Chapter 7
Profile of Companies selected for study

7.1 Introduction

For the study the researcher had to select companies to which maximum Accounting Standards are applicable. Accordingly, companies which can be treated as large scale units were selected for study. While selecting such companies, first and important criteria fixed was only Public Limited Companies should be selected. Considering the topic selected for study, second criteria selected was turnover of companies during the latest financial year. Accordingly, public limited companies having turnover ranging from 50 crores to 500 crores were selected for study. Brief profile of every company selected for study is given as under:-

7.2 Perfect Circle India Ltd.

Profile:-

Establishment-

Established in 1962, a renowned name in the Indian Automotive Industry, Perfect Circle is a major supplier of Piston rings to Original equipment manufacturers as well as Replacement markets in India and abroad. The Company has a technical license with MAHLE, Engine Components, USA, a world leader in the automobile industry. The Company manufactures critical automotive component, namely Piston Rings – sold under global brand name of Perfect Circle and also manufacture Plates, a precision component for fuel pumps and transmission. Perfect Circle India has been certified for TS 16949, ISO 14001 and OHSAS 18001 from Bureau Veritas Quality International, UK.
Perfect Circle India Limited manufactures and sells auto components and parts in India. It offers piston rings, profile ground oil rings, taper faced chrome plated rings, sharp corner rings, plain rings, keystone rings and plates, and piston rings casting under the Perfect Circle brand name. The company also manufactures precision plates used as covers for various transmission systems and pumps. It exports its products to original equipment manufacturers and replacement markets primarily in the United States and Europe. The company was founded in 1976 and is based in Nashik, India. Perfect Circle India Limited is a subsidiary of Asia Investments Private Limited.

Perfect Circle India (PCIL), a Anand group company is one of the leading automotive components manufacturer in India. The company has independent casting plant (at Nashik), a machining plant for Piston Rings (at Nashik) and a Gasket Plant (at Pune) to produce Castings, Piston Rings and Gaskets. The brands 'Perfect Circle' and 'Victor' are world renowned brands for Piston Rings and Gaskets respectively and are considered top end of the Industry. PCIL manufactures both the products in financial and technical collaboration with Dana Corporation, USA, a global leader in this products and a Fortune 200 Company. Dana Corporation holds 34.90% stake in the company. The company's R&D department, with assistance from the collaborators, develops gaskets and piston rings for new-generation vehicles for the domestic and export markets. The company exports its products to hard-currency markets such as the US, France and Australia. PCIL was the first company in India, in its product category, to be accredited for ISO 9002 certification as far back as 1993. It's Piston Ring Division also has a QS 9000 Certification. It is also the receipient of the Best Productivity Award from the National Productivity Council for the fifth consecutive year in the light engineering sector for its outstanding performance.

In 1984, the Company revalued its fixed assets as on 29th February And the net surplus of Rs.396 lakhs arising out of this was transferred to capital reserves.
In 1998-99, the company completed relocation of Gasket business to Pune. The expansion of Rings division at the existing facilities at Nashik has also been completed. In 2000-01, the company has added a Furnace for the heat treatment of Semi Finished Castings and a new Profile Grinder for manufacture of hi-tech Piston Rings.

In the year 2001, the Company de-merged its Gaskets Division to Victor Gaskets India Limited and the name of the Company was changed from Perfect Circle Victor Ltd. to Perfect Circle India Ltd. pursuant to the order issued by the Hon’ble High Court of Mumbai.

With the Indian automotive industry witnessing revolutionary changes in the last decade owing to the entry of global majors in India, Perfect India has been focusing on the upgradation of its manufacturing facilities and induction of relevant technology. As a result, the company is today well positioned to cater to the needs of the manufacturers of new generation vehicles.

Besides drawing upon its strengths as an established player in the Indian market, the company has also been inducting relevant technology, stepping up R and D efforts and upgrading its manufacturing facilities to bring the latest piston ring technology into the country. All these have helped the company to not only improve its performance in all areas of the business but also establish itself as a manufacturer of repute.

The company has also set up a 100% Export Oriented Unit for the manufacture of casting made of SG.

The Company's manufacturing facilities, located in Nashik, consist of Casting Plant, Plate Plant and a Piston Ring Machining Plant. These plants are certified for ISO/TS16949; ISO: 14001-2004 and OHSAS-18001:2007.

