



ANNUAL REPORT 1997-98

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**GOETZE (INDIA) LIMITED**



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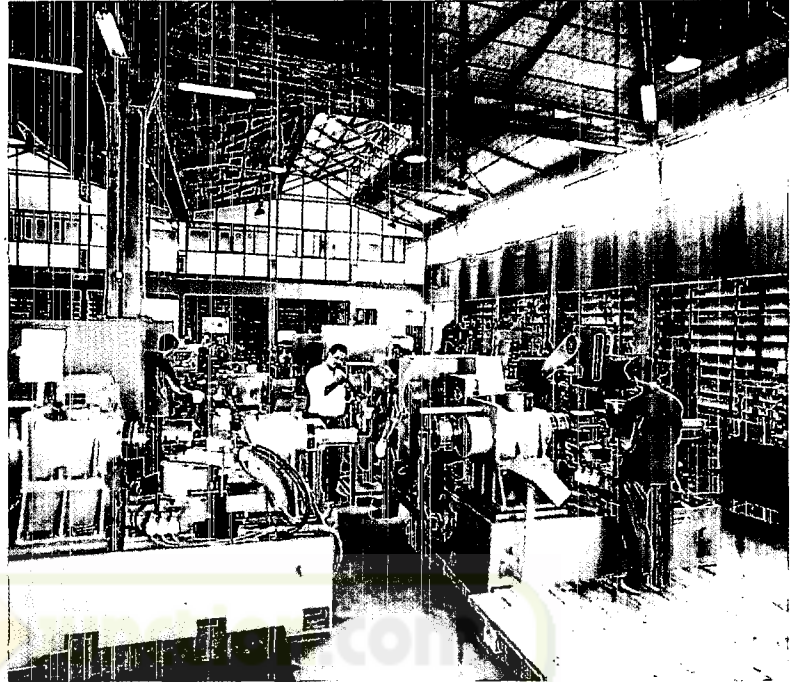
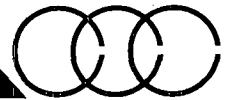
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**GOETZE (INDIA) LIMITED**

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

**NOTICE**

Notice is hereby given that the 43rd Annual General Meeting of the Company will be held at FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi 110001 on Monday, September 28, 1998 at 12.00 noon to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998, Profit & Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. L. M. Thapar who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Jahar Sengupta who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. J.B. Dadachanji who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Mr. M.M. Sabharwal who retires by rotation and being eligible, offers himself for reappointment.
7. To appoint Auditors of the Company and fix their remuneration by passing, with or without modification(s), the following resolution:

**(As Special Resolution)**

Resolved that M/s.S.N.Dhawan & Company, Chartered Accountants, C 37, Connaught Place, New Delhi 110001, be and are hereby appointed Auditors of the Company for the year ending 31st March, 1999 and to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.4,50,000 (Rupees Four lacs and fifty thousand only) plus reimbursement of travelling and other out of pocket expenses for attending to the audit work of the Company.

**SPECIAL BUSINESS**

To consider and if thought fit, to pass with or without modification(s), the following resolutions:

**8. (As Ordinary Resolution)**

Resolved that Mr. Alan C. Johnson be and is hereby appointed a Director of the Company liable to retire by rotation in accordance with Article 109 of the Articles of Association of the Company.

**9. (As Ordinary Resolution)**

Resolved that Dr.Brian L. Ruddy be and is hereby appointed a Director of the Company liable to retire by rotation in accordance with Article 109 of the Articles of Association of the Company.

## 10 (As Ordinary Resolution)

Resolved that consent of the Company be and is hereby accorded pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s) of the Board formed for the time being to exercise the powers conferred on the Board) to mortgage and / or charge in such form and manner as the Board may determine, any or all of the Company's immovable and/ or movable properties, present and future, situated at Bahadurgarh(Patiala) in the State of Punjab and at Yelahanka (Bangalore) in the State of Karnataka (hereinafter referred to as "the said premises") together with power to take over the management of the business and concern of the said premises of the Company in certain events, for the purpose of securing term loan of Rs.25 crores (Rupees twenty five crores only) sanctioned by ANZ Grindlays Bank Limited, New Delhi ( hereinafter referred to as "the Bank") to the Company ranking pari passu, inter se, with the security created /to be created in favour of Centbank Financial & Custodial Services Ltd. (formerly The Central Bank Executor and Trustee Co.Ltd.), Trustees for the Debentures of Rs.5 crores privately placed with Unit Trust of India and the Agents and Trustees for the proposed Debentures of upto Rs.25 crores to be privately placed with financial institutions, banks, funds, etc. together with interest, additional interest and / or compound interest in the event of default, additional interest by way of liquidated damages, premium on pre-payment or on redemption and all costs, charges, expenses and moneys due or payable by the Company to the Bank in respect of the said Term Loan in terms of Loan Agreement, Deed(s) of Hypothecation and Letter of Sanction executed by / issued to the Company.

