

Committed to safety, always



ANNUAL REPORT 2011-12



Our Plant at Paithan, Aurangabad



Our Plant at Bhandara, Nagpur

BOARD OF DIRECTORS

Raghu Mody	Executive Chairman
P K Choudhary	Managing Director
Ramchandra Rao (w. e. f. 16 th May, 2012)	Joint Managing Director
Varunn Mody	Executive Director
K M Robinson	Independent Director
A B Vaidya	Independent Director
Lt. Gen. (Retd.) K. S. Brar	Independent Director
Brijmohan Rai Bahl (w. e. f. 16 th May, 2012)	Independent Director
Amit Goenka	GM Finance & Company Secretary

AUDITORS

Lodha & Co.

SOLICITORS

Khaitan & Co.

BANKERS

Bank of Baroda
ICICI Bank Ltd.

REGISTERED OFFICE

B-11, Paragon Condominium,
Pandurang Budhkar Marg, Worli,
Mumbai – 400 013

REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078.

WORKS

Paithan : D-2/1, MIDC Industrial Area, Paithan,
Dist. Aurangabad - 431107
Bhandara : C-10/1, Bhandara Industrial Area, Gadegaon,
Dist. Bhandara-441904

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NOTICE

Notice is hereby given that the Forty Eighth Annual General Meeting of the Company will be held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 at 11.30 a.m. on Friday, 10th August, 2012 to transact the following businesses:

ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Mr. Varunn Mody, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. M. Robinson, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s Lodha & Company, 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 authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Brijmohan Rai Bahl (DIN 00222406), who was appointed as an Additional Director by the Board of Directors w.e.f. 16th May, 2012 in terms of Article No. 112 of the Articles of Association of the Company and as per the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Ramchandra Rao (DIN 02715085), who was appointed as an Additional Director by the Board of Directors w.e.f. 16th May, 2012 in terms of Article No.112 of the Articles of Association of the Company and as per the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Mr. Ramchandra Rao as Joint Managing Director of the Company for a period of 3 years w. e. f. 16th May, 2012, on the terms and conditions as set out in the Explanatory Statement attached to this Notice, be and is hereby approved, with the liberty to the Board of Directors to revise the terms with regard to remuneration from time to time, within the limits provided for in the said Schedule XIII or any amendment thereto for the time being in force.

RESOLVED FURTHER THAT in event of absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Ramchandra Rao as Joint Managing Director of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration to him.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to the above resolution.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Mr. Raghu Mody as an Executive Chairman of the Company for a period of 3 (three) years w. e. f. 1st October, 2011 on the terms and conditions as set out in the Explanatory Statement attached to this notice, be and is hereby approved, with the liberty to the Board of Directors to revise the terms with regard to remuneration from time to time, within the limits provided in the said Schedule XIII to the Act or any amendment thereto for the time being in force.

RESOLVED FURTHER THAT in event of absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Raghu Mody as an Executive Chairman of the Company, the payment of the above remuneration shall be payable as minimum remuneration to him.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to the above resolution.”

By order of the Board of Directors

Place: Mumbai

Date: 16th May, 2012

Amit Goenka

G. M. Finance & Company Secretary

Registered Office :

B-11, Paragon Condominium,
P. B. Marg, Worli, Mumbai – 400 013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND VOTE, IN CASE OF POLL ONLY, INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME OF COMMENCEMENT OF THE MEETING.
 2. The Register of Members and the Share Transfer Books of the Company will remain closed from 6th August, 2012 to 10th August, 2012 (both days inclusive).
 3. The shares of the Company are listed on BSE Ltd., National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Association Limited. Listing fees for the financial year 2012-13 has been paid to all the stock exchanges except The Calcutta Stock Exchange Association Limited, where the Company has applied for de-listing.
 4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
 5. Members who hold shares in dematerialized form are requested to bring their client ID and DPID for easier identification of attendance at the Meeting.
 6. As required under Section 205A and 205C of the Companies Act, 1956, unclaimed dividend for the financial year ended 31st March, 2004 has been transferred to the Investor Education and Protection Fund (IEPF). The balance amount in unpaid dividend account for
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the financial year 2004-2005 is due for transfer to the Investors Education and Protection Fund by 13th October, 2012. The shareholders whose dividend remained unclaimed for the aforesaid financial year and following financial years are requested to claim it immediately from the Company, otherwise no claim shall lie against the said Fund or the Company in respect of any amounts which remained unclaimed for a period of seven years from the date it becomes first due for payment and no payment shall be made in respect of any such claim.

7. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the Meeting so that the answers can be made readily available at the Meeting.
8. Dividend on Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2012, if approved by the members at the Annual General Meeting, will be paid to those members whose names stand registered in the Register of Members as on 10th August, 2012.
9. Brief resume of Directors proposed to be re-appointed at the ensuring Annual General Meeting in terms of clause 49 of the Listing Agreement is annexed to the Notice.

INFORMATION OF DIRECTORS BEING PROPOSED FOR APPOINTMENT/RE-APPOINTMENT
[as required under Clause 49(IV)(G) of the Listing Agreement]

1. **Mr. Varunn Mody**, aged 28 years, is a young entrepreneur having good knowledge of business. He has experience in Finance and Management.

He is Director in J L Morison (India) Limited and Rasoi Express Private Limited.

As on 31st March, 2012, Mr. Varunn Mody does not hold any share in the Company.

2. **Mr. K. M. Robinson**, aged 64 years, is a leading lawyer based in the United Kingdom. Mr. Robinson is associated with the Company for last 17 years as a Director. Mr. Robinson possesses rich experience in Mergers & Acquisitions, International Taxation and Trade Laws.

As on 31st March, 2012, Mr. Robinson does not hold any share in the Company.

3. **Mr. Ramchandra Rao**, aged 55 years, is a Mechanical Engineer and has 31 years of rich experience in Auto Component Industry. He has been associated with Eaton Corporation for 3 years and with Kirloskar Oil Engines Ltd., Pune, for a long period of 21 years.

Mr. Rao is Executive Committee Member of Automotive Component Manufacturer Association of India (ACMA).

As on 31st March, 2012, Mr. Rao does not hold any share in the Company.

4. **Mr. Brijmohan Rai Bahl**, aged 66 years, is a Senior Chartered Accountant, Company Secretary and Lawyer by profession. He is a Senior Partner of B. R. Bahl & Associates, Company Secretaries and Management Consultant. He had been associated with Tata Group of Companies for 25 years.

Mr. Bahl is Director in TATA Services Ltd., The Associated Building Co. Ltd., VJM Media Pvt. Ltd., Bhakti Capital Advisors Pvt. Ltd. and Khandwala Securities Ltd.

As on 31st March, 2012, Mr. Bahl does not hold any share in the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

Mr. Brijmohan Rai Bahl is appointed as an Additional Director of the Company w.e. f. 16th May, 2012. Mr. Brijmohan Rai Bahl, aged 66 years, is a Chartered Accountant, Company Secretary and has also done LLB. He has 25 years of experience in Finance & Taxation.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Brijmohan Rai Bahl holds office as such upto the date of this Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

The Board recommends passing of the Ordinary Resolution as set out at item no. 6 of the Notice.

Except Mr. Brijmohan Rai Bahl, none of the other directors of the Company are concerned or interested in the said resolution.

Item No. 7

Mr. Ramchandra Rao is appointed as an Additional Director of the Company w. e. f. 16th May, 2012. Mr. Ramchandra Rao, aged 55 years, is a Mechanical Engineer. He has 31 years of rich experience in Auto Component Industry.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Ramchandra Rao holds office as such upto the date of this Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

Mr. Rao is also appointed as Joint Managing Director of the Company for a period of 3 years w. e. f. 16th May, 2012 on the following terms and conditions:

1.	Salary	Rs. 3,00,000/- per month, and Special Allowance of Rs. 2,00,000/- per month with an increase which may be decided by the Board of Directors from time to time within limits, specified in Schedule XIII of the Companies Act, 1956.
2.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas and maintenance in the premises etc., not exceeding Rs.10,000/- per month. In case no accommodation is provided, the payment of HRA subject to the ceiling of sixty percent of salary.
3.	Servant Allowance	Provision for Servant Allowance Rs. 12,500/- p.m.
4.	Other Allowance	Provision for other allowance Rs. 8,333/- p.m.
5.	Variable Salary	Not exceeding Rs. 23 Lacs per annum (Performance Linked)
6.	Conveyance / Motor Car	Provision of motor car with driver or Rs. 50,000/- per month.
7.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependent children, not exceeding Rs. 1,00,000/- per annum.
8.	Leave Travel Concession	As per rules of the Company not exceeding, Rs. 2,00,000/- per annum.
9.	Provident and other funds including superannuation and gratuity	As per rules of the Company.
10.	Personal Accident Insurance	As per rules of the Company.
11.	Club subscription	Reimbursement of club subscription fee of one club.
12.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provision of Part II of Schedule XIII of the Companies Act, 1956.

The Board recommends the Ordinary Resolution as set out at item no. 7 of the notice for approval of the Members.

Except Mr. Ramchandra Rao, none of the other Directors are interested in this resolution.

