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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

1996-97  
ANNUAL  
REPORT

**BHARAT  
GEARS  
LIMITED**

Report  junction.com



**BHARAT GEARS**

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# BHARAT GEARS LIMITED



## BOARD OF DIRECTORS



**RAUNAQ SINGH**  
*Chairman*



**SURINDER P. KANWAR**  
*Managing Director*



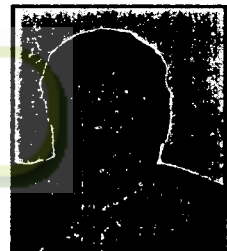
**W.R. SCHILHA**



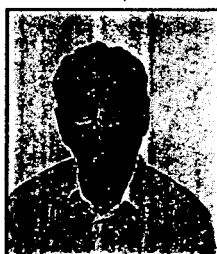
**A. HARTMANN**



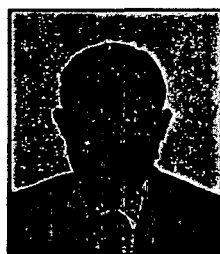
**RAM S. TARNEJA**



**S.M. PATIL**



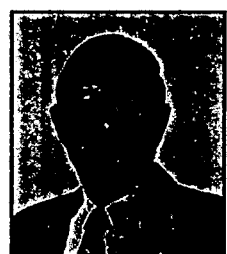
**R.D. THAPAR**



**J.R. DADACHANJI**



**N.J. KAMATH**



**S.N. SUNDARESAN**

# BHARAT GEARS LIMITED

## MANAGEMENT EXECUTIVES

**N.V. Srinivasan**  
Sr. VP - Manufacturing

**B. Shankar**  
Sr. VP - Marketing & Engineering

**S.S. Gulati**  
Sr. VP & Secretary

**A.S. Raghavan**  
Sr. VP - Furnace Division

**Nagesh Nadig**  
Financial Controller

## FINANCIAL INSTITUTIONS

The Sakura Bank Ltd.  
Industrial Development Bank of India  
LIC Mutual Fund  
Unit Trust of India  
GIC Mutual Fund

## DEBENTURE TRUSTEES/ SECURITY AGENTS

The Industrial Credit & Investment  
Corporation of India Ltd.

## BANKERS

State Bank of India  
Bank of Baroda  
Indian Overseas Bank  
Bank of Bahrain and Kuwait BSC

## AUDITORS

A.F. Ferguson & Co

**CORPORATE OFFICE**

Hoechst House, Nariman Point,  
Mumbai-400021

**REGISTERED OFFICE**

Chiranjiv Tower, 43, Nehru Place,  
New Delhi-110019.

**WORKS**

Kausa Shil, Mumbra,  
Distt. Thane-400612 Maharashtra

**BRANCHES**

17, Biplabi Trailakya,  
Maharaja Saranee, Calcutta-700 001

Plot 30-31, 100 Feet Road,  
Jawahar Auto Nagar,  
Vijayawada-520 002

Raji Building, 3rd Floor, 730,  
Mount Road, Madras-600 006.

125, Mechanic Nagar, Indore-452 001

89/01, 7th Cross, Wilson Garden,  
Hosur Road, Bangalore-560 027

6, R.R. Estate, Gandhinagar,  
Bavala Highway Crossing,  
Sarkhej-380 210 Distt. Ahmedabad

A-6, 1st Floor, Transport Nagar,  
Jaipur-302 003

123/650-A, Guru Nanak Auto Market,  
Pratap Ganj, Kanpur-208 012

Katras Road, Dhanbad-826 001

Jaz House, 1st Floor, Pulleppady  
Junction, Chittoor Road, Kochi-682 035

Nehru Garden Road,  
Jalandhar City-144 001.

Kohli Building, A.T. Road,  
Guwahati-781 001.

1902-A, Baldev Nagar, Ambala City

382, 1st Floor, Motor Market,  
Mani Majra, UT Chandigarh.



