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FAIRFIELD ATLAS LIMITED



19TH
ANNUAL REPORT
2008-2009

FAIRFIELD ATLAS LIMITED

- BOARD OF DIRECTORS** : Clement L. Strimel Jr.
Chairman
D. E. Jacob
Managing Director
(with effect from 24th October 2008)
Gary J. Lehman
Riad Fyzee
J. M. Mapgaonkar
Avinash P. Gandhi
Ravi Kathpalia
Rakesh Chopra
- COMPANY SECRETARY** : Marcel Rebello
- BANKERS** : AXIS Bank Ltd.
HDFC Bank Ltd.
- AUDITORS** : B S R and Co.
Chartered Accountants
Mumbai
- REGISTERED OFFICE AND DOMESTIC UNIT** : Survey No. 157,
Devarwadi Village,
Post Shinoli, Chandgad Taluka,
Dist. Kolhapur, Maharashtra – 416 507.
Tel.: (02320) 236605/6
- EXPORT ORIENTED UNIT** : Survey No. 116 and 119,
Shinoli (Budruk)
Chandgad Taluka,
Dist. Kolhapur, Maharashtra – 416 507.
Tel.: (02320) 236605/6
- 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

FAIRFIELD ATLAS LIMITED



NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of shareholders of Fairfield Atlas Limited (the "Company") will be held on Thursday 17th September, 2009 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, 2009, 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. Gary J. Lehman who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. Avinash P. Gandhi who retires by rotation and being eligible, offers himself for re-election.
4. To appoint B S R and Co, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
5. To appoint a Director in place of Mr. Devanand E. Jacob who holds office only upto the date of this Annual General Meeting and in respect of whom a notice has been received by the Company from a member signifying his intention to propose Mr. Devanand E. Jacob as a candidate for the office of a director.
6. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions if any, of the Companies Act, 1956 and limits laid down therein read with Schedule XIII thereof as amended and subject to such other approvals as may be necessary, the approval of the company be and is hereby accorded to the appointment of Mr. Devanand E. Jacob, as Managing Director of the Company for a period of 2 (two) years commencing from 24th October 2008 and ending 23rd October, 2010 upon terms and conditions set out in the Agreement dated 5th December, 2008 entered into between Mr. Devanand E. Jacob and the Company.

FURTHER RESOLVED that, subject to the limits, if any, specified in the Act for payment and provision of remuneration, perquisites and benefits, the Board of Directors be and is hereby authorised to approve any changes or amendments to the aforesaid Agreement and to review the remuneration, perquisites and benefits payable to Mr. Devanand E. Jacob from time to time."

NOTES:

- a) The relative Explanatory Statement as required by Section 173 of the Companies Act, 1956 in regard to item nos. 5 and 6 is annexed hereto.
- b) 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.
- c) The Register of Members and Share Transfer Books of the Company will be closed from Thursday 10th September 2009 to Thursday 17th September, 2009 both days inclusive.
- 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 : 12th June, 2009

Marcel Rebello
Company Secretary

Registered office :
Survey No. 157, Devarwadi Village,
Post Shinoli, Chandgad Taluka,
Dist. Kolhapur, Maharashtra - 416 507

FAIRFIELD ATLAS LIMITED**EXPLANATORY STATEMENT**

As required by Section 173 of the Companies Act, 1956 the following Explanatory Statement sets out all the material facts relating to the above items of business

ITEM NO. 5 & 6

The Board of Directors at their meeting held on 24th October, 2008 appointed Mr. Devanand E. Jacob as Additional Director with effect from 24th October, 2008 and accordingly he would hold office till the ensuing Annual General Meeting. Mr. Jacob was earlier Sr. General Manager (Production) and in his present capacity oversees the entire plant operations both of the DTA Unit and EOU Unit. Mr. Jacob is an Engineer by profession and has been stationed at the company's plant for the past 15 years. He has received training at the Plant of the Company's Principals, Fairfield Manufacturing Co., Inc., USA and the company's other foreign suppliers.

In view of his long association with the company, his experience in the industry and in similar line of activity, the Board considers that it would be in the interest of the company to have the benefit of his experience and advice and accordingly commends his appointment to the members. Mr. Jacob has filed his consent with the company to act as Director.

