



**GKN Driveline (India) Limited**

**26th  
Annual Report  
2010**

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**Board of Directors**

Dr. D.V.Kapur  
Mr. Ravindra Ojha

Mr. Mansoor Anwar  
Mr. D.P.Mehta  
Mr. Marc Louis Gustave Vuarchex  
Mr. Javier Tamayo  
Mr. Olaf Steffen Pohle

Chairman  
Managing Director w.e.f. 01.04.2011  
(Whole-time Director upto 31.03.2011)  
Director  
Director  
Additional Director (Appointed with effect from 23.03.2011)  
Additional Director (upto 23.03.2011)  
Director (upto 21.07.2010)

**Audit Committee**

Dr. D.V.Kapur  
Mr. Mansoor Anwar  
Mr. Olaf Steffen Pohle  
Mr. Javier Tamayo  
Mr. Marc Louis Gustave Vuarchex

Chairman  
Member  
Member (upto 21.07.2010)  
Member (upto 23.03.2011)  
Member (from 23.03.2011)

**Sr. Manager– Finance & IS/IT**

Mr. Madan Singh Sisodia

**Company Secretary**

Mr. Ashish Kumar Pandey

**Auditors**

Price Waterhouse  
Gurgaon

**Technical Collaborators**

GKN Driveline International GmbH, Germany

**Bankers**

HDFC Bank Ltd.  
Canara Bank  
Standard Chartered Bank  
The Hongkong and Shanghai Banking Corporation Ltd.  
Citibank N.A.

**Registered Office & Faridabad Works**

270, Sector 24  
Faridabad 121 005 (Haryana)  
Tel: +91 (129) 4091100, 2232531  
Fax: +91 (129) 2230580  
Website: [www.gkndriveline.com](http://www.gkndriveline.com)

**Dharuhera Works**

34 & 35, Industrial Area,  
Dharuhera 122 106 (Haryana)  
Tel.: +91 (1274) 398000, 242579  
Fax: +91 (1274) 242581

**Oragadam Works**

Plot NO. B-13, SIPCOT Industrial Park  
Vaipur A & B, Oragadam,  
Sriperumbadur, Kancheepuram 602105  
(Tamil Nadu)  
Tel: +91 (44) 27142380  
Fax: +91 (44) 27142300

**Share Transfer Agent**

MCS Ltd.  
F-65, 1st Floor,  
Okhla Industrial Area, Phase I,  
New Delhi 110 020  
Tel: +91 (11) 41406149/ 41406151 / 52  
Fax: +91 (11) 41709881

**NOTICE**

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the Company will be held at **2.00 p.m. on Friday, June 24, 2011 at Registered Office, Plot No. 270, Sector 24, Faridabad 121005 (Haryana)** to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet as at December 31, 2010, the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To re-appoint a Director in place of Dr. D.V.Kapur who retires by rotation and is eligible for re-appointment.
3. To re-appoint a Director in place of Mr. D.P.Mehta who retires by rotation and is eligible for re-appointment.
4. **Appointment of Auditors and fixing their remuneration:**

To consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT M/s. Price Waterhouse, Chartered Accountants (Firm Registration Number: 012754N), be appointed 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 to conduct the audit of its Accounts for the year ending December 31, 2011, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax and out of pocket expenses."

**SPECIAL BUSINESS:**

5. **Revision in remuneration of Mr. Ravindra Ojha, Whole-time Director:**

To consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT in accordance with provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions of Companies Act, 1956, if any, as amended to date and the laws prevailing for the time being in force and subject to approval of Central Government, if required, the Company hereby approves the revision in remuneration of Mr. Ravindra Ojha, Whole-time Director of the Company with effect from January 1, 2011 to October 31, 2012 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profit if in any financial year during the aforesaid period) as set out in the explanatory statement which forms part of this resolution and as mentioned in the Agreement submitted to this Meeting and signed by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT the payment of performance linked bonus amounting to Rs.1,406,750/- and incentive amounting to Rs.513,600/- as recommended by the Board of Directors of the Company for the period January 1, 2010 to December 31, 2010 in its meeting held on March 23, 2011 be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company, subject to the approval of Central Government and /or the Members in immediately next general meeting, as may be required, be and is hereby authorized to alter, vary, modify and increase the remuneration including perquisites within the limits or ceilings prescribed under the Schedule XIII of the Companies Act, 1956 as amended to date or any statutory modification or re-enactment thereof and to alter the terms and conditions between the Company and Mr. Ravindra Ojha as given in the explanatory statement which forms part of this resolution & also given in the Agreement as mentioned above."

