

FAIRFIELD ATLAS LIMITED



Heat Treatment Expansion Building - 46000 Sq ft

23rd
ANNUAL REPORT
2012-2013



Continuous Gas Carburising Furnace - Aichelin



Broach Re-sharpening Machine - American Broach

FAIRFIELD ATLAS LIMITED

BOARD OF DIRECTORS

- : Jeffrey Potrzebowski
Chairman
- D. E. Jacob
Managing Director
- Riad Fyzee
- J. M. Mapgaonkar
- Avinash P. Gandhi
- Ravi Kathpalia
- Rakesh Chopra
- Vivek Prakash (upto 29th October, 2012)
- Sunil Sehgal (from 30th October, 2012)

COMPANY SECRETARY

- : Marcel Rebello

BANKERS

- : AXIS Bank Ltd.
- HDFC Bank Ltd.

AUDITORS

- : B S R & Associates
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
Email : atlas@bom4.vsnl.net.in

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, 2270 9025 Fax : 2266 6164
Email : atlas@bom4.vsnl.net.in

REGISTRARS AND SHARE TRANSFER AGENTS

- : Sharex Dynamic (India) Pvt. Ltd.
Unit - 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai – 400 072.
Tel. : 2851 5606, 2851 5644 Fax : 2851 2885
Email : sharexindia@vsnl.com
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NOTICE

NOTICE is hereby given that the Twentythird Annual General Meeting of shareholders of Fairfield Atlas Limited (the "Company") will be held on Saturday 27th July, 2013 at 4 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 Statement of Profit and Loss for the year ended 31st March, 2013, 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. J.M. Mapgaonkar who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. Rakesh Chopra who retires by rotation and being eligible, offers himself for re-election.
4. To appoint B S R & Associates, Chartered Accountants the retiring Auditors (Firm's Registration number 116231W) 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. Sunil Sehgal 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. Sunil Sehgal as a candidate for the office of a director liable to retire by rotation.
6. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution: "RESOLVED that pursuant and subject to the applicable provisions of the Companies Act, 1956 for the financial year ending 31st March, 2013 the non-executive directors viz. Mr. Avinash P. Gandhi, Mr. Ravi Kathpalia, Mr. Rakesh Chopra, Mr. Riad Fyze and Mr. J.M. Mapgaonkar be paid an amount not exceeding Rs.5 lakhs to each of them (subject to applicable tax) as one time discretionary commission".
7. 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, 311 and all other applicable provisions if any, of the Companies Act, 1956 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the Act and subject to the approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required approval of the Company be accorded to the revision in the remuneration payable to Mr. D. E. Jacob, as Managing Director of the Company with effect from 1st October, 2012 till 31st October, 2013 upon terms and conditions set out in the Second Supplemental Agreement dated 29th March, 2013 entered into between Mr. D.E. Jacob and the Company.

FURTHER RESOLVED that where in any financial year during the currency of the tenure of Mr. D.E. Jacob, the Company has no profits or its profits are inadequate, the Company may pay to Mr. D.E. Jacob the above stated remuneration as the minimum remuneration by way of salary, perquisites and other allowances and benefits as specified above subject to receipt of the requisite approvals, if any.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board of Directors of the Company be authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, application, returns and writings as may be necessary, proper, desirable or expedient."

NOTES:

- a) The relative Explanatory Statement as required by Section 173 of the Companies Act, 1956 in regard to item nos. 5 to 7 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 Friday 19th July, 2013 to Saturday 27th July, 2013 (both days inclusive).
- d) Members holding shares in electronic form are requested to intimate any change in their address to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address to the Company/Registrars and Transfer Agents M/s. Sharex Dynamic (India) Pvt.Ltd., and 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.

Goa
30 April, 2013

By Order of the Board of Directors

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

Marcel Rebello
Company Secretary

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

The Board of Directors at their meeting held on 30th October, 2012 appointed Mr. Sunil Sehgal as Additional Director with effect from 30th October, 2012 and accordingly he would hold office till the ensuing Annual General Meeting.

