

# **FAIRFIELD ATLAS LIMITED**



**16TH  
ANNUAL REPORT  
2005-2006**

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# FAIRFIELD ATLAS LIMITED

- BOARD OF DIRECTORS** : Clement L. Strimel Jr.  
*Chairman*  
Autar Krishen Kaul  
*Whole-Time Director & Chief Executive Officer*  
Riad Fyzee  
Gary J. Lehman  
J. M. Mapgaonkar  
Jayant G. Herwadkar  
Avinash P. Gandhi  
Ravi Kathpalia
- COMPANY SECRETARY** : Marcel Rebello
- BANKERS** : UTI Bank Ltd.  
HDFC Bank Ltd.
- AUDITORS** : Price Waterhouse  
Chartered Accountants  
Mumbai
- REGISTERED OFFICE  
AND DOMESTIC UNIT** : Survey No. 157,  
Devarwadi,  
Chandgad Taluka,  
Post Shinoli, Dist. Kolhapur  
Maharashtra 416 507.
- EXPORT ORIENTED UNIT** : Survey No. 116 and 119,  
Shinoli (Budruk),  
Chandgad Taluka,  
Dist. Kolhapur  
Maharashtra 416 507.
- CORPORATE OFFICE** : 202/3, Maruti Mansion  
17, R. Dadaji Street,  
Fort, Mumbai 400 001.  
Tel.: 2266 6003.
- REGISTRARS AND SHARE  
TRANSFER AGENTS** : Sharex Dynamic (India) Pvt. Ltd.  
17-B, Dena Bank Building, 2nd Floor,  
Horniman Circle, Fort,  
Mumbai 400 001.  
Tel. : 2264 1376, 2270 2485  
Fax : 2264 1349

**16th Annual Report 2005-2006****NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of shareholders of Fairfield Atlas Limited (the "Company") will be held on Saturday 9th September, 2006 at 3 P.M. at the Registered Office of the Company at Survey No 157, Devarwadi, Chandgad Taluka, Dist Kolhapur, Maharashtra 416507 to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2006, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Jayant G. Herwadkar who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. Gary J. Lehman, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. Avinash P. Gandhi, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**NOTES:**

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY FORMS MUST REACH THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

- b) The Register of Members and Share Transfer Books of the Company will be closed from Friday 1st September, 2006 to Saturday 9th September, 2006, both days inclusive.
- c) As per Section 205A unclaimed dividend for the year ended 31st March 1999 would be transferred to the Investor Education and Protection Fund of the Central Government in the year 2006. Shareholders who have not encashed their Dividend Warrants for the said year are requested to send the same for revalidation to the Corporate Office/ Share Transfer Agents. It may be noted that no claim will lie in respect of such unclaimed dividends transferred to the Central Government as above.
- d) Members are requested to:
  - i Intimate to the Company's Registrars and Share Transfer Agents change if any, in their registered address at an early date;
  - ii. Quote Folio Numbers in all their correspondence.
- e) Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

By Order of the Board of Directors

Place : Mumbai  
Dated : 23rd June, 2006

**Marcel Rebello**  
Company Secretary

Registered office :  
Survey No 157,  
Devarwadi Village,  
Post Shinoli, Chandgad Taluka,  
Dist. Kolhapur,  
Maharashtra - 416507

**FAIRFIELD ATLAS LIMITED****DIRECTORS' REPORT**

The Directors are pleased to present their 16th Annual Report together with the audited accounts of Fairfield Atlas Limited (the "Company") for the year ended 31st March, 2006.

**i. Financial Results**

	(Rs. in lakhs)	
	2005-2006	2004-2005
Gross Income	<b>11617.35</b>	10444.87
Profit/(Loss) before depreciation, Interest and tax	<b>2034.90</b>	1753.52
Interest	<b>542.91</b>	513.83
Depreciation	<b>790.75</b>	884.76
Profit/(Loss) before tax	<b>701.24</b>	354.93
Provision for tax	<b>(1.13)</b>	0.29
Profit/(Loss) after tax	<b>702.37</b>	354.64
Balance of Profit/(Loss) brought from earlier year	<b>(3556.09)</b>	(3910.73)
Balance of Profit/(Loss) carried to Balance Sheet	<b>(2853.72)</b>	(3556.09)

**ii. Dividend**

In view of the set off of carry forward accumulated losses against the profit earned during the year under review your Directors do not recommend dividend for the year ended 31st March, 2006.