6. **Appointment of Mr. Ravindra Ojha as Managing Director:**

To consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended and as per Article 131A of the Articles of Association of the Company and subject to the approval of the Central Government, if required, the Company hereby approves the appointment of Mr. Ravindra Ojha as Managing Director of the Company for the period April 1, 2011 to October 31, 2012 on the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the aforesaid period) and as set out in the explanatory statement which forms part of this resolution and also as mentioned in the Agreement submitted to this Meeting and signed by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT the Board of Directors of the Company, subject to the approval of Central Government and /or the Members in immediately next general meeting, as may be required, be and is hereby authorized to alter, vary, modify and increase the remuneration including perquisites within the limits or ceilings prescribed under the Schedule XIII of the Companies Act, 1956 as amended to date or any statutory modification or re-enactment thereof

and to alter the terms and conditions between the Company and Mr. Ravindra Ojha as given in the explanatory statement which forms part of this resolution & also given in the Agreement as mentioned above.”

**7. Appointment of Mr. Marc Louis Gustave Vuarchex as Director:**

To consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT Mr. Marc Louis Gustave Vuarchex who was appointed as Additional Director of the Company by the Board of Directors pursuant to requirement of Section 260 of the Companies Act, 1956 & Article 114 of the Articles of Association of the Company in its meeting held on March 23, 2011 and who holds office until conclusion of this Annual General Meeting and in respect of whom a notice is received proposing his candidature for appointment as Director, be and is hereby appointed as Director of the Company."

For and on behalf of the  
Board of Directors

Sd/-  
Ashish Kumar Pandey  
Company Secretary

New Delhi, March 23, 2011

**Notes:**

1. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A MEMBER OR NOT) AS HIS PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF, AT THE MEETING. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are advised, in their own interest, to convey to the Company at the earliest opportunity, any change in their postal addresses. They are also advised to typewrite their names and if they write in hand they must write their names and addresses in capital letters.
3. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to Special Business to be transacted at the Meeting is annexed hereto.
4. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on all days except Sunday and Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
5. Ministry of Corporate Affairs has taken a green initiative and allowed the companies to send Balance Sheet and Auditors Report etc. to the members of the Company as required under Section 219 of the Companies Act, 1956 through electronic mode. Members are hereby requested to send their email address in the following format:

[illegible]

## EXPLANATORY STATEMENT

The following Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 as amended to date sets out all material facts relating to the business mentioned at item nos. 5, 6 & 7 in the accompanying Notice dated March 23, 2011.

### Special Business:

#### Item No. 5

#### Revision in remuneration of Mr. Ravindra Ojha, Whole-time Director:

Mr. Ravindra Ojha is having total experience of 28 years and is associated with the GKN group for the last 8 years. Considering his experience, association with the Company and performance and subject to the Members Approval & Central Government approval as may be required; the Board of Directors of the Company in their meetings held on December 16, 2010 and on March 23, 2011 revised the remuneration of Mr. Ravindra Ojha, Whole-time Director of the Company. The details are as under:

