



MD	/		BKC	46
CS	/		DPY	06
RO	/		DIV	/
TRA	/		AC	/
AGM	/		SHI	/
YE	/			

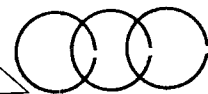
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GOETZE (INDIA) LIMITED

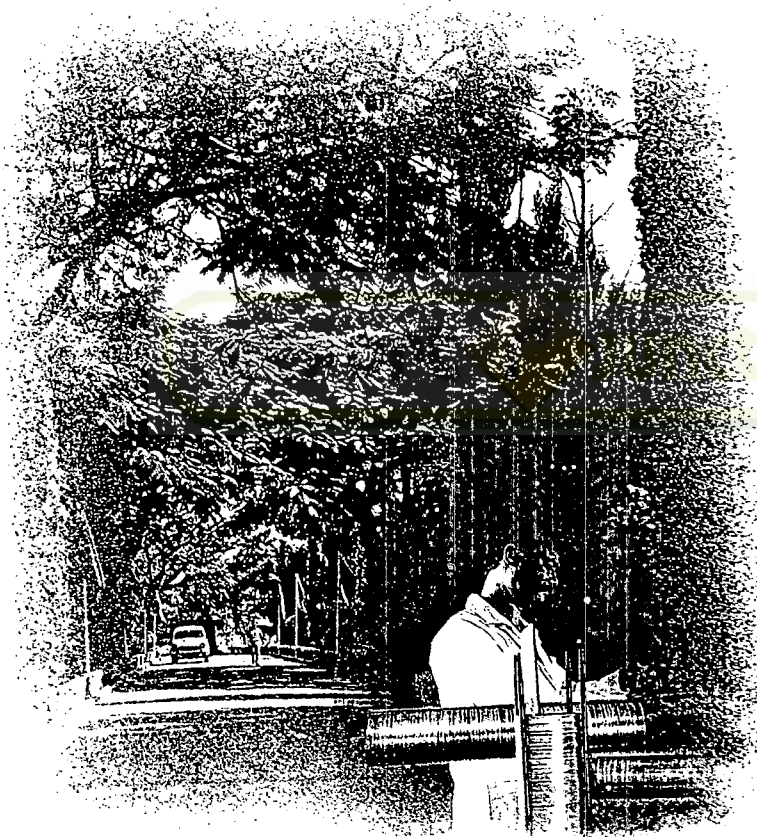


GOETZE (INDIA) LIMITED

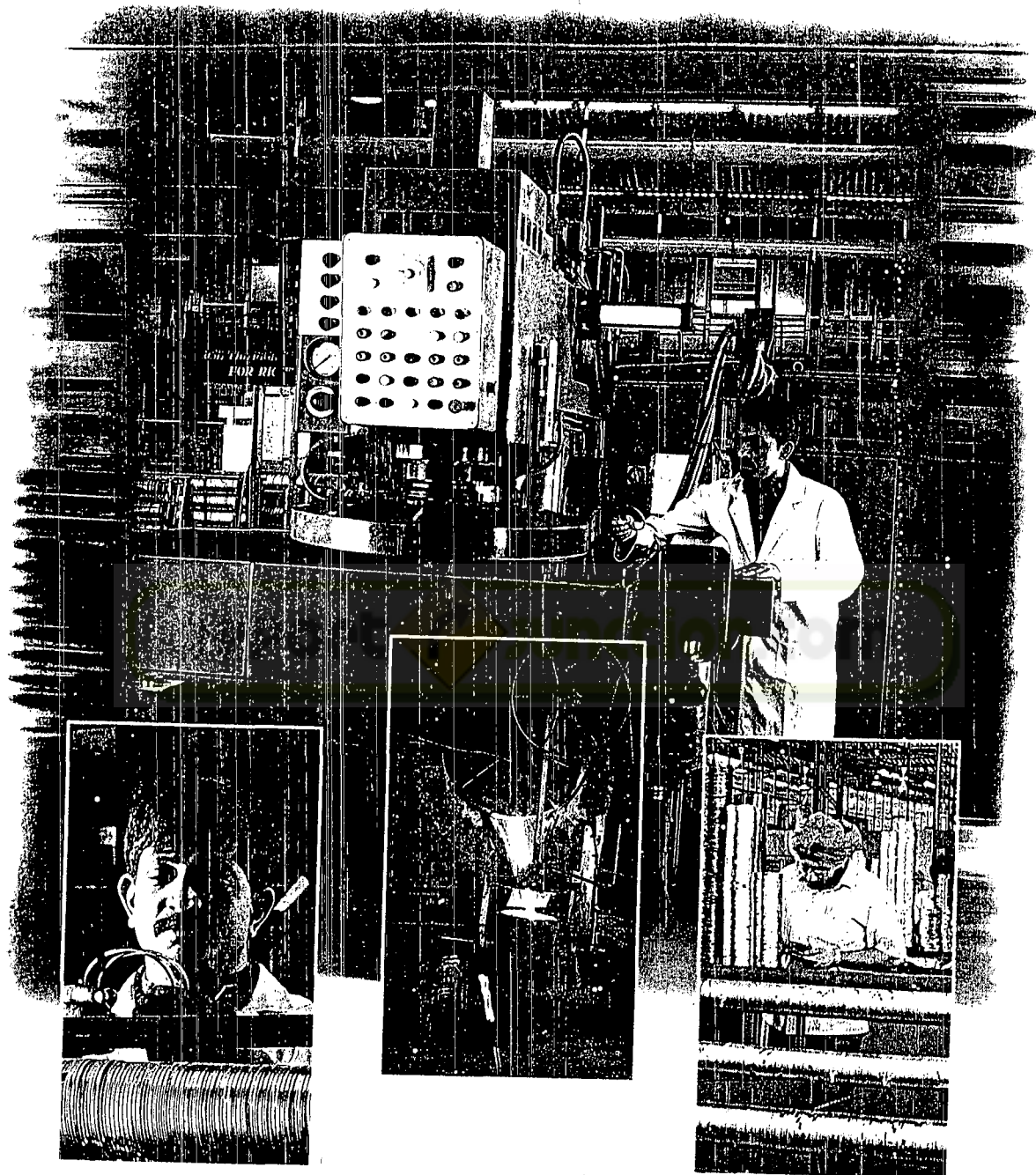
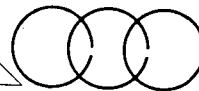


42ND ANNUAL REPORT 1996-1997

C O N T E N T S



Ten Years' Financial Review	5
Directors' Report	6
Annexure to Directors' Report	8
Auditors' Report	9
Balance Sheet	10
Profit & Loss Account	11
Schedules 1 to 14 forming part of Balance Sheet and Profit & Loss Account	12
Cash Flow Statement	27



GOETZE (INDIA) LIMITED



Chairman Emeritus
Mr. H.P. Nanda

Financial Controller

Mr. Arun Anand

Company Secretary

Mr. Mukesh Manglik

REGISTERED OFFICE

A-36, Mohan Co-operative
Industrial Estate,
Mathura Road,
New Delhi - 110 044

HEAD OFFICE

Corporate Centre,
ERC Building,
15/5, Mathura Road,
