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**29<sup>th</sup> Annual Report**  
2010-2011

**PIX**

**PIX TRANSMISSIONS LIMITED**

# PIX

## Muscle Belt



**Lean!**

**Mean!**

**Green!**

- ✓ High Power
- ✓ 98% Efficient
- ✓ Maintenance Free
- ✓ REACH compliant
- ✓ ECO Friendly
- ✓ Space Saving
- ✓ Reduced Wear
- ✓ Smoother Running

# **PIX**

**29<sup>th</sup> Annual Report**  
**2010-2011**

## PIX Transmissions Limited

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<b>Board of Directors:</b>	Mr. Amarpal Sethi (Chairman & Managing Director) Mr. Sonopal Sethi (Joint Managing Director) Mr. Sukhpal Singh Sethi Mr. Rishipal Sethi Mr. Karanpal Sethi Mr. Joe Paul Mr. Darshan Singh Chadha Mr. Jose Jacob Mr. Haresh Eidnani Mr. Pradeep Havnur Mr. Aqueel A. Mulla Mr. Om Prakash Arora
<b>Company Secretary:</b>	Mr. Shybu Varghese
<b>Auditors:</b>	M/s S. C. Bandi & Company [Chartered Accountants, Mumbai]
<b>Bankers:</b>	1. State Bank of Hyderabad 2. State Bank of India 3. IDBI Bank Ltd.
<b>Registered office &amp; Works:</b> <b>(Unit No. 1)</b>	J-7, M.I.D.C, Hingna Road, Nagpur - 440 016 Tel.: (07104) 236501-504, Fax: (07104) 236505/6 Website: <a href="http://www.pixtrans.com">http://www.pixtrans.com</a>
<b>(Unit No. 2)</b>	K-36, K-37 & K-38, M.I.D.C, Hingna Road, Nagpur-440 016
<b>(Unit No. 3)</b>	Bazargaon, Amravati Road, Nagpur-440 023
<b>(Unit No. 4)</b>	Khasra No.57, Mouza Nagalwadi, Tehsil – Hingna, Nagpur-440016
<b>Mumbai Office:</b>	Pals Building, 1st Road, TPS IV, Bandra – [West], Mumbai – 400 050 Tel.: (022) 26404556 / 26402229 Fax: (022) 26402225
<b>Share Transfer Agent:</b>	Link Intimeindia Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078 E-mail: <a href="mailto:isrl@linkintime.co.in">isrl@linkintime.co.in</a>

# PIX Transmissions Limited

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## NOTICE

Notice is hereby given that the TWENTY NINTH ANNUAL GENERAL MEETING of PIX TRANSMISSIONS LIMITED will be held at the Registered office of the company at J-7, M.I.D.C, Hingna Road, Nagpur at 9.30 A.M. on Wednesday the 21st September, 2011 to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the Year ended 31st March, 2011 and the Balance Sheet as on that date together with Reports of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares
3. To appoint a Director in place of Mr. Sukhpal Singh Sethi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sonopal Sethi who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Darshan Singh Chadha who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Mr. Joe Paul who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint a Director in place of Mr. Hareesh Eidnani who retires by rotation and being eligible offers himself for re-appointment.
8. To appoint Auditors and to fix their Remuneration.

## SPECIAL BUSINESS

9. To consider and if thought fit to pass with or without modification(s) following as a special Resolution:

“RESOLVED THAT in pursuance to section 269, 309, 198 Schedule XIII and other applicable Provisions if any of the Companies Act 1956, the approval is hereby accorded to re-designate and appoint Shri Rishipal Sethi as a Joint Managing Director of Company for a period of 3 years effective from 01.08.2011 till 31.07.2014 on the terms & conditions as contained in the draft agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting with liberty to the Board of Directors to vary, alter and modify such terms of remuneration so as to not exceed the limit specified in Schedule XIII of the Companies Act, 1956 or any statutory modification, substitution or re-enactment thereof, as may be agreed to by the Board of Directors and acceptable to Shri Rishipal Sethi.”

“RESOLVED FURTHER THAT in any financial year during his term of office, the company makes no or inadequate profits, the company may pay him remuneration by way of salary and perquisites not exceeding the limit laid down in Section II Part II of Schedule XIII of the Companies Act, 1956 or any statutory modifications, substitutions or re-enactment thereof, as may be agreed to by the Board of Directors and acceptable to Shri Rishipal Sethi.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps from time to time as may be necessary or desirable to give effect to this Resolution.”

**For and on behalf of the Board of Directors**

**Place: Mumbai**  
**Dated: 30.05.2011**

**Amarpal Sethi**  
**Chairman & Managing Director**

### **NOTES**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the time of the Meeting.
2. Register of Members and the transfer books of the Company will remain closed from Friday 16th day of September 2011 to Tuesday 20th day of September 2011 (Both days inclusive).
3. An explanatory statement as required under section 173(2) of the Companies Act 1956 as regard to item no. 9 has been annexed to the notice.
4. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
5. Information pursuant to Clause 49 of the Listing Agreement for Re-appointment of Directors.