1. Remuneration
  - Basic salary revised from Rs. 2,568,000/- to Rs. 2,850,480/- per annum with effect from January 1, 2011.
  - Discretionary Allowance Rs. 120,000/- per annum.
2. Perquisites, Allowances & Retirement Benefits:
  - i) Accommodation: Company leased accommodation or House Rent Allowance, subject to maximum of 60% of the basic salary per month or Rs. 100,000/- per month whichever is less.
  - ii) House Maintenance: The expenditure incurred by the Company for maintaining the accommodation of Mr. Ravindra Ojha subject to a maximum of Rs. 40,000/- per annum.
  - iii) Furnishings: To the maximum of Rs. 200,000/-.
  - iv) Medical Reimbursement: Rs.15,000/- per annum.
  - v) Leave Travel Concession: Expenses to be incurred for Mr. Ravindra Ojha and his dependents to the maximum of Rs.125,000/- per annum.
  - vi) Car and Telephone: The Company will provide a car with driver for use on Company's business as well as for limited personal use. The Company will also provide a telephone at Mr. Ravindra Ojha's place of residence for official calls and personal local calls. Personal long-distance calls on the telephone will be to the account of Mr. Ravindra Ojha.
  - vii) Provident Fund: 12% of Basic salary.
  - viii) Superannuation Fund: 15% of Basic salary.
  - ix) Gratuity: The Company will provide gratuity benefit equivalent to 4.16% of Basic salary for every completed year of service at the end of the tenure of service with the Company.
  - x) Group Accident and Mediclaim Insurance: In accordance with the rules of the Company.
3. Performance Linked Bonus/incentive
  - a. For the year ended December 2010, Rs.1,406,750/- performance linked bonus.
  - b. For the year ended December 2010 Rs.513,600/- as incentive.

Other conditions of the Agreement entered between the Company and Mr. Ravindra Ojha and approved by the Members of the Company in its meeting held on 22<sup>nd</sup> June 2010 shall remain same.

In view of Mr. Ravindra Ojha's enormous contribution in growth of the Company, the Board recommends increase in the remuneration and request the Members to approve it by passing the resolution as set out in the Item No. 5 of the Notice.

The said Agreement referred to in the Resolution is available for inspection to Members at the Registered Office of the Company on any working day between 11 a.m. to 1.00 p.m. prior to the date of the Annual General Meeting.

No Director except Mr. Ravindra Ojha is concerned or interested in the Resolution as set out in Item No. 5 of the Notice.

**Item No. 6****Appointment of Mr. Ravindra Ojha as Managing Director:**

The Board of Directors in its meeting held on March 23, 2011 appointed Mr. Ravindra Ojha as Managing Director of the Company for the period April 1, 2011 to October 31, 2012 on same remuneration and terms & conditions as mentioned in explanatory statement of item no. 5 and as agreed vide another Agreement entered between the Company and Mr. Ravindra Ojha. The performance linked bonus shall be decided by the Board of Directors of the Company from time to time. His appointment as Managing Director is subject to approval of the Members in this Annual General Meeting and subject to such other approvals, as may be required in this regard.

The agreement entered between the Company and Mr. Ravindra Ojha contains the following principal terms and conditions:

1. Mr. Ravindra Ojha, Managing Director shall be entrusted with substantial powers of management of the business and affairs of the Company, provided that he shall exercise such powers subject to the superintendence, control and directions of Board of Directors.
2. Tenure of the Agreement: April 1, 2011 to October 31, 2012.
3. Remuneration:
  - Basic salary Rs. 2,850,480/- per annum.
  - Discretionary Allowance Rs. 120,000/- per annum.
4. Perquisites, Allowances & Retirement Benefits:
  - i) Accommodation: Company leased accommodation or House Rent Allowance, subject to maximum of 60% of the basic salary per month or Rs. 100,000/- per month whichever is less.
  - ii) House Maintenance: The expenditure incurred by the Company for maintaining the accommodation of Mr. Ravindra Ojha subject to a maximum of Rs. 40,000/- per annum.
  - iii) Furnishings: To the maximum of Rs. 200,000/-.
  - iv) Medical Reimbursement: Rs.15,000/- per annum.
  - v) Leave Travel Concession: Expenses to be incurred for Mr. Ravindra Ojha and his dependents to the maximum of Rs.125,000/- per annum.
  - vi) Car and Telephone: The Company will provide a car with driver for use on Company's business as well as for limited personal use. The Company will also provide a telephone at Mr. Ravindra Ojha's place of residence for official calls and personal local calls. Personal long-distance calls on the telephone will be to the account of Mr. Ravindra Ojha.
  - vii) Provident Fund: 12% of Basic salary.
  - viii) Superannuation Fund: 15% of Basic salary.
  - ix) Gratuity: The Company will provide gratuity benefit equivalent to 4.16% of Basic salary for every completed year of service at the end of the tenure of service with the Company.
  - x) Group Accident and Mediclaim Insurance: In accordance with the rules of the Company.
5. Performance Linked Bonus/incentive As may be approved by the Board of Directors from time to time.