# BHARAT GEARS LIMITED

## NOTICE

### TO THE MEMBERS OF BHARAT GEARS LIMITED

NOTICE is hereby given that the 25th Annual General Meeting of the Members of Bharat Gears Limited will be held as under:

DAY : Friday  
DATE : 19th September, 1997  
TIME : 1.00 P.M.  
VENUE : YMCA Tourist Hostel,  
1, Jai Singh Road,  
New Delhi - 110 001.

to transact the following business.

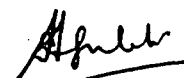
1. To receive, consider and adopt the audited accounts of the Company for the year ended 31st March, 1997 together with Report of the Auditors' and Directors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. W.R. Schilha, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. A.F. Hartmann, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Dr. Ram S. Tarneja, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors for the year 1997-98 by a Special Resolution and to fix their remuneration.
7. To consider and if thought fit, to pass with or without modification(s), the following resolution AS AN ORDINARY RESOLUTION.

"RESOLVED THAT subject to the approval of Financial Institution(s) and Banker(s), if any, and such other approvals as are required, consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and/or movable properties of the Company present and future, situate at Company's Works at Kausa Shil, Mumbra, Distt. Thane (Maharashtra) or at any other place and/or the whole or substantially the whole of the undertaking(s) of the Company situated anywhere in India together with powers to take over the management of the business and concern of the company in certain events to or in favour of such Bank(s)/Financial Institution(s)/Investment Institution(s) and on such terms & conditions as may be decided by the Board, to secure foreign currency loan

(ECB) of US \$ 3 Million being availed of from The Sakura Bank Ltd. and or such other Rupee Loan or Foreign Currency Loan as may be availed by the company from time to time for the purpose of Modernisation and Expansion programme of the Company, but not exceeding US\$ 9 Million or in equivalent Indian Rupees along with interest/additional interest, commitment charges, and such other costs, charges, expenses and monies payable by the Company to the aforesaid Bank(s)/Financial Institution(s)/Investment Institution(s) in terms of Loan Agreement(s)/Heads of Agreement(s)/Sanction Letter(s)/Articles of Agreement and/or Memorandum of Terms and Conditions, Trust Deed(s) entered into/to be entered into by the company in respect of the aforesaid borrowings.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid Bank(s)/Financial Institution(s)/Investment Institution(s), the documents for creation of aforesaid mortgage and/or charge and to do all such acts, deeds and things as may be necessary for giving effect to the above resolution.

By order of the Board



S.S. GULATI

Sr. Vice President & Secretary

Place: New Delhi  
Date: June 23, 1997

## NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, to vote instead of himself. Proxies in order to be valid and effective must be delivered duly completed in the enclosed format, at the registered office of the company not later than forty-eight hours before the scheduled time of commencement of the meeting. Proxy need not be a member of the company.
2. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed at the entrance of the meeting for attending the meeting. No Attendance Slip shall be issued at the meeting.
3. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto and forms part of this notice.
4. The Register of Members and the Share Transfer books of the company will remain closed from 9th September, 1997 to 19th September, 1997 (both days inclusive).



5. Dividend as recommended by the Board of Directors, if declared, at the Annual General Meeting will be paid to the members whose names are borne on the Company's Register of Members as on 19th September, 1997 or to their mandatees. Pursuant to provisions of the Finance Act, 1997, no Income Tax shall be deducted at source from the dividend amount.

Dividend mandates and change of address, if any, to be effective must reach Company's Registered Office by 8th September, 1997.

6. Members seeking any further clarification/information relating to the Annual Accounts are requested to write at the registered office of the company at least ONE WEEK before the date of the meeting.
7. Since Public Financial Institutions, Nationalised Banks together with Insurance Companies hold in aggregate more than 25% of the subscribed share capital of the company, the appointment of Auditors is to be made by a Special Resolution as required under Section 224A of the Companies Act, 1956.
8. Securities & Exchange Board of India (SEBI) vide their letter No. SMD/SED/94/2685 dated 5th May, 1994 have suggested Companies to institute a procedure of directing the Shareholders/ Debentureholders to indicate their Bank Account Number, Bank Branch etc. so that the cheques, drafts, warrants sent to them reach their destination. This measure has been adopted considering the recurrence of thefts of the dividend warrants, refund orders, interest warrants etc. Accordingly, Members are requested to intimate the Company, if not furnished earlier, the name of their Bank and Branch with its full address and their Bank Account Number so as to enable the Company to print the same on the Warrants that are sent to them in future.
9. Those shareholders who have not yet encashed their Dividend Warrants for the year 1993-94, may please encash the same after getting these revalidated from the Company before 31st August, 1997. Please note that the unclaimed dividend amount after the said date shall be deposited in the General Revenue Account of the Central Government pursuant to Section 205A of the Companies Act, 1956.