Name of the Directors	Date of Birth	Date of Appointment	Qualifications	Director-ship In other Companies incorporate in India	Chairman / Member of other committees of Companies
SUKHPAL SINGH SETHI	11.06.1942	05.03.1992	I.Sc.	No	No
SONEPAL SETHI	16.09.1966	01.04.1989	B.Sc. Grad PRI [UK]	Yes	No
JOE PAUL	08.03.1962	01.05.2000	B.COM, MIRPM	No	No
HARISH EIDNANI	12.10.1964	21.09.1999	B.Sc.	No	No
DARSHAN SINGH CHADDHA	28.02.1942	29.12.2004	B.Com	No	No
RISHIPAL SETHI	15.06.1973	29.12.2004	B.Sc. Elec. Eng.	Yes	No

**For and on behalf of the Board of Directors**

**Place: Mumbai**  
**Date: 30.05.2011**

**Amarpal Sethi**  
**Chairman & Managing Director**

## **ANNEXURE TO THE NOTICE**

Explanatory statement in pursuance of section 173(2) of the Companies Act, 1956

### **ITEM No. 9**

It is proposed to re-designate Shri Rishipal Sethi as Joint Managing Director of the company who is a director of the company since 2004.

The Remuneration Committee at its meeting held on 30th May, 2011 recommended the re-designation and appointment of Shri Rishipal Sethi, as a Joint Managing Director of the company for a period of three years from 1st August, 2011 till 31st July, 2014.

In pursuance of the recommendation of the Remuneration Committee, the Board of Directors at its Meeting held on 30th May, 2011, re-designated and appointed Shri Rishipal Sethi as a Joint Managing Director for the period of three years from 1st August, 2011 to 31st July, 2014.

### **Nature of Duties:**

Shri Rishipal Sethi has an experience of 12 years and looks after export sales and marketing of the company.

### **Remuneration:**

Shri Rishipal Sethi shall with effect from 1st August, 2011 be entitled to emolument, benefits and perquisites as given in following paragraph during the period of his employment subject to the ceiling limit laid down in Section 198, 309 and Schedule XIII of the Companies Act, 1956.

### **Salary:**

Rs.3.75 Lacs to Rs.5.50 Lacs per month

### **Perquisites:**

Perquisites shall be restricted to an amount equal to annual salary. The perquisites payable to Joint Managing Director are as under:

#### **1. Contribution to the Provident and Pension Fund:**

The company shall pay contribution to the Provident and Pension Fund during the period of tenure of Joint Managing Director

#### **2. Payment of Gratuity:**

The company shall pay the gratuity (15 days average salary for completed years of service) however the gratuity amount shall not be paid exceeding Rs.10 Lacs

#### **3. Ex- gratia:**

The company shall pay to the Joint Managing Director as per the policy of the company

## **PERQUISITES:**

### **Housing:**

Furnished accommodation will be provided to the Joint Managing Director by the company during the period of his association with the company.

### **Car and Telephone:**

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company at cost, to the Joint Managing Director.

### **Medical Reimbursement:**

Expenses incurred for the Joint Managing Director and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

### **Leave Salary:**

The company shall pay one month leave salary for every eleven months of service.

### **Leave Travel Allowance:**

The leave travel concession shall be allowed as per the policy of the company.

### **Personal Accident Insurance:**

The company shall pay premium of Rs. 5000/- per annum towards accident insurance.

**MINIMUM REMUNERATION:**

In the event of loss or inadequacy of profits in any financial year during the tenure of his service, Shri Rishipal Sethi will be paid remuneration by way of Salary, perquisites and other allowances as per the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956 as may be amended from time to time.

In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulation or guidelines enforce from time to time, the company may, in its discretion, increase the remuneration payable to him, subject to obtaining such approvals as may be required.

**Other Terms:**

- a) The Joint Managing Director shall not become interested or otherwise be concerned directly or through his spouse and /or minor children in any selling agency of the company without the prior approval of the Central Government.
- b) The Joint Managing Director be entitled to reimbursement of all actual traveling, lodging and boarding expenses and entertainment expenses reasonably incurred in connection with the business of the company.
- c) The Joint Managing Director shall observe secrecy with regard to information acquired by him in the course of his appointment and shall not use the same for his own purpose either during the currency of this agreement or thereafter.

As regard to re-designation and appointment of Shri Rishipal Sethi as Joint Managing Director of the company in compliance with the applicable provisions of the Companies Act, 1956, a special resolution in terms as set out in Item No. 9 of the accompanying Notice is now being placed before the members in the Annual general Meeting for their approval.

Except for Shri Rishipal Sethi and Shri Sukhpal Singh Sethi being the father of Shri Rishipal Sethi no other Directors of the company is concerned or interested in the said Special resolution.

The explanatory statement is and should be treated as an abstract under Section 302 of the Companies Act, 1956, of the agreement to be entered into between the company and Shri Rishipal Sethi.