It is one of the major supplier to original equipment manufacturers and replacement market in India and abroad. Its state-of-the-art manufacturing facilities include following four independent plants.
Table 7.1 – Details of plants of PCIL

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Details of Plant</th>
<th>Address of Plant</th>
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<tbody>
<tr>
<td>1.</td>
<td>Piston Ring Plant</td>
<td>20, MIDC Estate,</td>
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<td></td>
<td></td>
<td>Satpur, Nashik 422 007</td>
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<tr>
<td>2.</td>
<td>Casting Plant</td>
<td>E-34, MIDC Estate,</td>
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<tr>
<td></td>
<td></td>
<td>Satpur, Nasik 422 007</td>
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<tr>
<td>3.</td>
<td>Chrome Plating and Ductile Plant</td>
<td>19, MIDC Estate,</td>
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<td></td>
<td></td>
<td>Satpur, Nashik 422 007</td>
</tr>
<tr>
<td>4.</td>
<td>Plate Plant</td>
<td>E-34, MIDC Estate,</td>
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<td></td>
<td></td>
<td>Satpur, Nasik 422 007</td>
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</tbody>
</table>

Perfect Circle India Limited is having above mentioned three industrial plots (i.e. Plot No. 20, 19 and E-34) in MIDC, Satpur industrial area, Nashik.

In the Plot No. 19-A an area of 9600 SQ.M. is allotted for the purpose of beautification / gardening of the surrounding area (Green belt). On the said plot no. 19 perfect circle started new two plants i.e. chrome plating in the year 1997 and Ductile Ring in the year 2005.

Perfect Circle India’s manufacturing facilities consist of a four plants viz. Piston Ring Machining, Casting Foundry, Ductile Ring Foundry-Machining and Shim Plate Foundry-Machining at Nashik. All these plants are certified for both QS 9000 and ISO 9002, the Company was the first in India in its product category to receive the ISO certification as far back as 1993.
In view of the rapid changes in the automotive industry which witnessed the entry of global players in India during the last decade, Perfect Circle India has been focusing on up-gradation of its manufacturing facilities and induction of relevant technology. Today, the Company is well positioned to cater to the needs of the new generation vehicle manufacturers.

CASTING PLANT - Plot No. E-34

The Static Casting plant has a sophisticated foundry, where the semi-finished Piston Rings and Plate castings are manufactured by the stack moulding process. It is in this casting plant that the first phase of Piston ring manufacturing take place in an environment geared to maintain strict quality control and reduce rejections to the minimum. The casting rings are sent to plot no. 20 for the further processing.
The semi-finished piston ring castings are also exported making the Casting Operations an independent profit center. Exports of the product are made to Latin America and France. The Company expects this product segment to grow and provide a good market for it in the future.

With the introduction of new manufacturing processes and investments made in modern equipment, the plant has been able to ensure consistency in product quality with increased productivity and reduced rejections.

**PISTON RING MACHINING PLANT – Plot No. 20**

The Company manufactures a critical component of the engine i.e. Piston Rings which provide an effective seal to the combustion gases and prevent the lubricating oil from reaching the combustion chamber. This plant manufactures high quality piston rings to cater to all segments of the market – OE, Aftermarket and Exports. The Company’s ‘Perfect Circle’ brand is considered at the top end of the market, making it the preferred choice of its customers.

Owing to the constant up-gradation of its assets and technology, this plant has been able to achieve a high level of productivity with low rejections. In addition, the Company has also enhanced its product range by acquiring the capability to manufacture Steel Section Piston Rings, Profile Ground Oil Rings, Chrome Planted Rings, Keystone Rings, etc. These developments have enabled Perfect Circle India to meet the increasing demand for sophisticated and hi-tech rings from domestic and overseas customers. Exports constituted 30% of the Company’s total sales.

Due to increase in capacity new plant for Chrome Plated Ring was started on adjourned Plot No. 19, Satpur, Nashik. in the year 1997. The said plot was purchased from our group company M/s. Gabriel India Limited.
PISTON RING CHROME PLATING PLANT – Plot No. 19

To grab the growth opportunities of increasing demand for Piston Ring the company set-up a new chrome plating plant on plot no. 19. New machinery and other investments were made for setting up a chrome plated rings plant.

For Plating operation Rings from Plot 20 are transferred to Plot 19 and after completion of plating activity the same is sent back to Plot 20 for further operations. That means the chrome plated ring have total three operations i.e. machining of pre chrome plating operation at plot no. 20, chrome plating operation at plot no. 19 and post machining chrome plated ring at plot no. 20.

Chrome plated rings are made as per the demand from the customers. These chrome plated rings are usually sold in sets with the other Plain rings. Registered office address of the company is plot no. 20.