Shareholders who have not encashed their dividend warrants for the year 1994-95 and 1995-96 are also requested to encash the same after getting these revalidated from the company.

10. Members holding shares in the same name under different folios are requested to apply for consolidation of such folios and send relevant share certificates.

11. Members are requested to bring their own copy of the Annual Report to the meeting.

## EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956.

### ITEM NO.7

As the members are aware, the company is implementing its Modernisation-cum-Expansion programme to expand its production capacity to meet the growing demand of its products. In order to part finance the modernisation programme of the company being implemented at its existing works at Mumbra, it is proposed to avail of Foreign Currency Loan to the extent of US\$ 3 Million from The Sakura Bank Ltd. under ECB guidelines issued by the Govt. of India.

In order to secure the aforesaid Foreign Currency loan and such other Rupee and/or Foreign Currency loans not exceeding US\$ 9 Million as the company may be availing from time to time for completing its Modernisation-cum-Expansion Programme, the Company may have to mortgage/create charge on the movable and immovable assets of the Company, present and future situate at company's works at Mumbra or at any other places in India.

For Mortgaging/charging the movable and immovable assets of the Company, approval of the Shareholders in terms of Section 293(1)(a) of the Companies Act is required. Hence the proposed resolution.

Your Directors recommend the above resolution for your approval.

None of the Directors is interested or concerned in the above resolution.

Concerned documents shall be available for inspection at the Registered office of the company on all working days and also at the meeting.