**iii. Performance**

As can be seen from the financials, the Company had another successful year. There has been a modest increase in the sales turnover for the current year contributed mainly by sustained export performance thereby giving an impetus to the turnaround process. However, export business was slack during the last quarter of the financial year.

The company produced 2130208 pieces of gears during the year ended 31st March, 2006 as against 1938749 pieces produced during the previous year. Sales Turnover and other Income increased to Rs.11617.35 lakhs as against Rs.10444.87 lakhs registering an increase of 11%.

Export sales to Fairfield Manufacturing Co., Inc., and TMA have gone up by 25% over previous year. In addition to this, revenue from new customers such as Tata Motors, John Deere and Carraro have also made an impact on the performance of the Company for the year ended 31st March, 2006 which resulted into overall 12% growth in sales as compared to previous year.

An analysis of the Company's performance is given in the Management Discussion and Analysis Report which forms part of this Report.

**iv. Current Year**

The buoyant economy both domestically and internationally will provide impetus to the growth momentum of the company. The company has reasonable export orders from its Principals for the current financial year. New developments and successful supplies to new customers and increased

orders from Tata Motors, John Deere and Carraro will contribute significantly to the domestic components of the sales turnover for the current year. Our continued commitment to diversifying our markets and customer base will provide increased stability as we look to the future.

**v. Director's Responsibility Statement**

Pursuant to the provisions of sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors confirm:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors had 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 as on 31st March, 2006 and of the profit of the Company for that period;
- (iii) that the Directors had 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
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

**vi. Finance**

During the year the Company was able to pay off a substantial part of the debt (part of secured loan) due to Fairfield Manufacturing Co., Inc. The company is endeavouring to substitute the remaining portion of the foreign debt by a rupee loan with a favourable rate of interest in order to counter foreign exchange uncertainties as well as LIBOR rates which have gone up by 40% during the year. This has resulted in an increase of 6% in interest and financial charges as compared to the previous year.

**vii. Status of the company**

Pursuant to the reference made by the Company under the provisions of Sick Industrial Companies Act 1985 the Company has been declared a sick industrial undertaking as on 31st March, 2003 by the BIFR Board vide its Order dated 7th June, 2006. Further the BIFR Board has appointed IDBI as the Operating Agency along with the Company for preparing a revival/rehabilitation scheme within the prescribed period.

**viii. Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange a section titled "Corporate Governance" has been included in this Annual Report along with Management Discussion and Analysis report and Shareholder Information report. Certificate from a Practising Company Secretary regarding compliance

of conditions of Corporate Governance is annexed to the report.

**ix. Particulars of Employees**

The particular of employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the rules thereunder, forms part of this Report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the reports and accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

**x. Conservation of energy, technology absorption and foreign exchange earnings and outgo**

The information required in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the annexure forming part of this Report.

**xi. Directors**

Mr. Jayant Herwadkar, Mr. Gary Lehman and Mr. Avinash Gandhi retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment as Directors.

Mr. Richard A. Bush ceases to be director of the Company consequent upon withdrawal of his nomination by Fairfield Manufacturing Co. Inc. USA with effect from 17th March, 2006. The Board wishes

to place on record its appreciation of the advice and guidance received from Mr. Bush during the tenure of his office.

**xii. Cost Audit**

Pursuant to the directions from the Department of Company Affairs for appointment of Cost Auditors, the Company has appointed M/s. M.P. Turakhia & Associates, Cost Accountants as the Cost Auditor for the financial year 2006-2007 subject to the approval of the Central Government.

**xiii. Auditors**

Price Waterhouse Chartered Accountants, retire as Auditors at this Annual General Meeting and being eligible offer themselves for reappointment.

**xiv. Auditors' Report**

The notes on Accounts, referred to in the Auditors' Report are self-explanatory.

**xv. Acknowledgement**

The Directors express their sincere thanks for the continued support and co-operation given by the Holding Company and Employees of the Company.

For and on behalf of the Board of Directors

**CLEMENT L. STRIMEL JR.**

Chairman

Place : Mumbai

Date : 23rd June, 2006

## ANNEXURE

STATEMENT UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS), RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2006.