DUCTILE PLANT – Plot No. 19

The company has set up a 100% Export Oriented Unit for the manufacture of Casting made of SG Iron, a material superior to regular iron. Ductile Plant manufacture centrifugal Ductile Castings from State-of-the-art, most modern plant geared to manufacture under strict quality control as a first operation of Piston Ring manufacturing. These Ductile Rings are required for new generation of engines. The plant started its operation in the year 2005 on Plot No. 19, Satpur, Nashik.

PLATE PLANT – Plot No. E-34

This plant manufactures precision Plates from the Castings to meet requirement of renowned customers. Plates are used as cover for fuel pumps, transmission and other applications. The plate plant is started in the year 2006 at Plot No. E-34, Satpur, Nashik.
MARKETING:

The Company has a strong marketing set-up, comprising an experienced sales force, backed by an all-India distribution network and an efficient aftersales service. All this has helped the Company to provide timely service to its customers, generate brand preference and create new business opportunities.

The Company also conducts sales promotion activities to reinforce its strong brand image. A wide dealer network ensures proper market penetration. Within each territory, trained teams of sales representatives – supported by technically qualified service managers – interact closely with the decision makers. The Company also conducts training programmes for mechanics to educate them on its products, manufacturing processes and new product developments. In addition, through regular dealer meets, the Company provides its Aftermarket customers a forum for discussion on trade related issues.
7.3 GABRIEL INDIA LIMITED

Introduction

Established in 1961 with the setting up of a Shock Absorber plant at Mulund, Gabriel India is the flagship company of the Anand group. It was promoted in technical and financial collaboration with Gabriel Company, US (20.81% stake). Gabriel India Limited is an India-based auto component company. The company, a leader in the Indian auto component industry, manufactures Shock absorbers, McPherson Struts and Front forks with the widest range of Ride Control products in India, catering to Passenger cars, Utility vehicles, Commercial vehicles and two wheelers. The company receives technological support from its collaborators -- Gabriel Ride Control Products, USA; SOQI/ Yamaha Motor, Japan; Kayaba, Japan; APA-Kayaba, Spain and Arvin Suspension System Italia of Italy for it's Ride Control Products and from Federal Mogul Corporation, USA for its Engine Bearings products. It has six manufacturing facilities located in Pune, Nasik, Hosur, Dewas, Khandsa and Parwanoo. The Parwanoo Plant has matured in most of the segments, which includes GRC shock, SOQI shock, McPherson struts and Front forks. The Hosur facility produces shock absorbers and front forks for two wheelers, which has undergone sustainable modification of plant layout with dust free pressurized assemblies.

Sold under the renowned brand ‘Gabriel’, the products have established a strong presence both in domestic as well as overseas markets and the brand is synonymous with Shock absorbers. Commencing operations in 1961 with a single plant in Mulund, Mumbai, the Company has grown manifold since then and has six manufacturing facilities across the country.

The six plant facilities spread strategically across the country facilitate just-intime supplies to its customers and optimise the availability of materials having a combined capacity of over 18 million Shock absorbers, Struts and 2.5 million Front forks to service the requirement of - OE, Replacement and Exports – for application in four, three and two wheelers as well as the Indian Railways.
The plant is certified for TS 16949, ISO 14001 and OHSAS 18001 and also meets the quality requirements of the international and Indian customers like Renault, Volkswagen, Ford, GM and Hyundai.

Ambad (Nashik)- The Nashik facility was set-up in 1990 to manufacture Shock absorbers and Front forks for two wheelers - scooters and motorcycles - with technology partner, Yamaha Motor Hydraulic Systems, a 100% subsidiary of Yamaha Motor Company, Japan. The plant has a manufacturing capacity of 2.4 million Shock absorbers and 0.6 million Front forks supporting domestic OEMs like Bajaj, Yamaha, Piaggio and is quality certified for TS16949.

**Table 7.2 Revenue of Gabriel India Ltd**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Turnover in Lacs</th>
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<tbody>
<tr>
<td>2003-04</td>
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<tr>
<td>2004-05</td>
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<td>2005-06</td>
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<td>2006-07</td>
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<td>2007-08</td>
<td></td>
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<tr>
<td>2008-09</td>
<td></td>
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</tbody>
</table>
Establishment-

1960 - An industrial license was granted to the Company in June for the manufacture of 1,20,000 nos. of hydraulic (telescopic) type shock absorbers per annum at Mumbai.

1961 - Gabriel India Ltd. was incorporated as a private company on 24th February. The Company is promoted by the The Gabriel Company, Cleveland, Ohio, U.S.A. and Mr. and Mrs. Dharam Chand Anand, Mr. Kuldip Chand Anand and Satish Chand Anand (collectively called as the Anands). It was converted into a public limited company on 21st May, 1964. - The Main Object of the Company is to manufacture shock absorbers, bimetal strips and bimetal bearings.