By order of the Board

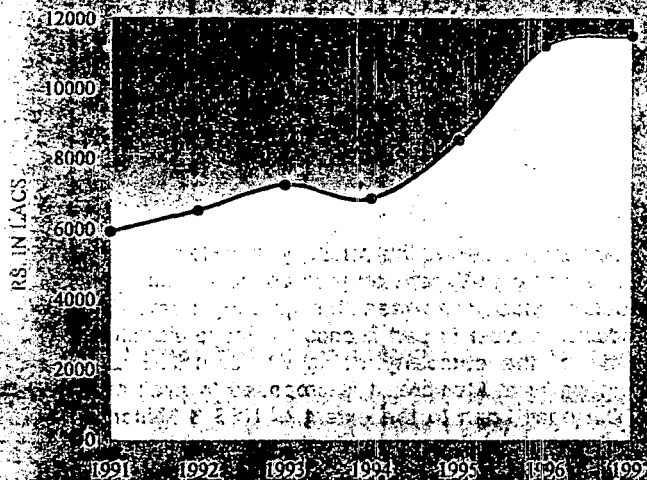
S.S. GULATI

Sr. Vice President & Secretary

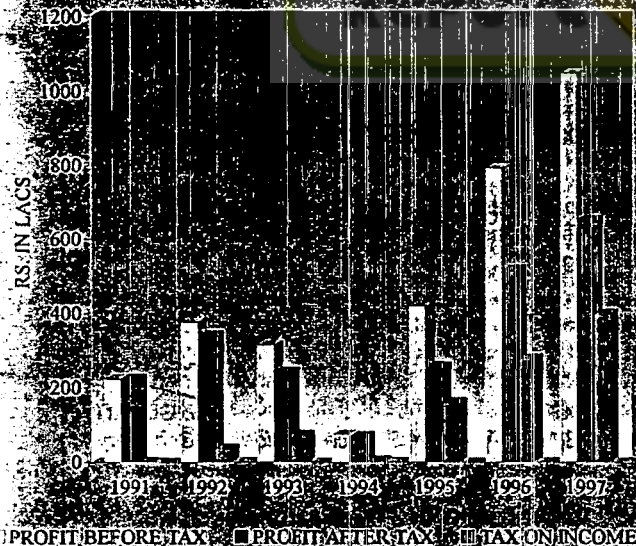
Place: New Delhi  
Date: June 23, 1997

# BHARAT GEARS LIMITED

## SALES AND OTHER INCOME



## PROFITS



## DIRECTORS' REPORT

### TO THE MEMBERS OF BHARAT GEARS LIMITED

The Directors have pleasure in presenting 25th Annual Report and Audited Statement of Accounts of the Company for the financial year ended on 31st March, 1997.

	Rs./crores	
	Financial Year Ended 31.3.97	31.3.96
<b>FINANCIAL RESULTS</b>		
Gross turnover	115.19	112.07
Profit before finance charges and depreciation	18.14	16.35
Profit before Depreciation	13.58	11.57
Depreciation	3.10	3.65
Profit before Tax	10.48	7.92
Tax on Income	3.97	2.77
Profit after Tax	6.51	5.15
ADD: Balance brought forward from previous year	1.50	1.28
Profit available for appropriation	8.01	6.43
<b>APPROPRIATIONS</b>		
Proposed Dividend	1.06	0.96
Addl. Income Tax on proposed dividend	0.10	—
Transferred to Debenture Redemption Reserve	1.19	2.38
Transferred to General Reserve	4.14	1.59
Balance carried to Balance Sheet	1.52	1.50
	8.01	6.43

### DIVIDEND

The Directors are pleased to recommend dividend of 22% on Equity Shares of the Company for the year ended 31st March, 1997. Pursuant to Finance Act, 1997, no Income Tax shall be deducted at source from the dividend amount.

### FINANCE

During the year under review, the company has redeemed at par non-convertible portion of 13.5% Secured Redeemable Debentures aggregating to Rs 6.97 crores on the due date and repaid foreign currency loans and rupee term loans aggregating to Rs 1.09 crores.

The company has raised 19% Secured Redeemable Non-Convertible Debentures of Rs 6.50 crores from LIC Mutual Fund, GIC Mutual Fund and Unit Trust of India on private placement basis for strengthening the working capital.

### PERFORMANCE FOR THE YEAR

The Gross Turnover during the year registered a marginal increase of 2.71% over the previous year. This was basically due to general sluggishness in the LCV segment and export market which has resulted in lower off take of sales of Gear Boxes and exports sales. Gear Box Sales was reduced by 85.56% as compared to the previous year and Exports registered a decline of 41.84% as compared to the previous year. However the company has been able to increase the sales of automotive gears by 5.76% as compared to the previous year and the sales of Furnaces increased by 213.88% as compared to the previous year, and these have compensated the loss of sales of Gear Boxes and Exports.

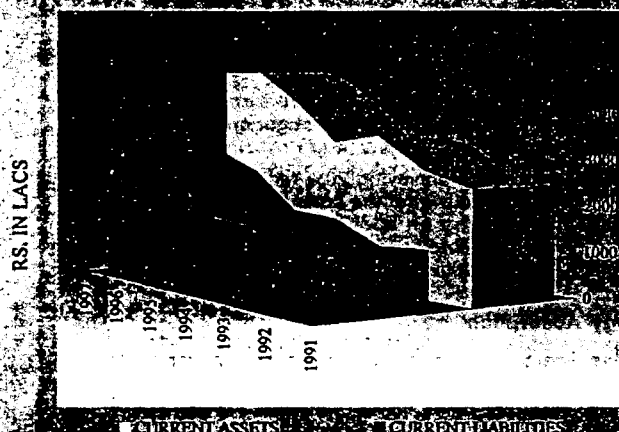
The Profit before finance charges and depreciation increased by 11% from Rs 16.35 crores to Rs 18.14 crores while the Gross Profit improved by 17.37% to Rs 13.58 crores as compared to the previous year by closely monitoring operations and controlling overheads. The company has been able to achieve 32.32% increase in the Profit before Tax and the Profit after tax registered an increase of 26.41% as compared to the previous year.