Resolved further that the Board be and is hereby authorised to do all such acts, deeds, matters and things and to execute

all such documents or writings as may be considered necessary, usual, requisite or proper, without requiring any further approval of the Members of the Company, for giving effect to this resolution.

## 11 (As Ordinary Resolution)

Resolved that subject to such approvals, permissions and sanctions of appropriate authorities as may be necessary and such terms, conditions, alterations, modifications, changes and variations as may be specified while according any such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s) of the Board formed for the time being to exercise the powers conferred on the Board) be and is hereby authorised to accept, as it may think fit, consent of the Company be and is hereby accorded to issue upto 25,00,000 - Secured Redeemable Non-Convertible Debentures of the face value of Rs.100 each, in one or more series, aggregating upto Rs.25 crores, for cash at par, on private placement basis to financial institutions, banks, mutual funds, other investment institutions / funds or any or all of them, on the following terms and conditions:

**Face Value:** Each Debenture shall be of the face value of Rs.100.

**Interest:** The Debentures shall carry interest of upto 15% per annum or such other lower rate as may be decided to by the Board subject to any guidelines, that may be in force from time to time in this regard.

**Security:** The Debentures shall be secured by a mortgage / charge over immovable / movable properties, present and future, of the Company situated at Bahadurgarh (Patiala) in the State of Punjab and at Yelahanka (Bangalore) in the State of Karnataka ranking pari

passu with the existing charge-holders on the said properties, subject to prior charges of Company's bankers for working capital and other lenders for specific items of plant and machinery.

**Redemption:** The Debentures will be redeemable, at par within a maximum period of seven years from the date of allotment in such instalments as may be decided by the Board.

Resolved further that for the purposes of giving effect to all or any of the foregoing, the Board be and is hereby authorised, inter-alia, to pay such costs and charges including commitment/administration fee as may be lawful and as the Board may decide, to finalise the rate of interest, terms of redemption and the terms and manner of creation of security in respect of the debentures in consultation with the subscribers and / or Agents and Trustees for the Debentureholders and to give effect to any modification, change, variation or alteration thereto as it may deem fit and to take such action and do all acts, deeds, matters or things whatsoever, including settling any question, doubt or difficulty that may arise in regard to or in relation to the offer, issue, allotment, rate of interest, terms of redemption or creation of security in respect of the Debentures or any of these, as it may in its absolute discretion consider necessary, expedient, usual or proper, without requiring any further approval of the Members of the Company, in or about the premises.

#### 12. (As Ordinary Resolution)

Resolved that consent of the Company be and is hereby accorded pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s) of the Board

formed for the time being to exercise the powers conferred on the Board) to mortgage and / or charge in such form and manner as the Board may determine, any or all of the Company's immovable or movable properties, present and future, situated at Bahadurgarh (Patiala) in the State of Punjab and at Yelahanka (Bangalore) in the State of Karnataka (hereinafter referred to as "the said premises") together with power to take over the management of the business and concern of the said premises of the Company in certain events, for the purposes of securing unto the Agents and Trustees for the holders of upto 25,00,000 Secured Redeemable Non-Convertible Debentures of Rs.100 each, aggregating upto Rs.25 crores issued on private placement basis ranking pari passu, inter se, with the security created / to be created in favour of Centbank Financial & Custodial Services Ltd. (formerly The Central Bank Executor and Trustee Co.Ltd.), Trustees for the Debentures of Rs.5 crores privately placed with Unit Trust of India and ANZ Grindlays Bank Limited, New Delhi for their term loan of Rs 25 crores together with interest, additional interest and / or compound interest in the event of default, additional interest by way of liquidated damages, premium on pre-payment or on redemption and all costs, charges, expenses and moneys due or payable by the Company in respect of the said Secured Redeemable Non-Convertible Debentures of upto Rs.25 crores in terms of Letter(s) of Intent, Deed(s) of Hypothecation, Subscription Agreement(s), Trustee Agreement(s) etc.