- The Company entered into a financial and technical collaboration agreement with The Gabriel Company, Cleveland, Ohio, U.S.A., on 29th August, for the implementation of the shock absorbers project.

- Allotted 4,750 shares to Gabriel International Inc. U.S.A. and 4,750 shares to promoters, directors, etc.


- Federal-Mogul Corporation, U.S.A. were the Company's technical and financial collaborators for the manufacture of copper-lead alloy powders, bimetal strips (both babbit and copper-lead type) and bimetal bearings.

1964 - 9,500 Right shares issued at par in prop. 1:1.

1966 - During September, a licence was granted for substantial expansion of the capacity of the shock absorbers from 1,20,000 Nos. to 10,00,000 Nos. per annum.

1973 - Issued 19,000 Bonus shares in Oct. 1966 in prop. 1:1 and 19,000 Bonus shares issued in prop. 3:2 on 29.5.1978.
1978 - Shares subdivided on 28.11.1977. 8,55,000 Bonus shares issued in prop. 3:2 on 29th May.

- Issued 3,69,600 shares to Federal, Mogul Corporation, U.S.A. and 3,17,400 shares to Financial Institutions both at par, 5,28,000 shares offered at par to the public in September.

- Gabriel International Inc., Panama and the major Indian shareholders on 28th August, sold, 1,57,900 No. of equity shares of Rs.10 each of the Company to ICICI, IDBI, LIC, UTI and GIC and its subsidiaries.

- After the issue of shares to the public during September, the non-resident holding in the Company was reduced to less than 40%.

- Another division of the company the Engine Bearing division was set up in 1978 at Parwanoo, Himachal Pradesh in collaboration with Federal-Mogul Corp, USA and now it is an fully integrated facility to produce complete range of Bimetal Bearings, Bushes, and Thrust Washers.

1979 - The Company entered into a technical collaboration with Newton and Bennet Ltd., U.K., to improve the quality of heavy duty shock absorbers for Railways and Defence applications.

1985 - The Company entered into an agreement with Maremont Corporation, U.S.A., for the manufacture of McPherson struts. Incidentally a letter of intent for McPherson struts was received by the Company from Maruti Udyog Ltd.

- At its Mulund works, consequent upon labour unrest, a 3-week lock-out was declared.

1986 - Industrial unrest disrupted the operations of the Company.

1987 - A collaboration agreement was signed with IIC - SOQI of the Yamaha Motor Company Group for the manufacture of two-wheeler shock absorbers. A new plant was set up at Nasik in Maharashtra for the purpose.
- Another plant was being set up at Dewas in Madhya Pradesh for the manufacture of shock absorbers.

1990 - The Engine bearing division suffered a setback due to industrial relations problems for a period of three months. The modernisation programme of the plant was also affected adversely due to industrial unrest.

1991 - During April the Company issued 3,69,600-14% secured redeemable partly convertible debentures of Rs 200 each on rights basis to the existing equity shareholders in the ratio of 7 debentures for every 50 equity shares of Rs 10 each held. Additional 45,076 debentures allotted to retain oversubscription.

- Simultaneously, 18,480 debentures were offered to the employees (including Indian working directors)/workers of the Company on an equitable basis. Additional 343 debentures were allotted to retain over-subscription.

- As per the terms of issue, Rs 120 of each debentures was to be converted into four equity shares of Rs 10 each at a premium of Rs 20 per shares at the end of 6 months from the date of allotment of debentures.

- The balance Rs 80 of each debenture would be redeemed at par at the end of 7th, 8th, 9th and 10th year from the date of allotment in four equal instalments of Rs 20 each.

- 17,33,996 shares allotted (prem. Rs 20 per share) on conversion of debs. 85,197 shares allotted to Gabriel International Inc. U.S.A.

1992 - The Company's two state-of-the-art plants, for the manufacture of shock absorbers at Dewas, M.P. and Front Forks for motor cycles at Nasik, went into commercial production.

1994 - The Company proposed to issue 14% partly convertible debenture of Rs 250 each of the aggregate nominal value of Rs 66.89 crores to the shareholders on Rights basis in prop. in order of 5 equity shares : 3 PCD of face value of Rs 250
each to meet the long term requirement of funds for the on-going expansion, diversification and modernisation programmes.