Faridabad-121 003

WORKS

1. Bahadurgarh,
Patiala (Punjab)
2. Yelahanka,
Bangalore (Karnataka)
3. Okhla Industrial Estate,
Phase II,
New Delhi
4. Village Roondh Dhooni Nath,
Tehsil Ramgarh,
Dist. Alwar (Rajasthan)

BANKERS

ANZ Grindlays Bank Ltd.
ABN Amro Bank N.V.
Bank of America
Standard Chartered Bank
Deutsche Bank AG
Bank of India
State Bank of Patiala
State Bank of Bikaner & Jaipur
Canara Bank
State Bank of Mysore
Indian Bank

AUDITORS

M/s. S.N. Dhawan & Co.

B O A R D O F D I R E C T O R S

Chairman & Managing Director

Mr. Anil Nanda

Vice-Chairman

Mr. Rajan Nanda

Directors

Mr. D.G. Carruthers
(Alternate Mr. T. Allan Welsh)

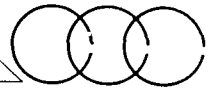
Mr. J.B. Dadachanji
Mr. Chakor L. Doshi
Mr. R. Ashby Johnson
(Alternate Dr. Brian Ruddy)

Mr. B.N. Kalyani
Mr. Rajen Kilachand
Field Marshal Sam Manekshaw, MC

Mr. Nikhil Nanda
Mr. M.M. Sabharwal
Mr. Jahar Sengupta
Mr. V.K. Srivastava
Mr. L.M. Thapar