**A. CONSERVATION OF ENERGY**

The Company has always been conscious of the need for conservation of energy. Energy conservation measures are in the process of being implemented throughout the Plants. During the year the company continued the program of modifications in Heat Treatment plant of domestic unit by putting special lining which resulted in energy saving.

**B. TECHNOLOGY ABSORPTION**

1. The Company does not have a Research and Development Department at present.
2. The Company uses indigenous technology in the

manufacture of its gears for its Domestic Customers. During the year the company received all Technical know-how details from Parent company (Fairfield Manufacturing Co., Inc.) related to its new product and components thereof. The said Technical know-how is capitalized during the period ended as on March 31, 2006. Management expects to get better and more export revenue on the said parts and components in future.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on foreign exchange earnings and outgo is furnished in the Notes to the Accounts.

For and on behalf of the Board of Directors

**CLEMENT L. STRIMEL JR.**

Chairman

Place : Mumbai

Date : 23rd June, 2006

**FAIRFIELD ATLAS LIMITED****Management Discussion And Analysis****(a) Industry Structure And Developments**

The Company's business operations fall in the overall categories of auto and agriculture ancillaries and more specifically in the power transmission sector. Manufacturers of gears can be classified on the basis of being an original equipment supplier or a replacement market supplier or a combination of both. Leading automobile and tractor manufacturers source their gear requirements through their in-house facilities, if any, or from suppliers approved by them. Fairfield Atlas Ltd., is one such approved and preferred supplier to OEM's in the aforementioned markets. In the past year, we have been expanding our customer base, having been approved by Tata Motors and have expanded our business with local and export divisions of John Deere, just to name a few. Our business ranges from single components, to kits to assemblies as we strive to add more value for our customers.

**(b) Opportunities and Threats**

As the Company envisages robust demand locally and for export, we are positioning ourselves from a capacity and capability standpoint to meet the increasing quality and delivery expectations of the global customers. The corporate restructuring of Fairfield Manufacturing Co., Inc., becoming part of Saurer AG (Switzerland), further solidifies our organization on a global basis as we join the Transmission segment along with Graziano Trasmissioni. The synergies that have been created could provide an opportunity to the company to further exploit both the export and the strengthening local markets. The Company is therefore poised to take advantage of promising opportunities both domestically and internationally.

**(c) Segment-Wise Performance**

The company has determined its business segments as automotive, agriculture and construction related transmission gears. There are no other primary reportable segments since 100% of the company's business is from transmission-type gears.

**(d) Outlook**

As in the past, exports are expected to constitute approximately 65% of the sales turnover, thus providing a healthy outlook for the Company's future business. With buoyant market conditions in the automobile sector stemming from the insatiable appetite of the consumers, coupled with robust industrial growth, road and infrastructural development, the outlook for the Company continues to be positive. As a result of the high degree of correlation between Indian agricultural growth and the performance of the monsoon the picture of business to the tractor segment will become clearer after the monsoon. However, going by the behavior of the monsoon during

past years the outlook appears encouraging. The combination of the company's Principals with Graziano Trasmissioni creates a globally leading solution provider for speciality transmissions and gears. With proposed widening of the customer base by penetrating new markets and additions to product portfolio both on the international and domestic front the Company can look forward to bright business prospects.

**(e) Internal Control System**

The Company maintains adequate internal control system including suitable monitoring procedures with a view to ensure that all its assets are safeguarded and protected against losses. Internal Audit is conducted on an ongoing engagement basis. The ERP System installed by the company further enhances the internal control mechanism. The cost records of the company are also subjected to Cost Audit as prescribed by the Government. The Internal Audit Report and Cost Audit Report are discussed at Audit Committee Meetings along with the Statutory Auditors and consensus is arrived on identifying areas for conduct of audit. This procedure ensures appropriate and timely remedial measures if warranted.

**(f) Human Resources / Industrial Relations**

Industrial Relations at the Plant continue to be cordial. Training Programmes for personnel in various areas of corporate interest were held at different levels in the organization in order to build up execution capability. Employees and Workers at the Plant received training on ACMA Cluster Programme thereby ushering a changed work culture particularly in the field of record maintenance. Periodic audit by the Cluster team ensures adherence to the Programme on a continuous basis. The Company had a strength of 460 permanent employees as on 31st March, 2006. A three and half year Productivity Wage Settlement effective from 1st January 2006 has been signed through a process of bilateral negotiations with the labour union.