- Part `A' portion of Rs 125 of PCDs shall be automatically and compulsorily converted into one equity share of Rs 10 each of the Company at a premium of Rs 115 per share on expiry of 12 months from the date of allotment of the debentures.
- Part `B' portion of Rs 125 each of PCDs were to be redeemed in three annual instalments at the end of 6th, 7th and 8th year from the date of allotment.

**1995** - The Company doubled the capacity for Shock Absorbers at its Dewas plant and Front Forks at its plant in Nasik. Two new state-of-the-art plants for the manufacture of high quality shock absorbers and struts were being set up in Pune and Hosur to cater to the OE requirements for the new generation vehicals and exports.

- The Company has entered into technical collaboration with Kayaba Industries, Japan for manufacture of shock absorbers and struts for Maruti Suzuki range of vehicals.

**1996** - Engine Bearing division increased capacity by introducing a automated line purchased from USA to meet the increasing requirements of both domestic and export markets. - 26,75,198 No. of equity shares issued on conversion of 14% PCDs.

**1997** - A new state-of-the-art plant for manufacturing high quality shock absorbers for 2/3 wheelers was set at Hosur.

- New plants for the manufacture of struts and shock absorbers are being set up at Khandsa.

**1998** - Gabriel India Ltd (GIL) stands as a leader in the ride control equipment in the country.

- The Company has technical collaboration with Gabriel Ride Control Products Inc. and Federal Mogul Corporation - both of the US - for its other plants.
- Gabriel India has introduced a voluntary retirement scheme (VRS) for its executives and workmen who have completed 10 years of service or 40 years of age.

1999 - The company has also expanded its capacity for engine bearings at Parwanoo in MP, and is setting up a new product line for manufacture of struts in the Kayaba design for Maruti car.

2000 - Crisil has assigned BBB+ rating to the proposed Rs 150 million NCD issue of the company.
7.4 Ashoka Buildcon Ltd

Company Profile-

Promoters began their operations as a civil construction firm, Ashoka Constructions on November 5, 1983 as a partnership between Ashok M. Katariya, Ramanal B. Parakh, Sushil R. Parakh, Narendra R. Shakadwipi and Vimlabai R. Shakadwipi. The company was reorganized as a private limited company namely, Ashoka Buildcon Pvt Ltd in the year 1993. Thus, Ashoka Buildcon Ltd was formally incorporated in the year 1993 and was engaged in the business of civil construction. In fiscal 1997, they entered into the business of developing toll roads and toll bridges on a BOT basis. They became a public company on April 22, 2002 and changed the name of the Company from Ashoka Buildcon Private Limited to Ashoka Buildcon Limited with effect from April 22, 2002.