Item No. 8

Mr. Raghu Mody, aged 73 years, is Chairman of the Company since 1987. He is a leading industrialist with several years of extensive and varied experience in setting up an operating business in edible oil, health care products, cosmetics, auto components and other industrial products.

Considering his vast experience the Board appointed him as an Executive Chairman of the Company for a period of 3 years w.e.f. 1st October, 2011 on the following terms and conditions:

1.	Salary	Rs. 4,00,000/- per month and special allowance of Rs. 85,000/- per month with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule XIII to the Companies Act, 1956.
2.	Commission	Subject to limit prescribed under the Companies Act.
3.	Accommodation	Free furnished accommodation with reimbursement of the cost of electricity, water, gas, telephone and maintenance in the premises etc.
4.	Conveyance/Motor Car	Provision of motor car with driver.
5.	Medical	Reimbursement of medical expenses and insurance premium for self, spouse and dependant children, not exceeding Rs. 60,000/- per annum.
6.	Servant Allowance	Provision for Servant Allowance Rs. 10,000/- p.m.
7.	Gratuity	As per rules of the Company.
8.	Personal accident insurance	As per rules of the Company.
9.	Club subscription	Reimbursement of club subscription fees of two clubs.
10.	Leave encashment	Encashment of leave accumulation as per the rules of the Company.

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provision of Part II of Schedule XIII of the Companies Act, 1956.

The Board recommends the Ordinary Resolution as set out at item no. 8 of the notice for approval of the Members.

Except Mr. Raghu Mody and Mr. Varunn Mody, none of the other Directors are interested in this resolution.

By order of the Board of Directors

Place: Mumbai
Date: 16th May, 2012

Amit Goenka
G. M. Finance & Company Secretary

Registered Office :
B-11, Paragon Condominium,
P. B. Marg, Worli, Mumbai – 400 013

DIRECTORS' REPORT

Your Directors present their Forty Eighth Annual Report together with the Audited Accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Net Sales and Income from Investments	11902	12394
Other Operating Income	40	87
Profit before Interest, Depreciation & Amortization exp. and exceptional item	3025	2985
Interest	(157)	(136)
Depreciation and Amortization expenses(Net)	(455)	(444)
Profit before Exceptional items and tax	2413	2405
Exceptional items	347	228
Profit Before Tax	2760	2633
Provision for Taxes	(668)	(628)
Profit After Tax	2092	2005
Profit available for appropriation	2601	2123
Appropriations		
Proposed Dividend	98	98
Corporate Dividend Tax	16	16
Transfer to General Reserve	1500	1500
Surplus carried to Balance Sheet	987	509

2. DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 2/- per share being 20% of the Paid-Up Equity Capital of the Company [previous year Rs. 2/- (20%) per share] for the year ended 31st March, 2012. The Corporate Dividend Tax of Rs. 16 Lacs (previous year Rs. 16 Lacs) will be payable on the total dividend amount of Rs. 98 Lacs (previous year Rs. 98 Lacs).

3. PERFORMANCE

During the year 2011-12, the Company could achieve turnover of Rs. 84.28 Crores, as against Rs. 95.72 Crores. The decline in turnover was mainly because of the discontinuation of the Jointing / Textile business, consequent to the sale of its Jalna Unit in March, 2011.

Investment income during the year increased from Rs. 28.22 Crores to Rs. 34.74 Crores. This was achieved with judicious deployment of funds in high yielding assets.

The gross profit of the Company increased to Rs. 30.25 Crores from Rs. 29.80 Crores. There was a one time profit of Rs. 3.47 Crores on the sale of a residential property. After considering Interest of Rs. 1.57 Crores, depreciation of Rs. 4.55 Crores and exceptional profit of Rs. 3.47 Crores, the profit before tax was Rs. 27.60 Crores. The net profit after providing tax of Rs. 6.68 Crores was Rs. 20.92 Crores

Profitability of the manufacturing segment was adversely affected on account of major cost escalation in raw material and other inputs, which could not be passed on to customers due to fixed annual rate contracts with a few of the Government / Institutional customers and on account of competitive market conditions.

Although, the current economic scenario appears subdued due to high inflation, political uncertainty and the depreciating Rupee, the Company will continue to put its focus on upgradation of process technology, improvement in productivity and cost control measures. The Company will also provide necessary focus for growth in the OEM business.

The Company will continue to deploy its funds in a prudent and judicious manner in order to optimize the return on its investments, amongst various asset classes.

During the year, the Company entered into a Long Term Settlement with the Workmen in its Bhandara Plant for a period of 3 years effective from 1st August, 2011.

The Company participated at the Auto Expo 2012 at Pragati