The company has been able to increase substantially the sales to its customers in the Domestic OEM and Replacement markets but, the capacity constraints and major breakdowns in old equipment stood in the way of its ability to fully satisfy the requirements of the customers.

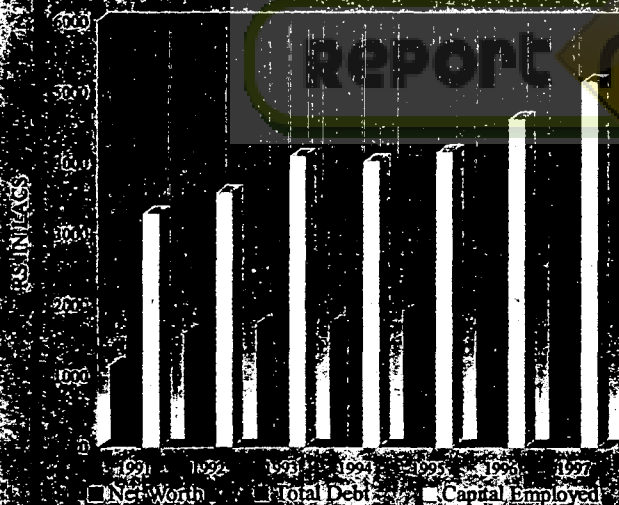




### CURRENT ASSETS AND CURRENT LIABILITIES



### CAPITAL EMPLOYED



### CURRENT AND FUTURE OUTLOOK

The current year has commenced with an optimistic note as higher off take is expected from the export customers and the company has been able to sign a three year wage settlement with increased productivity with the workers' union.

Plans for modernisation and replacement of old critical equipment are well under way during the current year and are expected to give substantial benefits to the company.

The company has also drawn up substantial plans to set up a new manufacturing facility for transmission gears and also to undertake expansion of its existing facilities at Mumbra to meet the demand of the existing and new domestic and export customers.

### FIXED DEPOSITS

At the close of the year, 134 depositors had not claimed or renewed their deposits aggregating to Rs 7.60 lacs, which have matured. After the close of the year 55 deposits aggregating to Rs 3.71 lacs have been paid or renewed and the remaining are awaiting disposal instructions.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The information as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 read with section 217(1)(e) of the Companies Act, 1956 is annexed.

### PERSONNEL

Employee relations continued to remain cordial. A statement required under Section 217(2A) of the Companies Act 1956 is annexed.

A wage and bonus agreement has been concluded with Workers valid upto 30th June 2000.

The company has commenced a comprehensive training programme, with the help of experts in the field, for all the sections of the employees for attaining Total Quality Management. This is expected to greatly benefit the company in the future years.

### AUDITORS' REPORTS

The observations made by the Auditors in their Report are self explanatory/ have been suitably explained in the Notes on Accounts and does not require any further clarification.

### DIRECTORS

Nomination of Mr. F M Pardiwalla as Director was withdrawn by The Industrial Credit & Investment Corp of India Ltd with effect from 13th August, 1996. The Directors are pleased to record their appreciation of the valuable guidance given by him during his tenure as Director of the Company.

Mr W.R. Schilha, Mr A.F. Hartmann and Dr. Ram S Tameja, Directors, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

### AUDITORS

M/s AF Ferguson & Co., Chartered Accountants retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

### ACKNOWLEDGEMENTS

Board of Directors record their appreciation of the continued co-operation and support provided by the Customers, Suppliers, Financial Institutions, Banks and Collaborators as well as of the dedicated services rendered by the Employees. Continuing confidence reposed by Shareholders, Debentureholders and Depositors remains an immense source of strength to the Company.