**(g) Risks and Concerns**

Fairfield Atlas has a comfortable debt equity ratio and is well placed to take care of its borrowings. The company is a net foreign exchange earner. Raw materials and consumables continue to be a volatile both in prices and availability. The Company has however built-in adequate expertise to procure them at the most competitive prices and with this end is constantly looking for long term contracts. On the export business of the company transaction costs and infrastructure constraints could be a matter of concern.

The emerging trend in the industry seems to be the setting up of facilities for auto ancillaries by leading players in the auto industry. This development could be a matter of concern from a long term perspective. Another matter of concern could be the pressure on margins owing to competition and volatility in input prices.



## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

### FINANCIAL INFORMATION

#### FIXED ASSETS

During the year company's fixed asset gross block has gone up by Rs. 992 lakhs mainly due to capitalisation of technical know how in EOU unit. In addition the company purchased some capital equipment to support production requirement of new customers.

#### INVENTORIES

The inventory level as on March 31, 2006 was Rs. 1322 lakhs as compared to Rs. 1505 lakhs in the previous year. The decrease of Rs. 183 lakhs which is 12% over previous year was possible due to introduction of ACMA cluster programme on inventory control as a result of which cycle of conversion of semi finished goods into finished goods has gone down. Management expects that the Company in future will be in a position to reduce the inventory levels.

#### SUNDRY DEBTORS

Sundry Debtors as on March 31, 2006 was Rs. 687 lacs which is lesser by Rs. 73 lacs as compared to previous year. The decrease was due to judicious credit management and control.

#### RESULTS OF OPERATIONS

Expenditure	F-2006	Rs. in lakhs F-2005
Raw Materials Finished & semi finished products	<b>5955.58</b>	5203.93
Employee costs	<b>940.00</b>	841.43
Manufacturing and other Expenses	<b>2686.80</b>	2645.98
Interest	<b>542.91</b>	513.83
Depreciation	<b>790.74</b>	884.76

For the year ended 31st March, 2006 raw material cost as a percentage of sales has gone down by 5% mainly on account of significant reduction in purchase cost of raw material as compared to 31st March, 2005. Total employee cost for the year has gone up by Rs. 98 lakhs mainly due to new wage agreement with workers and revision in salaries of staff. During the year due to introduction of effective cost control measures manufacturing and other expenses as a percentage of sales have gone down by 2.28% inspite of increased level of activities and revenue. Increase in finance and interest cost have gone up by Rs. 30 lakhs inspite of repayment of loan to Fairfield Manufacturing Co., Inc., mainly due to increase in LIBOR rates by approximately 40% and appreciation in the US dollar from time to time. There was a marginal decrease in depreciation due to scrapping of unserviceable machinery and foreign exchange adjustments.

*Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices. Cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.*

**FAIRFIELD ATLAS LIMITED****CORPORATE GOVERNANCE****1. Company's philosophy on Corporate Governance:**

Fairfield Atlas Limited ("the Company") is committed to adhere to the corporate governance code as prescribed by the Stock Exchange and has accordingly implemented various aspects of the code.

**2. Board of Directors as on 31st March, 2006:**

The Board of Directors consists of 8 directors. A Whole Time Director & C.E.O., one non-executive nominee director, 2 non-executive nominee directors representing Fairfield Manufacturing Company Inc., U. S. A. and 3 non executive directors who are Independent Directors and one non-executive director. The Chairman of the Board is non-executive.

The Chairman being non-executive, number of Independent Directors should be one third of the total strength. The Company complies with the same and all the Independent Directors are non-executive Directors.

**3. Attendance of Directors at Meetings of Board and Members:**

During the year 2005-2006, the Board met 7 times on April 7, 2005, June 27, 2005, July 29, 2005, October 27, 2005, January 10, 2006, January 29, 2006 and March 25, 2006. The maximum time gap between any 2 meetings was not more than 4 calendar months.

The following table gives details of Directors, attendance of Directors at the Board meetings and at the last Annual General Meeting, held on September 20, 2005, number of memberships held by Directors in the Board/ committee of various companies.