Mr. Sehgal's educational qualifications are LLM, MBA- HR from Faculty of Management Studies and MSc Chemistry all from University of Delhi. Mr. Sehgal is presently working as a Director- HR and Legal in Graziano Trasmissioni India Pvt.Ltd. (GTIL) Greater Noida an affiliate company of the Oerlikon group and holds a total work experience of 24 years. Previously, he has worked with RPG Group in various capacities across Group companies (CEAT Tyres, RPG Power Transmission, HMT Cassettes and Duncan Tea). He has also been associated with several companies of Anand Group (Gabriel) and Hero Honda. He represents the Government in various Boards and Committees, such as PF, EI, Ministry of Labour, Industrial and Infrastructure development, and FDI to name a few.

As a Director in GTIL he would be in a position to coordinate the activities between the two companies. In view of his experience and academic credentials particularly in the legal field, 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. Sehgal has filed his consent with the Company to act as Director.

The company has received notice from a shareholder pursuant to Sec 257 of the Companies Act 1956 alongwith requisite deposit amount proposing the candidature of Mr. Sehgal for appointment as Director of the Company.

Mr. Sehgal may be deemed to be concerned or interested in this item relating to his appointment.

None of the other Directors is concerned or interested in this item of business.

ITEM NO.6

The Companies Act 1956 permits the payment of remuneration to a director who is neither a wholtime director nor a managing director by way of commission on the net profits of the company, if the said payment is authorized by a special resolution passed at the general meeting of the company.

The Non-Executive Directors mentioned in the resolution have been with the Company for almost a decade. During the tenure of their office they have offered guidance and mature advice during their participation at the meetings of the Board and Committee thereof which have substantially benefitted the Company. As the said Directors devote considerable time for the business of the company and in order to make the compensation payable to them commensurate with their role and responsibilities, the Board at its meeting held on 11th March, 2013 approved payment not exceeding Rs.5 lakhs to each of them by way of, one time discretionary commission on net profits for the year ending 31st March, 2013 subject to approval by the members in general meeting. The payment of commission to the said directors will be in addition to the sitting fees payable to them for attending each meeting of the Board or Committee thereof.

The Board commends the resolution for approval by the shareholders as a special resolution.

The said non-executive directors viz Mr. Avinash P. Gandhi, Mr. Ravi Kathpalia, Mr. Rakesh Chopra, Mr. Riad Fyzee and Mr. J.M. Mapgaonkar are interested in this item of business to the extent of the commission that may be received by them.

None of the other directors is concerned or interested in this item of business.

ITEM NO.7

In order to maintain the remuneration package of Mr. D.E. Jacob, Managing Director of the Company in line with other Senior Executives of the group the Board of Directors at their meeting held on 11th March, 2013 approved on the recommendation of the Remuneration Committee revision/addition in remuneration to Mr. D.E. Jacob as Managing Director of the company for the period commencing from 1st October, 2012 to 31st October, 2013 on terms and conditions set out in the Second Supplemental Agreement dated 29th March 2013 the salient features of which are mentioned below:

1. Subject to the approval of the General Meeting and other necessary approvals, if any, the remuneration of Mr. D.E. Jacob as Managing Director of the Company be revised for the period commencing from 1st October, 2012 and ending 31st October, 2013.

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 2013.

Particulars	Rs. in lakhs
Total Revenue	23,228.88
Profit before Depreciation, Interest and Tax	5517.66
Depreciation	847.56
Interest and other Finance Charges	292.74
Profit before taxation	4377.36
Provision for taxation	
Current Tax	1531.31
MAT Credit Entitlement	-
Deferred Tax	(18.36)
Profit after taxation	2864.39

- v. Export performance and net foreign exchange collaborations.

The Company's earnings in foreign exchange were Rs. 12544.71 lakhs for the financial year ended 31st March 2013

- 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 constituting 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 19 years. He has been the Managing Director of the Company since 24th October, 2008. Prior to his appointment as Managing director Mr. Jacob held senior positions in the company both in the operations and administration fields. 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 2013.

The total remuneration drawn by Mr. D. E. Jacob as Managing Director for the year ended 31st March 2013 was Rs. 64.83 lakhs including perquisites.

- iii. Recognition or Awards

Not applicable

- iv. Job Profile and their suitability.