for and on behalf of the Board of Directors

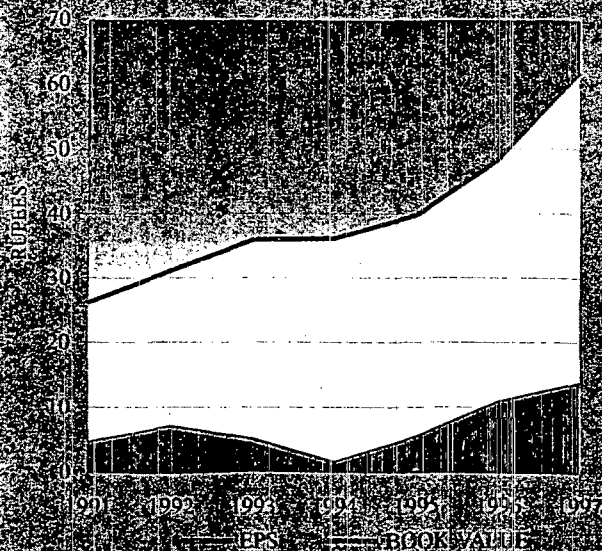
*Ram S Singh*

RAUNAQ SINGH  
Chairman

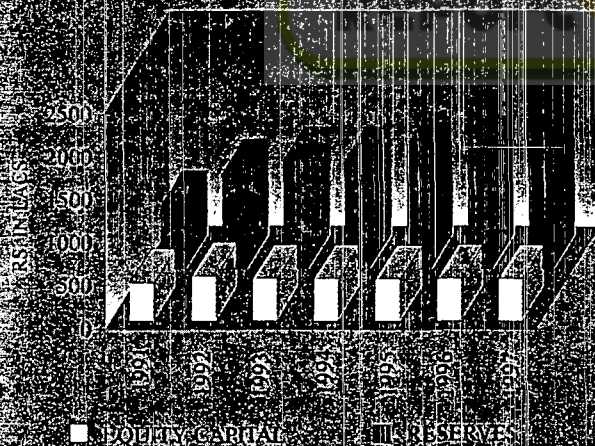
Place: New Delhi  
Date: June 25, 1997

# BHARAT GEARS LIMITED

EPS AND BOOK VALUE PER SHARE



EQUITY CAPITAL AND RESERVES



Report on conservation of energy, technology absorption, foreign exchange earnings & outgo forming part of the Directors' Report

## A Conservation of energy

Energy consumption in manufacturing operations was continuously monitored during the year to maintain optimum efficiency.

LDO consumption per ton was further brought down by 5.7% with respect to the previous year.

After the initial success of achieving 20% reduction in energy consumption in the previous year the company has drawn out further plans for installing an additional batch carburising energy efficient ceramic fibre lined furnace, to boost our drive towards energy conservation.

## B Technology Absorption

**Automotive Gears :** The company has bagged a major order for export to a subsidiary of an American Giant OEM in the field of agricultural machines for development and supply of ground gears for a power shift gear box. Latest technology for CNC Gear Grinding with automatic cycles for wheel shifting, wheel dressing and dynamic wheel balancing is being inducted. The company has also made plans for installation of technology for automatic inert gas welding machine for welding hydraulic cylinders.

**Furnaces :** A Rotary hearth furnace of international design was adapted and developed to meet new customer requirements for longer hearth diameter and more tray positions. One plant was constructed and a repeat order secured from a major truck manufacturer during the year.

Software technology for computer supervision of continuous furnace plants was absorbed, developed and utilised in two multichamber pusher carburising/ carbonitriding plants constructed by us for a major manufacturer of two wheelers. This software provides a man-machine interface for realtime monitoring of operational and process control, trending, alarms, customised graphics and case history. This software technology is being introduced in phases to provide man-machine interfaces for the existing and new heat-treating equipment in our plant.

## C Foreign Exchange Earnings and Outgo

The company continued to be a net foreign exchange earner as the total earnings in foreign exchange aggregated to Rs 17.12 crores (previous year Rs 28.80 crores) and the total expenditure in foreign currency aggregated to Rs 8.10 crores (previous year Rs 13.47 crores) resulting in a net foreign exchange earnings aggregating to Rs 9.02 crores (previous year Rs 15.33 crores).