The Company has received notice from a shareholder pursuant to section 257 of the Companies Act, 1956 along with requisite deposit amount, proposing the candidature of Mr. Jacob for appointment as director of the Company.

Mr. Jacob may be deemed to be concerned or interested in the resolution relating to his appointment. None of the other directors is concerned or interested in these items of business.

At the said Board Meeting the Board of Directors also appointed Mr. Devanand E. Jacob as Managing Director of the Company for a period of 2 years with effect from 24th October, 2008 and ending 23rd October, 2010 on terms and conditions set out in the Agreement dated 5th December, subject to the approval of the Company in General Meeting and other necessary approvals, if any.

The following additional information as required by Schedule XIII to the Companies Act 1956 is given below.

i. General Information :

- i. Nature of industry

The Company's core business operations fall in

the broad categories of agriculture, construction, automotive, energy, mining and more specifically the on-off highway power transmission sector.

- ii. Date or expected date of commencement of commercial production.

The company was incorporated on 1st February 1990 as a private company and commenced commercial production in the year 1993. The export oriented unit of the company commenced operations in the year 2003.

- iii. In case of new companies, expected date of commencement of activities as per project approved by financial institution appearing in the prospectus.

Not Applicable

- iv. Financial performance based on given indicators – as per Audited Financial results for the year ended 31st March 2009.

Particulars	Rs. in lakhs
Turnover and other income	11624.45
Profit before Depreciation and	
Interest and prior period items	987.58
Depreciation	721.89
Interest and other Finance Charges	134.50
Prior period income	28.57
Profit before taxation	159.76
Provision for taxation	28.96
Deferred Tax (credit)	(88.45)
Profit after taxation	219.25

- v. Export performance and net foreign exchange collaborations.

The Company has entered into an agreement with Fairfield Manufacturing Co. Inc., USA for export of the Company's products to Fairfield and its customers. The Company's earnings in foreign exchange were Rs.5219.74 lakhs for the financial year ended 31st March 2009.

- vi. Foreign investments of collaborators, if any.

TH Licensing Inc., USA, a wholly owned subsidiary of Fairfield Manufacturing Co. Inc. USA, presently holds 22924796 equity shares of Rs.10/- each including 2224796 equity shares acquired in the Open Offer thus constituting in the aggregate 83.91% of the paid up share capital of the Company.

ii. Information about the appointee.

i. Background details

Mr. Jacob is an Engineer by profession and has been stationed at the company's plant for the past 15 years. In his present capacity as the Managing Director of the Company he oversees the entire plant operations both of the DTA Unit and EOU Unit. Mr. Jacob has received training at the Plant of the Company's Principals, Fairfield Manufacturing Co., Inc., USA and the company's other foreign suppliers.

ii. Past remuneration during financial year ended 31st March 2009.

The total remuneration drawn by Mr. D. E. Jacob as Managing Director for the year ended 31st March 2009 was Rs. 6.36 lakhs including perquisites.

iii. Recognition or Awards

Not Applicable

iv. Job Profile and his suitability.

a) Mr. D. E. Jacob is the Managing Director of the Company since 24th October 2008. The Board has delegated substantial powers of management of the Company to Mr. D. E. Jacob, in his capacity as Managing Director of the company. Mr. Jacob is an Engineer by profession and has been stationed at the company's plant for the past 15 years and hence has acquired indepth knowledge of the functioning of the various departments. He has received training at the Plant of the Company's Principals, Fairfield Manufacturing Co., Inc., USA and the company's other foreign suppliers. Mr. Jacob is responsible interalia for development of the business of the Company. In his present capacity he oversees the entire Plant Operations both of the Domestic and Export Units. Apart from Plant Operations he also oversees the purchase, sales and HRD functions. Since Mr. Jacob is the sole Managing Director he will be required to shoulder substantial responsibilities for the company's

business which includes both domestic and export business. Therefore, in view of his long association and experience with the company, Mr. Jacob is best suited for the position he occupies.

v. Remuneration proposed.