Name	Category	Attendance	Particulars	No. of other Directorship	No. of Committee* Membership held	No. of other Chairmanship of Committee** held
		Board Meeting	Last AGM			
A.K. Kaul*	Whole Time Director & C.E.O.	6	Yes	-	1	-
Riad Fyzee	Non Executive Director	6	Yes	-	1	-
J.M. Mapgaonkar @	Non Executive Director	-	No	-	1	-
Richard A. Bush +***	Non Executive Director	1	No	-	-	-
Clément L. Strimel +	Chairman Non Executive Director	4	Yes	-	-	-
Jayant Herwadkar	Independent Director	7	Yes	2	4	3
Ravi Kathpalia**	Independent Director	5	Yes	3	5	3
Gary J. Lehman +	Non Executive Director	1	No	-	-	-
Avinash P. Gandhi	Independent Director	5	No	6	4	1

\* Committees considered are Remuneration Committee, Audit Committee and Shareholders/Investors Grievance Committee including Fairfield Atlas Ltd.

@ Nominee Director - Mahindra and Mahindra Limited

+ Nominee Director - Fairfield Manufacturing Company Inc., U.S.A.

\* Appointed Director with effect from 1st July, 2005

\*\* Appointed Director with effect from 27th June, 2005

\*\*\* Ceased to be a Director w.e.f 17th March, 2006

**4. Directors seeking reappointment:**

At the ensuing Annual General Meeting Mr. Jayant G. Herwadkar, Mr. Gary Lehman and Mr. Avinash P. Gandhi retire by rotation and being eligible offer themselves for reappointment.

Mr. Jayant G. Herwadkar, 56, is a Chartered Accountant by profession having held senior positions in the Accounting and Finance field. He is one of the independent director on the Board, Chairman of the Audit committee and member of Remuneration Committee. As Audit committee member his views and suggestions have helped to tighten internal control and

streamline accounting procedures. Mr. Herwadkar is also a director of Shri Renuka Sugars Ltd. and Apple Hospitals and Research Ltd. Mr. Jayant G. Herwadkar does not hold any shares in the Company.

Mr. Avinash P. Gandhi, 67, holds a degree in B.E. Mechanical. Mr. Gandhi has vast and extensive knowledge in the field of automobile manufacturing, sales and finance. Mr. Gandhi is also a Director of FAG Bearings India Ltd., Lumax Industries Ltd., and Uni Products (India) Ltd. Mr. Gandhi is one of the independent director inducted on the Board of Directors of the Company and is a member of the Audit and



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Remuneration Committees. Mr. Avinash P. Gandhi does not hold any shares in the Company.

Mr. Gary J. Lehman, 53, is the President and Chief Executive Officer of Fairfield Manufacturing Co., Inc., USA and brings to the Board his vast experience and competence in handling international business operations. Mr. Lehman functions in the Company relate to corporate and business strategy with close monitoring of the company's operational activities. Mr. Gary Lehman does not hold any shares in the Company.

**5. Code of Conduct:**

The Board has laid down Code of Conduct for Directors and Senior Executives of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by Mr. A.K. Kaul, Wholtime Director and Chief Executive Officer is enclosed at the end of the report.

**6. Stock Options:**

No scheme for grant of stock options to Directors or employees.

**7. Committees of the Board:****i. Audit Committee:**

Consequent upon the induction of Mr. Ravi Kathpalia as Independent Director, the Audit Committee was reconstituted. The members of the present Audit Committee are Mr. Jayant Herwadkar, Mr. Avinash Gandhi and Mr. Ravi Kathpalia, all three being Independent Directors. Mr. Herwadkar a Chartered Accountant by profession is Chairman of the Committee. The Company Secretary acts as Secretary to the Committee. The terms of reference of the Audit Committee cover the matters enumerated in Clause 49 of the Listing Agreement.

The previous Audit Committee reviewed with the statutory Auditors the financial statement for the year March 31, 2005.

The reconstituted Audit Committee reviewed with the Statutory Auditors the financial statement for the quarter ended June 30, 2005 and financial statement and Internal Audit Report for the quarter ended December 31, 2005.

The said Committee also reviewed with the Statutory Auditors, the Cost Auditors and Internal Auditors the financial statement for the quarter ended September 30, 2005, the Cost Audit Report for the year 2004-2005 and Internal Audit Report for the quarter ended June 30, 2005. The C.E.O. & Whole Time Director, the Finance Head, the Statutory Auditors, Cost Auditor and Internal Auditors are invited to the Audit Committee Meetings.