Ashoka Buildcon Ltd, a road infrastructure company, builds and operates roads and bridges in India on a build, operate and transfer (BOT) basis. The company operates one of the highest number of toll-based BOT projects in India. In addition to BOT project, they design and procure the raw materials and equipment for and construct roads, bridges, distribution transformers, electricity substations, commercial buildings, industrial buildings and institutional buildings for third parties as well as perform maintenance for third parties. They also manufacture and sell ready-mix concrete (RMC), bitumen and pre-cast concrete poles and collect tolls on roads and bridges owned and constructed by third parties. The company is organized in four divisions, namely, the BOT division, the engineering, procurement and construction (EPC) division, the RMC and bitumen division and the toll collection contract division. Their head office is in Nashik, Maharashtra and their operations currently reach across the states of Maharashtra, Madhya Pradesh, Chhattisgarh, Rajasthan, Karnataka and Orissa. In the past, they have also undertaken work in Gujarat, Goa and Tamil Nadu, Uttarakhand, the National Capital Territory of Delhi and the union territories of Dadra and Nagar Haveli and
Daman and Diu. Recently, in February, 2011 the company has received Rs 1,396 crores six-lane project from National Highway Authority of India (NHA). With this project, the company’s balance order book has reached Rs 4,400 crores. The company during the Bid Opening meet of NHAI on Friday (Feb 18, 2011), has finally bagged 111.4 km-long six-lane project from Dhankunj to Kharagpur section on NH-6 in West Bengal. The project is on DBOT (Design, Build, Operate and Transfer) Toll basis with a period of 25 years, including construction period of 30 months. With this project, the company will have a profile of 27 BOT projects across the country. It has presently an experience of constructing 3,500 lane kilometres. In BOT Division, the company currently operates in 27 BOT road projects totaling approximately 3,500 km of lanes in Maharashtra, Madhya Pradesh, Chhattisgarh, Karnataka and Orissa the concessions for which were awarded on a BOT basis. Out of the 27 BOT projects mentioned above, 17 are in operation and ten are under construction. In EPC Division, the company primarily engineers and designs, procures the raw material and equipment for and constructs roads and bridges for their BOT division and third parties. They also maintain and repair existing roads for our BOT division, constructs and modernizes power distribution networks, comprising distribution transformers and electricity substations, for third parties and constructs commercial, industrial and institutional buildings for third parties. They also own a large fleet of construction equipment. The RMC and Bitumen Division sells ready-mix concrete and bitumen and supports the EPC division by ensuring that they have an adequate and timely supply of high-quality RMC and bitumen. They have 14 RMC plants with a total production capacity of 650 cubic metres per hour and 86 concrete transit trucks and 19 concrete pumps. This division also sells and processes bitumen to a higher grade for use in road projects and supports their EPC division by supplying with bitumen. They have one plant in Pune for the processing of bitumen with a capacity of 60 metric tonnes per day. The company set up their toll collection contract division to leverage their experience of collecting tolls on their BOT projects and their
proprietary computerized toll revenue auditing system. During the year 1995-96, they completed their first major industrial project for Nilkamal Plastics Ltd, Sinnar. Prior to fiscal 1997, the company was engaged solely in the engineering and construction of residential, commercial, industrial and institutional buildings. In the year 1997, they entered into the business of developing toll roads and toll bridges on a BOT basis. They were awarded their first BOT project, the Dhule bypass in Maharashtra and completed the construction of the road in the same fiscal year. During the year 1997-98, the company completed the construction of one of the first few flyovers in Pune, the Kothrud flyover. They were awarded the ISO 9001:2000 certification for quality management systems. Also, they were awarded the National Award for 'Most Outstanding Bridge-Excellent Aesthetic Matching Environment' for Kothrud flyover, Pune and Shivna Bridge from Indian Institute of Bridge Engineers. The company established the Ashoka Training Institute for promoting excellence in civil construction education and research. In the year 2000, the company began manufacturing RMC solely for use by their EPC division. They were awarded their first project aggregating approximately Rs. 1,000 million on NH-4. In the year 2002, they completed the construction of East Coast road between Chennai and Pudducherry which was declared to be a model road by Government of India. Also, the company was awarded the 'NIMA Excellence Award' by the Nashik Industries and Manufacturer's Association. In the year 2002, the company began to manufacture RMC to sell to third parties as well as for use by their EPC division. In April 22, 2002, the company became a public limited company and the name of the company was changed from Ashoka Buildcon Pvt Ltd to Ashoka Buildcon Ltd. During the year 2003-04, the company completed the construction of the Indore-Edalabad road, which was one of the longest roads to be constructed on a BOT basis. In February 11, 2004, Ashoka Infra Pvt Ltd, Ashoka Vastu Infra Pvt Ltd, Ashoka Vastu Shilp Pvt Ltd, Ashoka Shilp Vikas Pvt Ltd and Ashoka Construction Engineers Pvt Ltd were amalgamated with the company. In the year
2005, the company began processing bitumen to a higher grade at their facility in Pune for use in road projects. They developed systems and procedures for collecting tolls on their BOT projects and they were awarded their first contract to collect the tolls on a road owned and constructed by a third party. In August 2006, IDFC PE II acquired 1,019,617 equity shares in the company which made IDFC the single largest shareholder with 18.18% equity stake in the company. In the year 2007, the company received the Certificate of Registration regarding compliance with requirements of ISO 9001: 2008 (Quality Assured Company), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Safety Assured Company). In September 2008, they entered into agreements for constructing and developing two shopping malls on a BOT basis. In the year 2009, the company began undertaking EPC work in the power sector and received a contract from Maharashtra State Electricity Distribution Company Ltd for the construction and commissioning of sub-transmission lines, distribution lines, power transformers and new sub-stations. In September 2009, they began manufacturing pre-cast concrete poles. In February 2010, the company received an ISO 14064 for having their greenhouse gas emissions independently monitored and reviewed on a regular basis.
In March 2010, they received a CIDC Vishwakarma Award 2010 in the category of 'Best Professionally Managed Company' with an annual turnover more than Rs. 5,000 million. In April 2010, the Government of Maharashtra issued a letter of allotment for developing a 1,500 KW per hour hydro electric power plant in Waghur, Maharashtra on a build, own, operate and transfer (BOOT) basis. The company intends to bid for more power plant projects to be developed on a BOOT basis. As at May 31, 2010, in the EPC Division, the company, their subsidiaries and their predecessor entities had constructed 44 roads and bridges and built over 5.4 million square feet of commercial, industrial and institutional projects. As at May 31, 2010, their Order Book, which comprises the unfinished and uncertified portion of projects that we have been awarded, was Rs. 16,153.64 million. In June 2010, the company bagged an order worth Rs. 9.09 billion for the construction of four lane road from 0.00 km to 88.00 km on NH 6 between Sambalpur-Baragarh on
the Orissa-Chattisgarh border in the state of Orissa to be executed as BOT (Toll) project. The other contract comprise an order worth INR 4.80 billion for a stretch of 79.36 kilometers for six lane road on Belgaum-Dharwad section of NH-4 from 433.000 km to 515.000 km on DBFOT basis.
7.5 EPC Industries Ltd