Salary of Rs. 80,000 per month and perquisites, allowances and amenities mentioned at iv below and as set out in item No. 6 of the Notice.

vi. Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be with respect of the country of his origin).

Considering the size of the company and volume of its operations both in the domestic and export fields, the background experience and profile of Mr. D. E. Jacob and the responsibilities shouldered by him, the remuneration proposed to be paid is commensurate with remuneration packages given to similar senior level executives in other companies.

vii. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any.

Apart from the proposed remuneration, Mr. Jacob does not have any other pecuniary relationship with the Company or relationship with any managerial personnel. However, Mr. Jacob holds 2 fully paid up equity shares in the Company.

iii. Other Information

1. Reason of loss or inadequate profits.

Not Applicable as the company has posted a net profit after tax of Rs. 219.25 lakhs during the year ended 31st March, 2009

2. Steps taken or proposed to be taken for improvement and

3. Expected increase in productivity and profits in measurable terms.

Not applicable as the Company has adequate profits.

iv. Disclosures

Remuneration package of Mr. D. E. Jacob, Managing Director as approved by the Remuneration Committee and the Board of Directors is as follows:

1. Salary: Rs. 80000/- per month including all allowance.
2. Commission :
25% of Annual Basic Salary if Operating Income meets or exceeds budget figures established jointly with Fairfield U.S. (paid against U.S. financial calendar)
3. Perquisites :
Provision of perquisites and benefits classified into three Categories A, B, C, as appearing hereinafter :

Category A

- a. Housing:
HRA to be paid at 40% of Basic Salary
- b. Medical Reimbursements and Hospitalisation:
Expenses incurred for self and the family, subject to a ceiling of Rs. 15,000/- per year. The amount can be carried forward in accordance with the Company Policy upto a period of 3 years.
- c. Leave Travel Allowance:
For self and the family, once in a year, incurred in accordance with the Company Policy and limited to Rs. 35,000/- per year. This amount can be carried forward upto a period of 3 years.
- d. Personal Accident Insurance :
Payment of premium for personal accident insurance cover, in accordance with the Rules of the Company.
- e. Reimbursement of any other expenses properly incurred by him in accordance with the Rules and Policies of the Company.

Explanation:

For the purpose of Category A, "family" shall mean and include his spouse, dependent children and dependent parents.

Category B

During the term of this Agreement, Mr. Jacob shall be entitled to the following perquisites, which shall not be included in the computation of the ceiling on the remuneration as specified in the preceding paragraph:

- a. Contribution by the Company to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable at a rate not exceeding one month's salary for each completed year of service, and
- c. Encashment of leave at the end of the tenure of service with the Company.

Category C

Provision of Chauffeur driven car for use on Company's business and telephones at residence. These will not be considered as perquisites.

4. The aggregate remuneration shall not exceed the limits specified in Sections 198, 309 and other applicable provisions of the Companies Act, 1956.
5. In the event of absence or inadequacy of profits in any financial year, the above remuneration shall be payable to Mr. Jacob as minimum remuneration subject to limits, if any, specified in the Companies Act, 1956.

Inspection of Documents

The Agreement referred to in this Explanatory Statement will be available for inspection by shareholders at the Registered Office of the Company between 10 a.m. to 12 noon on any working days prior to the date of the meeting.

By Order of the Board of Directors

Place : Mumbai
Dated : 12th June, 2009

Marcel Rebello
Company Secretary

Registered office :
Survey No. 157, Devarwadi Village,
Post Shinoli, Chandgad Taluka,
Dist. Kolhapur, Maharashtra – 416 507

DIRECTORS' REPORT

The Directors are pleased to present their 19th Annual Report together with the audited accounts of Fairfield Atlas Limited (the "Company") for the year ended 31st March, 2009.