Resolved further that the Board be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such documents or writings as may be considered necessary, usual, requisite or proper, without requiring any further approval of the Members of the Company for giving effect to this resolution.

#### 13. (As Ordinary Resolution)

Resolved that pursuant to Section 372 and other applicable provisions, if any, of the

Companies Act, 1956 and subject to such requisite approvals, as may be necessary, consent be and is hereby accorded to the Board of Directors of the Company for investing an initial sum equivalent of upto Rs.5 crores in the Subscribed Capital of an Overseas Corporate Body to be incorporated, at such place / country under a suitable name as may be approved by the appropriate authority, for exporting Company products and trading in Non-Company products, notwithstanding that such investment or such investment together with Company's existing investments in all other bodies corporate, shall be in excess of any or all of the percentages prescribed under sub-section (2) of Section 372 of the Companies Act, 1956 and the provisos thereto.

Resolved further that the Board of Directors of the Company be and is hereby authorised to settle all matters arising out of and incidental to the proposed investment including determining the actual sum and manner of such investment from time to time and generally to take all such steps as may be necessary and expedient to give effect to this resolution .

#### 14. (As Special Resolution)

Resolved that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s), amendment(s) or re-enactment(s) thereof, for the time being in force, the Articles of Association of the Company be and are hereby altered as under:-

- (a) The existing Article 3 be and is hereby amended by insertion of the words "and Article 58A hereunder" after the word "Act" appearing in line 1 of the existing Article 3.
- (b) The following Article be and is hereby added as new Article 58A after the existing Article 58:-

"Buy back 58A. Subject to the provisions of the Act and any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force, the Company shall have the power to buy back such number of its issued and subscribed Equity shares or other securities having any underlying voting rights, whether or not they are fully paid-up or redeemable, subject to such limits, terms and conditions, price and approvals as may be stipulated under the Act."

- (c) The existing Article 59 be and is hereby amended by adding a new clause (e) to the existing Article 59 as under:

"(e) for buy back of securities."

#### 15. (As Special Resolution)

Resolved that subject to the applicable provisions of the Companies Act, 1956, including any statutory modification(s), amendment(s) or re-enactment(s) thereof or any Ordinance enacted / promulgated in this regard for the time being in force and subject to requisite approvals, permissions / sanctions and such conditions / modifications as may be prescribed or imposed while granting such approvals, permissions / sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s) of the Board formed for the time being to exercise the powers conferred on the Board), consent of the Company be and is hereby accorded to the Board to buy back such number of Equity shares, on a proportionate basis and / or from the open market and / or of odd lots i.e. smaller than marketable lots of the Equity shares and / or through negotiations or any other arrangement, from its free reserves or out

of its share premium account or out of the proceeds of any issue made by the Company specifically for this purpose or from such other sources as may be permissible, on such terms and conditions and in such manner and at such price as may be prescribed / permitted from time to time provided that the aggregate of the Equity shares so bought back in one or more tranches shall not exceed 20% of the issued, subscribed and paid-up Equity share capital provided further that the funds to be utilised by the Company for such buy back shall not exceed Rs. 35 crores in the aggregate and the Equity shares so bought back shall be cancelled or kept alive for re-issue from time to time as may be permissible.

Resolved further that for the purposes of giving effect to all or any of the foregoing, the Board be and is hereby authorised to decide the appropriate time for such buy back and to do all such acts, deeds, matters and things and deal with all such matters and take all such steps in this regard as it may in its absolute discretion deem proper and necessary and settle any question(s) or remove any difficulty(ies) or doubt(s) that may arise in this regard without requiring any further approval of the Members of the Company.

## Notes

- i) Relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 7 to 15 is annexed hereto.
- ii) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE FORM ENCLOSED AND IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY **ATLEAST 48 HOURS BEFORE THE MEETING.**
- iii) The Directors Report, Auditors' Report, Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date are enclosed.