The Committee held 4 meetings during the year. The attendance at the meetings was as under:

Previous Committee Members	Meetings attended	Reconstituted Committee Members	Meetings attended
Mr. Jayant Herwadkar	1	Mr. Jayant Herwadkar	3
Mr. Avinash Gandhi	1	Mr. Avinash Gandhi	2
Mr. Clement Strimel	2	Mr. Ravi Kathpalia	3

The Chairman of the Audit Committee Mr. Jayant Herwadkar attended the Annual General Meeting of the Company held on September 20, 2005.

**ii. Shareholders/Investors Grievance Committee:**

The present Committee consists of Mr. Riad Fyzee, Mr. J. M. Mapgaonkar and Mr. Jayant Herwadkar. Mr. Jayant Herwadkar is the Chairman of the Committee. The Committee looks into redressing of shareholders complaints like transfer of shares, non-receipt of Balance Sheet, dividend etc. The work of the Registrar and Transfer Agent is overseen by the Committee. Mr. Marcel Rebello, Company Secretary is the Compliance Officer. During the year, 52 complaints were received from the shareholders all of which were resolved to their satisfaction. The Committee had 4 meetings till date. The attendances at these meetings were as under:

Committee Members	Meetings Attended
Mr. J. M. Mapgaonkar	-
Mr. Riad Fyzee	4
Mr. Jayant Herwadkar	4

**iii. Remuneration Committee:**

The reconstituted Remuneration Committee comprises of Mr. Jayant Herwadkar, Mr. Ravi Kathpalia and Mr. Avinash P. Gandhi. The Committee recommends to the Board the remuneration package of the Managing Director/ Whole Time Director and other Directors. The previous Remuneration Committee comprised of Mr. Avinash Gandhi, Mr. Clement L. Strimel and Mr. Jayant Herwadkar. The said Committee met on 7th April 2005 and 27th June 2005.

The remuneration paid to the Wholtime Director & CEO is in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

The Wholtime Director & CEO is paid remuneration within the limits envisaged under Schedule XIII of the Companies Act, 1956. The remuneration payable is recommended by the Remuneration Committee of the Board and is approved by the Board.

**FAIRFIELD ATLAS LIMITED**

Names	Remuneration paid during 2005-2006				Total (Rs.)	Service contract, notice period, severance fees
	Salary House Rent Allowance Special Allowance (Rs.)	Commission (Performance Linked) (Rs.)	Company's contribution to Provident and Pension Fund (Rs.)	Perquisites (Rs.)		
Riad Fyze - Managing Director till 30th June 2005	432,000	513,737*	6,443	68,342	1,020,522	The appointment was for the period from April 1, 2005 to June 30, 2005 subject to termination by three months notice in writing on either side or payment of remuneration for three months in lieu of notice. If Agreement terminated with cause company to pay compensation subject to provisions of section 318 of the Companies Act 1956 calculated in accordance with Section 318(4) of the Companies Act 1956. Sitting fees for attending Board Meetings after 30th June 2005.
Jayant Herwadkar					72,000	Sitting fees for attending Board and Committee Meetings
Avinash Gandhi					54,000	Sitting fees for attending Board and Committee Meetings
Ravi Kathpalia					54,000	Sitting fees for attending Board and Committee Meetings
A.K. Kaul Whole Time Director and C.E.O.	1,584,297	542,136	178,200	42,500	2,347,133	The appointment is for a period of 3 years from 1st July 2005 subject to termination by three months notice in writing on either side or payment of remuneration for three months in lieu of notice. If Agreement terminated with cause company to pay compensation subject to provisions of section 318 of the Companies Act 1956 calculated in accordance with Section 318(4) of the Companies Act 1956.
None of the other Non Executive Directors has been paid any remuneration including sitting fees during the year. Non Executive Directors entitled to only sitting fees of Rs. 6,000 per Board or Committee meeting attended. * Rs. 354,640 pertains to 2004-2005						

**GENERAL INFORMATION FOR SHAREHOLDERS:****Annual General Meeting:**

The Sixteenth Annual General Meeting of the Company will

be held on Saturday, 9th September, 2006 at 3 p.m. at the Registered Office situated at Survey No. : 157, Devarwadi Village, Chandgad Taluka, Dist. Kolhapur, Maharashtra - 416 507.