Executive Director

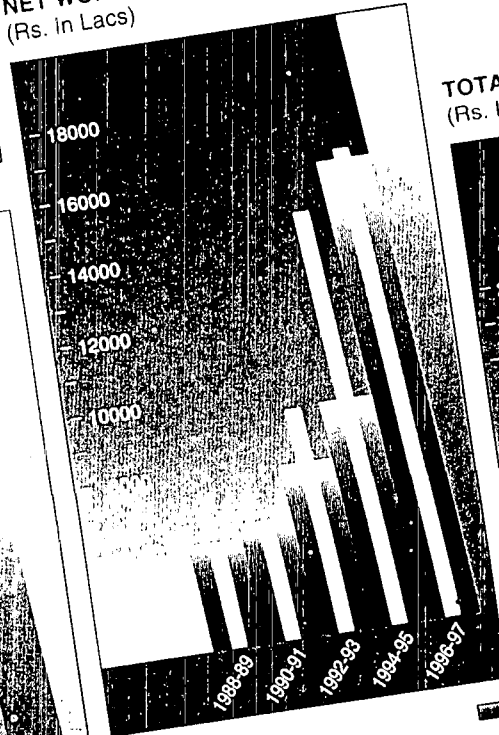
Mr. B.R. Kapoor



EXPORTS
(Rs. In Lacs)



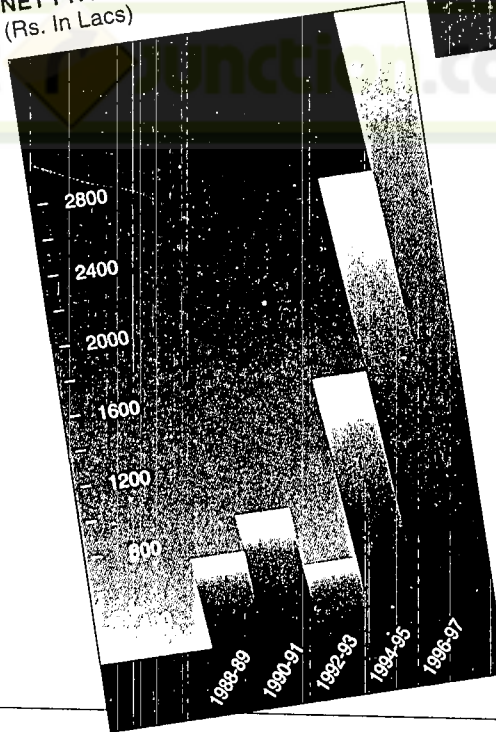
GROSS BLOCK AND NET WORTH
(Rs. In Lacs)



TOTAL INCOME
(Rs. In Lacs)



NET PROFIT
(Rs. In Lacs)



GOETZE (INDIA) LIMITED



TEN YEARS' FINANCIAL REVIEW

	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89 (9 months)	1987-88 (Rs. Lacs)
Total Income	25,693.77	21,677.31	20,381.93	12,949.71	7,529.10	7,977.64	6,408.88	4,980.15	3,065.92	3,248.49
Depreciation	824.67	513.53	425.48	316.64	230.06	235.15	206.35	180.79	126.22	153.69
Profit before Tax	2,706.41	2,108.46	1,603.81	801.90	597.72	677.34	916.06	701.56	415.36	417.35
Taxation	525.00	550.00	437.35	220.00	230.00	290.00	315.00	234.00	93.00	122.00
Profit after Tax	2,181.41	1,558.46	1,166.46	581.90	367.72	387.34	601.06	467.56	322.36	295.35
Dividend	1,011.50	723.13	568.74	368.39	299.40	235.74	235.74	221.88	152.54	152.54
Retained Profit	1,169.91	835.33	597.72	213.51	68.32	151.60	365.32	245.68	169.82	146.53