- iv) Dividend on shares, as recommended by the Directors, if declared at the meeting, will be payable to those members whose names appear on the Register of Members of the Company as on 28th September, 1998.
- v) Pursuant to Section 205A of the Companies Act, 1956 and the Rules made thereunder, all unclaimed or unpaid dividends upto the year 1994-95 (Interim Dividend) have been transferred to General Revenue Account of the Central Government for which prior notices were given individually to the members concerned. Members who have not encashed their respective dividend warrants upto the said period are requested to claim the same from the Registrar of Companies, National Capital Territory of Delhi and Haryana, Paryavaran Bhawan, "B" Block, CGO Complex, Lodhi Road, New Delhi 110003.

Please note that unclaimed / unpaid dividend for the year 1994-95(Final Dividend) shall be transferred to the General Revenue Account of the Central Government in mid of September, 1998. Notices have already been sent individually to the concerned members. Such members who have not yet informed the Company about their unclaimed/ unpaid dividend for the year 1994-95 (Final Dividend) must send their requests so as to reach the Company latest by 10th September, 1998.

Members are requested to send unclaimed / unpaid dividend warrants, if any, for the years, 1995-96 and 1996-97 to the Registered Office of the Company at their earliest for payment in lieu thereof.

- vi) Members are requested to notify change in their address, If any, quoting Folio number.
- vii) The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, September 15, 1998 to Monday, September 28, 1998 ( both days inclusive) for the purpose of determining entitlement of dividend, if any, declared by the Company.

- viii) It is suggested for the convenience of the Members that they inform the Company about their Bank Account number, name and address of the Bank to enable printing of these particulars on the dividend warrant for despatch to the Members. This is also advisable as a measure of abundant caution to minimise loss due to dividend warrants falling into improper hands through forgery or fraud.
- ix) Members who have multiple accounts in identical names or joint accounts in same order are requested to send all their relevant share certificate(s) to the Registered Office of the Company for consolidation of all such shareholdings into one account to facilitate better service.
- x) Members / Proxies are requested to bring the Admission Slip sent herewith duly filled in for attending the meeting to avoid inconvenience and delay at the time of registration.

By Order of the Board,  
for Goetze (India) Limited,

  
( Mukesh Manglik)  
Chief General Manager  
& Company Secretary

August 20, 1998

### EXPLANATORY STATEMENT

Under Section 173(2) of the Companies Act, 1956

#### Item No.7

A Special Resolution is required for appointment of Auditors where public financial institutions hold, in aggregate, not less than 25% of the subscribed share capital as in the case of your Company.

Messrs S. N. Dhawan & Company have intimated that their reappointment, if made, will be within the limits specified in Section 224(1B) of the Companies Act, 1956.

Your Directors commend the resolution for approval.

#### Item Nos.8 & 9

Mr.Alan C. Johnson was co-opted as a Director

on 16th June, 1998 in the existing vacancy caused by the demise of Mr.D.G.Carruthers. Mr. Johnson, Executive Vice-President of Powertrain System, Federal-Mogul Corporation, U.S.A. is overall incharge of global operations for both Original Equipment and Aftermarket customers of piston rings, pistons, liners, engine bearings, bushings and washers.

Dr. Brian L. Ruddy was Alternate Director to Mr.R.Ashby Johnson. With the resignation of Mr.R.Ashby Johnson, Dr. Ruddy was appointed as Director in his place on 16th June, 1998. Dr. Ruddy is Director, Business Development of Powertrain System, Federal-Mogul Corporation, U.S.A. and is responsible for joint ventures of Powertrain System business throughout the world.

The above Directors hold office upto the date of this Annual General Meeting and being eligible, offer themselves for appointment.

Mr.Alan C. Johnson and Dr.Brian L. Ruddy are interested in Resolution Nos.8 and 9 respectively.

Notices under Section 257 of the Companies Act, 1956 alongwith requisite deposits have been received from Members signifying their intention to propose the candidatures of Mr.Alan C.Johnson and Dr.Brian L.Ruddy for election to the office of Director of the Company.

Your Directors are of the opinion that their presence on the Board will be in the interest of the Company and commend the resolutions for approval.

#### Item No.10

To part finance the Company's on-going capital expenditure and / or expansion and modernisation plans for Piston Rings Plants at Patiala and Bangalore, the Company has been sanctioned a term loan of Rs.25 crores by ANZ Grindlays Bank Limited. The Company is required to secure the said loan by mortgage and / or charge on its immovable and/or movable properties situated at Bahadurgarh (Patiala), Punjab and Yelahanka (Bangalore), Karnataka ranking pari passu inter se with the security created in favour of Centbank