**Other terms and conditions:**

- a) During his tenure as a Managing Director of the Company, Mr. Ravindra Ojha shall be directly in-charge of the overall operations of the Company and will oversee and co-ordinate all other functions of the business.
- b) He shall devote his full time, attention and abilities to the business of the Company.
- c) He shall not during the term of his appointment engage himself in any other business or undertaking or calling.
- d) He shall not make known or communicate to any person or persons or himself make use of the Company's secrets.
- e) The appointment may be terminated by the Company or by Mr. Ravindra Ojha by giving not less than three month prior notice in writing.
- f) He shall be entitled to all business traveling and related expenses incurred in connection with the Company's interest in line with Travel Policy of the Company.
- g) He shall not become interested or otherwise concerned directly or through his relatives in any place of profit including selling agency to the Company in future without complying the provisions of the Companies Act, 1956.

## GKN Driveline (India) Limited

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The Directors are of the opinion that the knowledge and experience of Mr. Ravindra Ojha in various spheres of management will be useful to the Company. The Board, therefore, recommends his appointment for approval.

The said Agreement referred to in the Resolution is available for inspection to Members at the Registered Office of the Company on any working day between 11 a.m. to 1.00 p.m. prior to the date of the Annual General Meeting.

No Director except Mr. Ravindra Ojha is concerned or interested in the Resolution as set out in Item No. 6 of the Notice.

### **Item No. 7**

#### **Appointment of Mr. Marc Louis Gustave Vuarchex as Director:**

The Board of Directors appointed Mr. Marc Louis Gustave Vuarchex as Additional Director of the Company with effect from March 23, 2011. Under Section 260 of the Companies Act, 1956 as amended to date, Mr. Marc Louis Gustave Vuarchex will cease to hold office at this Annual General Meeting and is eligible for appointment.

Mr. Marc Louis Gustave Vuarchex, born on 12 March 1952, has done MBA from CG Grenoble, France, & Ingenieur from ECP (Ecole Centrale de Paris), France. He has been the Managing Director – Asia pacific from Sept 2009. Before his stint in GKN Asia Pacific Operations, he worked as Managing Director South Europe – GKN Driveline from 2003 to 2007. During the period from 2000-2003 he worked as Managing Director European Operations. Before joining GKN he worked with reputed groups like VALEO, LABINAL, Jaeger and Magneti-Marelli etc.

A notice under Section 257 of the said Act has been received from a Member proposing Mr. Marc Louis Gustave Vuarchex as a candidate for the office of Director. The Board recommends for Members' approval for the appointment of Mr. Marc Louis Gustave Vuarchex as Director of the Company.

No Director except Mr. Marc Louis Gustave Vuarchex is concerned or interested in the Resolution as set out in Item No. 7 of the Notice.

For and on behalf of the  
Board of Directors

Sd/-  
Ashish Kumar Pandey  
Company Secretary

New Delhi, March 23, 2011





**REPORT OF THE BOARD OF DIRECTORS ATTACHED TO THE BALANCE SHEET OF THE COMPANY AS AT DECEMBER 31, 2010 PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956.**

To the Members of  
GKN Driveline (India) Limited

Your Directors have pleasure in presenting their 26th Report on the audited Accounts of your Company for the year ended December 31, 2010.

**1. Financial Results:**

The summarised financial figures are given below:

	(Rs. in '000)	
	<u>2010</u>	<u>2009</u>
Turnover, net of excise	5,785,288	4,368,047
Other Income	67,310	45,013
Profit before Tax and Depreciation	847,620	663,370
Profit before Tax	547,121	399,475
Tax on Profit	184,606	123,090
Net Profit	362,515	276,385
Transfer to General Reserve	Nil	Nil
Profit & Loss account balance carried forward	2,497,516	2,135,001

**2. Operations:**

The automotive industry has benefited from a good overall macro-economic environment and this has positive impact on consumer confidence. Car sales grew around 30% in financial year ending on March 31, 2011 as flurry of new models and low interest rates coupled well with the economic boom accelerated demand.