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 19 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. Since Mr. Jacob is the sole Managing Director he is required to shoulder substantial responsibilities of the company's growing business which includes both domestic and export business. Therefore, in view of his long association, experience and intimate knowledge of the working of the company, Mr. Jacob is best suited for the position he occupies.

- v. Remuneration proposed.

Salary of Rs. 2,22,000 per month and perquisites, allowances and amenities mentioned at IV below and as set out in item No.7 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 and in the group.

- 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.2864.39 lakhs during the year ended 31st March, 2013.

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

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

Not applicable as the Company has adequate profits.

IV. Disclosures

Revised remuneration package of Mr. D. E. Jacob, Managing Director as approved by the Remuneration Committee and the Board of Directors with effect from 1st October, 2012 till 31st October, 2013 is as follows:

1. Basic Salary Rs.2,22,000 per month.

2. Bonus/Incentive: In accordance with Oerlikon Group Bonus Policy applicable to Senior Managerial personnel of the Company from time to time.

3. Special Allowance: Rs.27,893/- per month.

4. Perquisites:

Provision of perquisites and benefits as appearing hereinafter:

- a. Housing:

HRA to be paid at 40% of Basic Salary per month.

- b. Medical Reimbursements and Hospitalisation:

Expenses incurred for self and family, will be reimbursed subject to a ceiling of Rs. 15,000/- per year in accordance with the Company Policy.

- c. Leave Travel Allowance:

For self and family, once in a year, incurred in accordance with the Company Policy and limited to Rs. 60,000/- per year.

- d. Reimbursement of Attire Expenses:

Reimbursement of Attire Expenses of Rs.50,000 per year to be drawn in accordance with the Rules of the Company.

Apart from above revision/addition in remuneration the other terms and conditions including perquisites and other benefits as approved by the Remuneration Committee, the Board of Directors and the Company in General Meeting and contained in the Agreement dated 15th November, 2010 and Supplemental Agreement dated 21st February, 2012 entered into between Mr. D.E. Jacob and the Company remain unchanged.

The Board commends the resolution for approval by the shareholders as a special resolution.

None of the other directors except Mr. D.E. Jacob is concerned or interested in this item of business.

Inspection of Documents

The Supplemental 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 day prior to the date of the meeting.

Goa
30 April, 2013

By Order of the Board of Directors

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

Marcel Rebello
Company Secretary

DIRECTORS' REPORT

The Directors are pleased to present their Twentythird Annual Report together with the audited accounts of Fairfield Atlas Limited (the "Company") for the year ended 31st March, 2013.

i. Financial Results**Rs. in lakhs**

	2012-2013	2011-2012
Total Revenue	23,228.88	25,332.74
Profit before depreciation, Interest and tax	5,517.66	5,592.19
Interest and other finance charges	292.74	316.39
Depreciation and Amortisation on		
• Tangible assets	845.89	840.33
• Intangible assets	1.67	1.01
Profit before Tax	4,377.36	4,434.46
Provision for tax		
• Current tax	1,531.33	1402.84
• MAT Credit entitlement	-	-
• Deferred Tax (credit)	(18.36)	(69.05)
Profit after tax	2,864.39	3100.67

ii. Dividend

The Directors did not recommend dividend for the year ended 31st March, 2013.

iii. Performance

During the financial year under review the Company was not able to achieve its anticipated and budgeted growth due to drop in export business to the parent company in the latter half of the year. However, the company was able to compensate for this loss of revenue due to firm control on costs and marginal increase in business of domestic customers which enabled the company to achieve a turnover of Rs.23,228.88 lakhs being a decrease of 8.31% over the turnover of the previous financial year. The Company was however able to maintain its sequential profitability trend.

However, with signs of economic recovery being manifested in U.S. market particularly in the housing sector and with optimistic schedules proposed by domestic customers an improvement in business in the current year can be expected so as to achieve the company's growth ambitions. Accordingly the company has made investments for Heat Treatment capacity expansion in order to increase production. Commissioning of expanded capacities will be done in a phased manner beginning of second quarter of financial year 2013-14.

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, 2013 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 Director's had prepared the annual accounts on a going concern basis.

v. Finance

The Company has during the year under review paid in the aggregate USD 10 lakhs towards installment of its foreign currency loans as per the terms and conditions agreed with the foreign lenders.

