
thinks it does not  
require a Mechanic  
Think of Clutch  
Think of Clutch Auto  
We call it Clutch Auto  
Clutch Auto India's  
No. 1 Clutch  
Innovation... thy  
name is Clutch Auto  
Tiger 3X  
Turbo King  
Angle Spring  
Co-axial  
Hi-Sink  
Cookie Clutch  
Thik-Thin  
Gold Kits  
Turbo Top  
TTD  
Angle ring  
Universal Clutch  
Insulator  
Vibro Kits  
Catcher Disc  
Floating Clutch  
Xtra Life  
City Bus  
Wavy Fulcrum Ring  
Million Mile Clutch  
Krom-Silikon  
Hi-Kopper

#### UNDER FILING

Belleville Lever Clutch  
Enclosed Window discs  
Long Life Clutches – Bonded.  
Dual Sintered Clutches  
NVL Disc

### **VI. RESEARCH & DEVELOPMENT**

1. The year continued with development of new products, to be supplied to Company's business with Navistar, USA and new launch of 77 new items in the Aftermarket with Hi-Life/Extra-Life features. After successfully completing the hurdle of PESO (Preliminary Engineering Sign off) stage, Navistar business has reached FESO (Final Engineering Sign off) stage, supplies being targeted to start by end of first quarter. Company's R&D activities are being actively supported by World renowned Consultants and Experts in the Clutch Industry.

2. Progress under **NMITLI** (New Millennium Indian Technology Leadership Initiative) **project** with an objective to increase service life (at-least 100%) of a clutch for Commercial Vehicles, Cars, Tractors, in association with the prestigious Partnering Institutions was phenomenal. While defining the broad object and deliverables of the Partnering Institutions, Company's support to these Institutions will take a big leap for the success of this project.

3. Company is developing 'Virtual' Design Development & Testing Software for improving its Development & Certification capabilities.

4. New products development with technology support from HAL will have long term impact in the domestic and international Truck Clutch opportunities.

### **VII. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Clutch Auto has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported quickly.

Company's Internal control is supplemented by an extensive program of strong and independent internal audits, review by management and documented policies, guidelines and procedures.

Based on the nature of business and size of operations, the Company's internal control system has been designed to provide for:

- Accurate recording of transactions with internal checks and prompt reporting.
- Effective inventory management system matching with average service life of the Vehicles and availability of the products in the Aftermarket segment.
- Adherence to applicable Accounting standards and policies.
- Review of capital investments and long term business plans.
- Periodic review meetings to manage effectively, all working capital elements.
- Compliance with applicable statutes, policies, listing requirements and operating guidelines of the Company.

### **VIII. AWARDS & CERTIFICATIONS**

- **ACMA Technology Trophy 2007-08**
  - **Industry 2.0 Top performer Award 2007-08**
- Other awards include -