The volume of car sales is likely to close at 1.98 Mn. units in the financial year ending March 31, 2011 against 1.53 Mn. units in financial year ended March 31, 2010. The car production in India has increased by 27% from 1.93 Mn. units in FY 2010 to 2.45 Mn. in FY 2011.

Your company has been able to maintain a growth rate of 34% in terms of value and 28% in terms of number of vehicle sets produced.

	<u>2010</u>	<u>2009</u>	<u>% change</u>
Sales in vehicle sets	1,794,498	1,396,914	28
Turnover (Rs.in Mn.)	6,368	4,748	34

Your company is acquiring industrial land admeasuring 10.87 acres for its West Project in Pune, Maharashtra, for expanding capacity to meet exceeding demand of the customers based in western part of India. The customers are Fiat, Spicer India, Tata Motors, Volkswagen, Mahindra & Mahindra and General Motors.

The in-house forging plant at its existing Chennai Plant is expected to commence production in the current year 2011.

**3. Dividend:**

In view of ongoing expansion plan to increase its capacity in line with customers' requirement, your Directors do not recommend any dividend for the year under review.

**4. Outlook:**

As per the Economic Survey 2010-11, India's economy will revert to the pre-crisis growth level of 9 per cent in the next year, buoyed by strong fundamentals. With high demand of vehicles, the good run of automotive industry is likely to continue.

According to the annual forecast of the Society of Indian Automobile Manufacturers, the car sale is expected to grow by 16%-18% in FY 2012. However, rising interest rates and possible increase in prices of vehicles due to implementation of Bharat Stage III norm are likely to affect the overall growth prospect of the automotive industry. The Indian economy is poised to achieve the growth rate of around 9 per cent in the next fiscal, despite the risks of global events such as volatility in commodity prices like crude oil exacerbated by political turmoil in the Middle East.

**5. Auditors and Auditors' Report:**

M/s. Price Waterhouse, Chartered Accountants, Gurgaon, the Auditors of the Company hold office until the conclusion of this Annual General Meeting and being eligible, have offered themselves for re-appointment for the year 2011.

The Company has also received a certificate required under the Proviso to Sub-Section (1) of Section 224 of the Companies Act, 1956 from M/s. Price Waterhouse, Chartered Accountants, Gurgaon certifying that their appointment, if made, will be within the limit prescribed under Sub-Section (1-B) of the said Section.

The Notes on Accounts referred to in the Auditors' Report is explanatory and do not call for any further comments.

**6. Subsidiary Company:**

The accounts of the subsidiary company, M/s. Drivetech Accessories Ltd. are attached pursuant to Section 212 (1) of the Companies Act, 1956. A statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 is also attached as Annexure 1 to this report.

**7. Particulars of Employees:**

Pursuant to Section 217(2A) of the Companies Act, 1956, a statement containing the required particulars of an employee of the Company employed during the year ended December 31, 2010 is attached as Annexure 2 to this report.

**8. Conservation of Energy:**

During the year 2010, your Company initiated various innovative steps for conserving power. The following steps taken at all the manufacturing facilities of your Company have resulted in saving of 873,000 power units:

- i) New compressor installed of 630 CFM with VFD & Energy efficient motors.
- ii) Energy efficient new Air conditioners installed in place of old air conditioners.
- iii) Compressed air leakage control in shop floor machines.
- iv) Horizontal deployment of washing machines and use of heatless chemical for component washing.
- v) T5 Tube Lights replaced in place of convectional 250 W lights (street lighting).
- vi) Double coil inductor used in all the induction hardening machines.
- vii) Models with higher case depth run at low frequency on induction hardening machines.

**9. Technology Absorption:**

Detail of the efforts made by the Company in the area of technology absorption given in the prescribed Form B is attached as Annexure 3 to this report.

**10. Responsibility Statement:**

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

- (i) in the preparation of the annual accounts for the year ended December 31, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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 as at December 31, 2010 and of the profit or loss of the company for that date;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis.

**11. Health, Safety and Environment:**

Your Company is maintaining ISO 14001 certification since 2002, OHSAS 18001 certification since 2004 and TS 16949 since 2003.