Company Profile

EPC Industries Ltd., incorporated in Nov.'81 as Exomet Plastics and Chemicals Pvt Ltd, the company was renamed EPC Irrigation (EPCIL) on conversion into a public limited company in Mar.'92. EPCIL is a 100% subsidiary of Trenton Investments Company Pvt Ltd, which is wholly-owned by the family members of K L Khanna, Chairman of EPCIL. Mr. K. Khanna, a technocrat who is an alumnus of IIT, Mumbai. He is a pioneer in the industry and has been an active participant in shaping it over the years. The Company's principal activity is to manufacture industrial and infrastructure piping and micro irrigation system products. The company has two segments namely Micro Irrigation Systems and Industrial and Infrastructure Piping. It manufactures drip systems, sprinkler systems, tubes pipes and fittings. Drips and sprinkler irrigation systems which, when combined together are known as micro-irrigation systems. The manufacturing facilities are located at MIDC, Ambad, Nashik. EPCIL has a technical collaboration with Richfield Springs, UK, which is also a promoter with a shareholding of 2.85 lac equity shares. The company's expansion and diversification projects to double its installed capacity for drip / sprinkler irrigation systems and to produce PE pipes and fittings for distribution of gas and industrial applications, was completed and commissioned. In 1998-99, the Company received ISO 9002 Certification from DNV B.V., Netherlands for "Manufacture and Supply of Plastic Pipes, Fittings and Components for Irrigation, Infrastructure and Industrial Applications". EPCIL is amongst the first five companies in the world and the only one in Asia to have BG Technology Phase II Certification from British Gas International for the pipes produced by it for gas distribution.

The company was declared as a Sick company by BIFR and SBI was appointed as Operating Agency to conduct the Techno and Economic Viability Study(TEVS) and to prepare the revival scheme. The Debt Restructure Scheme is approved by LIC Mutual Fund and Banks.
EPC is one of the pioneering companies in India in the micro-irrigation space. It currently operates in more than 12 states through a wide network of dealers. The products from EPC are known for their high quality and technology.

**Table 7.4- Revenue of EPS Industrie Ltd**

![Revenue of EPC Industrie Ltd](image)

Recently, in February, 2011 Mahindra and Mahindra announced the acquisition of EPC Industrie Ltd. EPC Industrie with sales of Rs 72 crore in 2009-10, and sales grew by 32% in the first nine months of 2010-11, compared to last year. Its profitability is relatively low and its operating profit margin is around 10%, it earned a net profit of Rs 1.2 crore or a net profit margin of just 2%. It has two divisions, one is micro-irrigation which had revenues of Rs 61 crore and segment profit of Rs 6.7 crore, and the second is its infrastructure and industrial piping division, with revenues of Rs 5.5 crore and negligible profits.
M and M will be picking up a 38% stake in the company through a preferential allotment worth Rs 43 crore, by issuing 65.6 lakh equity shares at a price of Rs 66.1 a share. This values EPC’s equity at Rs 174 crore. At the preferential allotment price, the company is valued at a price to earnings of 44 times its annualised earnings per share for 2010-11.

M and M will improve EPC’s performance through a series of steps. First, it is likely to pay off high cost debt on EPC’s books, of about Rs 38 crore, which itself will add back Rs 3.6 crore to its profit before tax of Rs 2 crore. M and M will also have to invest significantly, as these products are not bought off the shelf, but are to be demonstrated and installed by the company. Post-installation, sales of spares and servicing will provide a steady stream of revenues. The acquisition will help synergize the distribution strength of Mahindra with the industry expertise that EPC possesses. Mahindra’s presence will lead to the penetration of the technology in remote corners of rural India.

EPC thus has a long way to go to become a much larger player in this market. In its 2009-10 annual report, the company says: “With multiple challenges of managing growth and liquidity constraints, the Management is aggressively focusing on increasing both the top line and bottom line by adding new products and expanding into the newer markets. Further expansion of business demands increased capital infusion for working capital needs as well as Capex requirements of the Company. It would be a major challenge to fund the growth of the company.” That challenge appears to have been tackled by selling out to MandM. EPC operates at barely 30% of its installed capacity.