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.

vii. Particulars of Employees

The Company has one employee who was in receipt of remuneration of not less than Rs.60 lakhs during the year or Rs. 5 lakhs per month during any part of the said year. The information required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder is provided in the Annexure forming part of the Report. In terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

viii. Results of the Postal Ballot

The Scrutinizer's report giving results of voting by Postal Ballot on the Special Resolution for voluntary delisting of the equity shares from the BSE Limited was declared on 16th April, 2013. As per the Report, 284 Postal Ballot forms were received for 2237972 equity shares from public shareholders. Out of these there were 31 invalid Postal forms for various reasons. Out of the 253 valid forms received for 2190122 equity shares, 207 forms received from public shareholders for 2155728 equity shares gave an assent to the Resolution while 46 forms received from them for 34394 equity shares gave their dissent to the Resolution. Accordingly 98.43% of the votes were in favour of the resolution and 1.57% votes were against it. Therefore the Resolution was carried with the requisite majority. Further as the number of votes in favour of the resolution were more than two times of those against it the special resolution could be acted upon. Consequently, the company filed its application to the BSE Limited for its in-principle approval to voluntary delist the equity shares of the company from the BSE Limited.

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. Environmental, Occupational, Health and Safety Management

On completion of the audit by TUVSUD Southern Asia Private Limited during the course of the year the Company has been awarded certificates for establishing and applying both for DTA and EOU Units.

- i) An Environmental Management System according to requirements of ISO 14001:2004 Standard and
- ii) An Occupational Health and Safety Management System according to requirement of BSOHSAS 18001:2007 Standard.

The said certificates are valid till 29th November, 2015.

xi. Directors

Mr. J.M. Mapgaonkar retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment as Director. It has been decided by Mr. Jeffrey Potrzebowski, Mr. Rakesh Chopra and Mr. Ravi Kathpalia who were appointed Directors on the same day that is 9th August, 2011 that Mr. Rakesh Chopra will retire at this Annual General Meeting. Mr. Rakesh Chopra being eligible offers himself for reappointment as Director.

Mr. Sunil Sehgal was appointed Additional Director of the company with effect from 30th October, 2012. He ceases to hold office on the date of this Annual General Meeting and being eligible offers himself for reappointment as Director.

Mr. Vivek Prakash ceased to be a director of the company consequent upon his resignation with effect from 29th October, 2012. The Board placed on record its appreciation of the valuable contribution made and advice given by him during the tenure of his office.

None of the directors of the Company is disqualified as on 31st March, 2013 for being appointed as Directors as specified in Section 274(1)(g) of the Companies Act, 1956.

xii. 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.

xiii. Auditors

B S R & Associates retire as Auditors at this Annual General Meeting and being eligible offer themselves for reappointment. They have further confirmed that their reappointment if made, would be in conformity with the provisions of Sec 224(1B) of the Companies Act, 1956.

xiv. Cost Audit

Pursuant to the directions from the Central Government Department of Company Affairs, the Company carried out an audit of its cost records by M/s. M.P. Turakhia and Associates, Cost Accountants, Indore. The due date of filing of the Cost Audit Report with the Ministry of Corporate Affairs for the financial year ended 31st March, 2012 was 180 days from the end of the financial year which was extended to 31st December, 2012 in view of the filing being in XBRL format beginning this year. The Report was filed on 27th December, 2012. The Board of Directors has upon recommendation of the Audit Committee re-appointed M/s. M.P. Turakhia and Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2013-14 subject to approval of the Central Government.

Necessary confirmation has been obtained from M/s. M.P. Turakhia and Associates to the effect that they are eligible for appointment as Cost Auditors under Sec 233B of the Companies Act, 1956.

xv. Auditors' Report

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

xvi. Acknowledgement

The Directors express their sincere thanks for the continued support and valuable co-operation extended by Oerlikon Corporation and Fairfield Manufacturing Co.Inc and contribution of the employees at all levels to the performance of the Company.

For and on behalf of the Board of Directors

Goa
30th April, 2013

D. E. JACOB
Managing Director

AVINASH P. GANDHI
Director