	Rs. in lakhs	
	2008-2009	2007-2008
Gross Income	11624.45	15995.57
Profit before depreciation, Interest and prior period items	987.58	3048.32
Interest and other finance charges	134.50	212.58
Depreciation and Amortisation	721.89	1120.35
Prior period income	28.57	-
Profit before Tax	159.76	1715.39
Provision for tax	28.96	299.71
Deferred Tax (credit)	(88.45)	
Profit after tax	219.25	1415.68
Balance of (Loss) carried to Balance Sheet	(533.76)	(753.01)

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, 2009.

iii. Performance

The global economic downturn prevailing during the latter half of the year has given rise to an ongoing weak demand for the company's overseas products. The impact of the current recession has been felt in the industries in which the company operates. The most significant impact has been on the "export" portion of the business and specifically within the Aerial Platform Market associated with several high volume requirements from the parent organization.

Sales turnover and other income decreased to Rs.11624.45 lakhs as compared to Rs.15995.57 lakhs for the previous year registering a decrease of 27%. Since more than half of the revenues are derived from exports, the recessionary trends in the markets where the company's products are exported and inventory build up at the Plant of the Principals there was a

decline in exports. This coupled with economic slowdown in the domestic market has further affected the company's overall sales turnover. Consequently as a result of external market influences the company was unable to continue the strong growth of recent years and achieve its budgeted sales for the year. These results primarily reflect the general business environment and not the leading and competitive position of the company. However, due to other income earned during the year and excluding foreign exchange loss the company was able to maintain its profitability trend.

iv. Directors 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 judgements 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, 2009 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.

v. Status before the BIFR Board

The BIFR Board vide its order dated 23rd July 2008 has discharged the company from the purview of SICA 1985.

vi. 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. Reasons for non compliance of Sub-clause 1(A)(ii) of Clause 49 to be complied by 31st March, 2009 has been given below:

FAIRFIELD ATLAS LIMITED**vii. Reasons for non-compliance with conditions of Corporate Governance as per Listing Agreement with the Stock Exchange.**

In response to observation made in the report by the Practising Company Secretary on non compliance of following sub-clause of Clause 49 of the Listing Agreement stipulating conditions of Corporate Governance to be complied by 31st March, 2009, the Board of Directors offer the following clarification:

Sub-clause 1(A)(ii): With effect from 1st April, 2009 the number of Independent Directors was atleast one half of the total strength of the Board of Directors, the Chairman of the Board being "related" to the promoters vide Amendment/Explanation dated 11th November, 2008 to the aforesaid sub-clause of the Listing Agreement.

viii. Particulars of Employees

The Company does not have any employee of the category specified in Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

ix. 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.

x. Directors

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

Mr. Devanand E. Jacob was appointed Additional Director of the Company designated as Managing Director for a period of 2 years commencing from 24th October, 2008. He ceases to hold office on the date of this Annual General Meeting and being eligible offers himself for reappointment as Director.

Mr. Lalit K. Chaudhary ceased to be the Managing Director & CEO of the company consequent upon his tragic and untimely demise on 22nd September, 2008. The Board placed on record its appreciation of the contribution made by Mr. Chaudhary during his tenure as Managing Director & CEO and conveyed its condolences to the bereaved members of his family.

None of the Directors of the Company is disqualified as on 31st March, 2009 for being appointed as Directors as specified in Section 274(1)(g) of the Companies Act, 1956.

xi. CEO and CFO Certification

The CEO and CFO have certified to the Board of Directors in respect of review of the financial statement and cash flow statement for the year in terms of the requirement of Clause 49(V) of the Listing Agreement.

xii. Auditors

B S R and Co Chartered Accountants (KPMG), retire as Auditors at this Annual General Meeting and being eligible offer themselves for reappointment.

xiii. 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 2009-2010 subject to the approval of the Central Government.

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 : 12th June, 2009

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 2009.

A. CONSERVATION OF ENERGY.

No major measures for conservation of energy were taken during this financial year. However the company is making efforts on an ongoing basis to find measures for energy conservation in various areas and will implement the same if feasible and subject to funds availability.

B. TECHNOLOGY ABSORPTION.

The company uses indigenous technology in the manufacture of gears for its domestic customers. Technical know how received from parent company has enabled improvement in export revenues of the Company

C. FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information on foreign exchange earnings and outgo is furnished in the Notes to the Accounts at Item No.20.13

For and on behalf of the Board of Directors

CLEMENT L. STRIMEL JR

Chairman

Place : Mumbai

Dated : 12th June, 2009

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