Assets, Liabilities & Net Worth

	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89 (9 months)	1987-88 (Rs. Lacs)
Fixed Assets	16,123.15	12,815.81	9,442.18	9,175.50	7,886.43	6,853.03	6,465.84	5,883.53	5,517.76	5,317.76
Investments	3,798.93	3,408.97	2,344.17	1,237.94	922.86	667.17	725.99	665.23	666.68	590.54
Indebtedness	8,697.13	7,790.36	4,399.69	4,805.62	3,282.92	5,906.75	2,847.98	2,101.74	1,490.64	1,397.92
Share Capital	2,528.75	2,528.17	1,685.84	1,227.96	1,227.96	693.36	693.36	693.36	693.35	693.08
Reserves	13,807.99	12,813.05	12,992.77	7,987.92	7,948.80	5,398.42	5,386.77	5,152.86	5,012.21	4,930.17
Net Worth	16,336.74	15,341.22	14,678.61	9,215.88	9,176.76	6,091.78	6,080.13	5,846.22	5,705.56	5,623.25

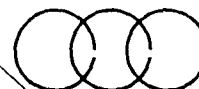
Significant Ratios

	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89 (9 months)	1987-88
A. Measurement of Investment										
Percentage of Return on Investment	18.57	15.75	15.74	10.99	7.83	11.14	14.37	12.53	8.62	9.48
Percentage of Return on Equity	17.09	14.05	9.76	6.31	4.82	6.36	9.89	8.00	5.65	5.25
Dividend Cover	2.16	2.16	2.05	1.58	1.23	1.64	2.55	2.11	2.11	1.94
B. Measurement of Performance										
Percentage of Profit before Tax to Sales	11.20	10.27	8.16	6.39	8.62	9.98	14.99	14.74	14.22	13.66
Percentage of Profit after Tax to Sales	9.03	7.59	5.94	4.64	5.30	5.14	9.83	9.82	11.03	9.67
C. Measurement of Financial Status										
Percentage of Term Loans to Tangible Net Worth	18.60	21.06	15.96	33.42	17.83	16.57	26.85	17.71	16.02	17.29
Current Ratio	1.65	1.98	3.32	1.61	1.62	2.02	1.22	1.16	1.29	1.62
D. General										
Dividend per Equity Share (Rs.)	4.00	4.00 *	4.00 *	3.00	3.00 *	3.40	3.40	3.20	2.20	2.20
Earnings per Equity Share (Rs.)	8.63	8.62	8.22	4.74	2.99	5.59	8.67	6.74	4.65	4.26
Book Value per Equity Share (Fs.)	64.60	60.68 **	87.07	75.05	74.05	87.51	87.57	84.16	82.10	80.88

* Dividend on shares issued and allotted during the year is payable pro-rata for the period and amount paid-up thereon.

** After issue of bonus shares in the ratio of 1:2 in February, 1996.

GOETZE (INDIA) LIMITED



DIRECTORS' REPORT

The Directors are pleased to present the 42nd Annual Report alongwith the Audited Accounts of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS

	(Rupees in Crores)		
	For the year ended 31.03.97		For the year ended 31.03.96
Total Income	256.94		210.53
Profit before depreciation and interest	45.62		32.15
Deduct:			
Depreciation	8.25	5.14	
Interest	10.31	5.93	11.07
Net Profit before Tax	27.06		21.08
Provision for Tax	5.25		5.50
Profit after Tax	21.81		15.58
Investment Allowance Reserve written back	-		0.37
Surplus brought forward	11.30		5.00
	33.11		20.95
Transferred to:			
Proposed Dividend	10.11		7.23
Debenture Redemption Reserve	0.42		0.42
General Reserve	3.00		2.00
Surplus carried to Balance Sheet	19.58		11.30
	33.11		20.95

TURNOVER AND PROFITS

The Total Income of the Company grew by 22% to Rs.256.94 crores; profit before tax recorded a significant rise of 28% to Rs.27.06 crores. The profit after tax at Rs.21.81 crores was the highest ever achieved by the Company.

OPERATIONS

Auto-ancillaries

The Company continued to benefit from the growing demand in the automotive sector. Capacities were more than fully utilised during the year. The turnover from this activity stood at Rs.165.13 crores as against Rs.143.00 crores last year, recording a growth of 17%.

Solvent Oil Extraction

This division achieved a turnover of Rs.60.36 crores as against Rs.52.85 crores in the previous year despite the difficult phase through which the industry as a whole is going through.

Leather Garments

The division recorded a turnover of

Rs.16.02 crores as against Rs.9.42 crores in the previous year.

Exports

The Company's foresight in identifying exports as a thrust area has fructified resulting in a growth of 55% over the previous year. The emphasis on building and nurturing overseas markets yielded rich dividends. Exports touched an all time high of Rs.53.49 crores, (previous year Rs.34.44 crores) and accounted for 22% of the total turnover (previous year 17%).