The promoter’s stake in the company, prior to the allotment, is 26%, while 52% is held by financial investors, Schroder Credit Renaissance Fund and Credit Development Renaissance Fund LP.
7.6 HALDEX INDIA LIMITED

Haldex India Limited, established in 1998, manufactures manual and automatic slack adjusters for air brakes of commercial vehicles. The Company has collaboration with Haldex AB of Sweden - world’s No 1 in Auto Slack Adjusters, also manufacturing various air brake components. Haldex India has 2 facilities at Nasik equipped with latest high-tech machinery. The Company manufactures self-setting automatic brake adjusters for domestic market catering to OEMs such as Tata Motors, Ashok Leyland, Eicher Motors, MAN Force, Swaraj Mazda etc. while manual slack adjusters are manufactured both for domestic and export markets.

Table 7.5 Revenue of Haldex India Ltd

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Turnover in Lacs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>2000</td>
</tr>
<tr>
<td>2004-05</td>
<td>2500</td>
</tr>
<tr>
<td>2005-06</td>
<td>3000</td>
</tr>
<tr>
<td>2006-07</td>
<td>4500</td>
</tr>
<tr>
<td>2007-08</td>
<td>10000</td>
</tr>
<tr>
<td>2008-09</td>
<td>4000</td>
</tr>
</tbody>
</table>

Haldex offers proprietary vehicle technology solutions to the global vehicle industry. It focuses on products to improve safety, the environment and vehicle dynamics. The company is enhancing the competitive capabilities and building
long-term customer relationships through high performance, low total costs to the customer through the product's service life, ethical business practices and commitment to long-term partnerships.

The Haldex name stands for internationally recognised system expertise in ground breaking innovations. The product range for commercial vehicles focuses on enhanced safety and increased efficiency as well as improving the environmental footprint of vehicles.

It manufactures the following products:-

1. Integrated Lift Axle System

- Use for lifting Axle when vehicle is in no load condition

2. Relay Emergency Valve

- Use for emergency braking when the air pipes are accidently disconnected from Tractor.

3. Palm Coupling

- Connects service line and control line between Tractor and Trailer.

4. Pneumatic Consep

- It removes upto 90% of water (moisture), oil and carbonated oil, solid contents like metal flanges, dust and chemicals contaminants mixed with air. Thereby it ensures smooth functioning of all air brake components like air drier, brake valves, brake chambers, etc. It gives Longer Life to all air Brake Components, Minimises Maintenance cost and Down time giving better profitability.

5. Haldex ABS

World’s Leading supplier of ABS / EBS to trailers. It Prevents vehicles from locking, skidding, juddering and Jack Knifing hence ensures better safety of Vehicle, People and Property in and out of the vehicle. Blink Code facility to identify errors in the truck ABS system.

6. S-ABA (Air Brake Adjuster)

Worlds No.1 Supplier of Brake Adjuster for commercial Vehicle with air brake
system. Apart from the advantages of MBA, S-ABA has following additional advantages.

Maintains constant clearance between Brake Lining and Brake Drum, giving uniform and balanced braking. No side pull.

S-ABA helps to maintain shortest brake chamber stroke length which reduce consumption of compressed air giving better engine power output and fuel average. Quick Reliable and efficient braking even at high speeds

Perform safely and efficiently
Helps in improving tyre life

7. Manual Brake Adjuster
World’s leading supplier of Brake Adjusters for commercial vehicles with air brake system
Longer Life low service requirements hence low down time, increases the profitability

8. Electronic Braking System for Trailers
(High Performance braking with roll stability safety technology)
Electronically controlled braking system for prompt and effective braking in emergencies
Apart from the advantages of ABS it prevents the vehicle from roll over
Handles any number of axles using air suspension and mechanical suspension
Haldex EBS is being used by leading European Trailer Manufactures

9. Levelling Valve
It is a part of air suspension circuit used in buses
It takes care of rough road condition and give smoother ride
Light weight in construction, easy installation.
7.7 Conclusion

The companies having large scale operations are having separate accounts and finance department and normally it is headed by a qualified Chartered Accountant. While finalizing the financial statements on yearly basis, special attention is to be given for compliance of various accounting standards as applicable to the company concerned. Auditors of all the companies have to verify the compliance of AS while carrying out the Audit Task and any deviation or non-compliance should be reported while issuing Auditors Report to the members of the company. To study the effect of AS, the researcher has collected Annual Reports of all the companies selected for last 5 to 6 years.