The agreement between the company and Shri Rishipal Sethi is available for inspection by the members of the company at its Registered Office between 10.00 a.m. to 1.00 p.m. on all working days of the company.

The Board recommends Item No.9 of the accompanying Notice for approval of the members.

*Power Innovation Excellence*

*PIX will strive to become a World Leader in Power and Fluid Transmission and Allied business with group Revenues in excess of US \$ 200 million in the next 5 years.*

*PIX will create delighted customers through rapid development and delivery of innovative high quality and cost effective solutions to meet end-to-end Power Transmission requirements backed with customer care of the highest standards.*

*PIX shall continually attain a high level of customer satisfaction through its passionate endeavor to provide world-class products and services through people participation.*

*The quality management system shall be the foundation and the effective implementation of the organizational goals shall determine its continuing suitability.*

*PIX is committed to follow systematic approach to achieve continual improvement in environment performance by strengthening the greening of supply chain, occupational health & safety while complying to all applicable legal, safety legislation and other requirements.*

<i>Organizational Mantra</i>	<i>:</i>	<i>Quality in everything we do</i>
<i>Our Motto</i>	<i>:</i>	<i>A Delighted Customer</i>

## Chairman's Letter

Dear Shareholders,

My greetings to all of you

I would like to take this opportunity to thank you for all your support and also apprise you on the recent developments in PIX preparatory to achieve revenues of Rs. 300 crore in FY 11/12 and the challenges that lie ahead.

### **Financial Performance**

Although the FY 10/11 has been yet another challenging year for the global markets, it has been better than the previous year.

Your company has achieved overall revenues of Rs. 238 crore in FY 10/11 as compared to Rs. 179 crore in the previous year which is a significant jump of 33%. The exports during FY 10/11 have registered revenues of Rs. 113 crore (Rs. 87 crore) and the domestic revenues at Rs. 125 crore (Rs. 92 crore). The Profit for the year has improved to Rs. 3.64 crore from Rs. 0.70 crore as compared to the previous year.

On a consolidated basis, our associates have still been a laggard in terms of profits which I expect to get corrected further during the coming years.

Your company has been receiving Export Awards from CAPEXIL continuously for several years. Your company has been elevated to the Trading House from the Export House Status by the Directorate General of Foreign Trade during FY 10/11 which will provide better operational convenience on exports.

The future outlook is positive, as Infrastructure, Market and Order Book position are comfortable and the company expects to achieve robust growth in revenues and profits.

### **Dividend**

The Directors are pleased to recommend a dividend @ 7.50% for the year ended 31st March, 2011. Your Directors will be pleased to recommend higher dividend corresponding to higher profits in the coming years. In order to conserve the resources, the directors have not proposed dividend on promoters' holding of preference shares, which will be proposed in coming years.

### **Organizational, Operational Growth & Strategy**

Like I apprised you last year, we completed our Capex Programme on the Rigid Mandrel Plant for high pressure Hoses and the automated Common Mixing Plant last year despite international recession in the preceding year. Today your company boasts of having the best infrastructure and capacity in India for Belts and Hoses.

The Rigid-Mandrel Hoses facility at Bazargaon with a capacity of 2.2 million metres received approval and certification from the Chinese Authorities (MA) and German Authorities (Germanischer Lloyd) which certifies the quality and safety of the products. The company is one of the few in the world to manufacture such product and only one in India. We have also added many other products to our Hydraulics range and re-christened a few to suit varied application needs.

The Assembly Plant is now equipped with Higher Duty Crimping Machines to facilitate crimping of Higher Dia Hoses which find application in Infrastructure, Mining, Oil & Gas and Marine applications.

The Belt section boasts of high end Timing Belts which add better margins to the profitability. Several new Belt products have also been added for various stringent applications, especially in the Agricultural and Industrial segments.

The fully Automated Rubber Mixing Plant at Nagalwadi is a Centralized Plant with Single Point Quality Control which has resulted in a better operational efficiency, as it has absorbed the present rubber mixing facilities at Hingna and Bazargaon. It has also provided additional space for manufacturing and storage in the units.

Our growth strategy has been consistent through this period. We continue leveraging our industrial consumer insights and strong portfolio of brands to derive penetration and increase local and global market capitalization. At the same time, we are building new capabilities and expanding our products, customers and geographical market segments in future.

### **Design and Development / Testing Laboratory**

The Design and Development/ Testing Laboratory at PIX are State of the Art facilities capable for validating and verifying the entire product range of Hoses, Belts and Assemblies that the organization has in its range and proposes to innovate.

Some of the Govt. Agencies are sending their products for testing to our Laboratory. PIX is moving towards accreditation of our Testing Centre from the Department of Science and Technology to achieve it as a Profit Centre.

### **Appreciation**

Finally on behalf of the Board of Directors I would like to thank our employees who have contributed to the excellent performance during the year. I also take this opportunity to express my gratitude to all the stake holders and bankers, who have reposed trust in us and extended their constant support.

With best wishes,

**Amarpal Sethi**

Chairman & Managing Director

30th May, 2011