Modernisation and New Projects

Your Company maintained its market leadership in the manufacture of Piston Rings, and has continuously been improving its product mix. Modernisation and expansion programmes have been initiated at regular intervals to keep abreast with the most modern technology.

The introduction of a new genre of vehicles has made it imperative that the Company plan its future course of action keeping this in view. It is proposed to set up a new joint venture with a leading

Japanese Company for the manufacture of sophisticated and high technology rings. Necessary shareholders' approval for this venture is being sought.

Transfer of Piston Business

Consequent to the shareholders' approval, the entire business undertaking of Piston activity was transferred as a going concern to M/s.Escorts Mahle Ltd., a new joint venture between Escorts Limited and Mahle GmbH, Germany, with effect from 1st October, 1996.

BONUS SHARES

During the year 5818 Equity Shares were allotted as Bonus Shares on 2nd July, 1996 consequent upon the consolidation of fractional coupons arising out of the Bonus Issue made in the previous year.

DIVIDEND

The Directors are pleased to recommend a Dividend of 40% (previous year 40%). The quantum of the proposed dividend at Rs.10.11 crores for the year under review is 40% higher than Rs.7.23 crores paid out last year.

GOETZE (INDIA) LIMITED

**DIRECTORS' REPORT (Contd.)****DIRECTORS**

The term of office of Mr.B.R.Kapoor as Executive Director of the Company expires on 31st March, 1998. The Board of Directors at the meeting held on 16th April, 1997 have re-appointed him as Executive Director, subject to approval of the Members, for a further period of five years with effect from 1st April, 1998.

Dr.A.J.P.Sabberwal and Mr. Charanjit Singh resigned from the Board of Directors of the Company consequent upon their retirement from T & N plc, U.K. and Escorts Limited respectively. Your Directors place on record their appreciation for the valuable guidance, support and advice rendered by them to the Company.

Mr.R.Ashby Johnson was appointed as Director of the Company on 24th February, 1997 while Mr.Rajen Kilachand and Mr.Nikhil Nanda were appointed as Directors of the Company on 16th April, 1997. They hold office till the date of the ensuing Annual General Meeting and being eligible, offer themselves for re-election. Notices under Section 257 of the Companies Act, 1956 alongwith the requisite deposit have been received from the Members of the Company signifying their intention to propose the candidature of Mr.Ashby Johnson and Mr.Kilachand and Mr.Nikhil Nanda.

Mr.A.C.McWilliam has ceased to be Alternate Director to Mr.D.G.Carruthers in view of his changed assignment at

T & N plc, U.K. Mr.T.Allan Welsh and Dr.Brian Ruddy have been appointed as Alternate Directors to Mr.D.G.Carruthers and Mr.R.Ashby Johnson respectively.

In accordance with the Articles of Association of the Company, Mr.Rajan Nanda and Field Marshal Sam Manekshaw M.C., Directors, retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

M/s.S.N.Dhawan & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect that the re-appointment, if made, will be in accordance with Sub-section (1B) of Section 224 of the Companies Act, 1956.

PUBLIC DEPOSITS

212 deposits aggregating to Rs.20.26 lacs had fallen due for repayment as on 31.03.97 but remained unclaimed. Out of these, 13 deposits aggregating to Rs.1.12 lacs have been renewed or repaid.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms a part of this report.

PARTICULARS OF EMPLOYEES

The information required under Sub-section 2A of Section 217 of the Companies Act, 1956 in respect of certain employees of the Company is annexed and forms a part of this report.

AUDITOR'S REPORT

The observation made by the Auditors in their Report is clarified in Note 5 to the Accounts.

ACKNOWLEDGEMENT

Your Directors wish to place on record the full support and co-operation received throughout the year from our promoters M/s.Escorts Ltd. and Goetze GmbH/T&N plc, Government Authorities, Banks and Financial Institutions. Your Directors also express their gratitude to your Company's customers, dealers and suppliers for their support. The Directors also acknowledge the outstanding performance, dedicated hard work and co-operation of the employees at all levels. Lastly, our thanks go to our esteemed shareholders for their continued support and encouragement.

For and on behalf of the Board

ANIL NANDA
Chairman

April 16th, 1997