

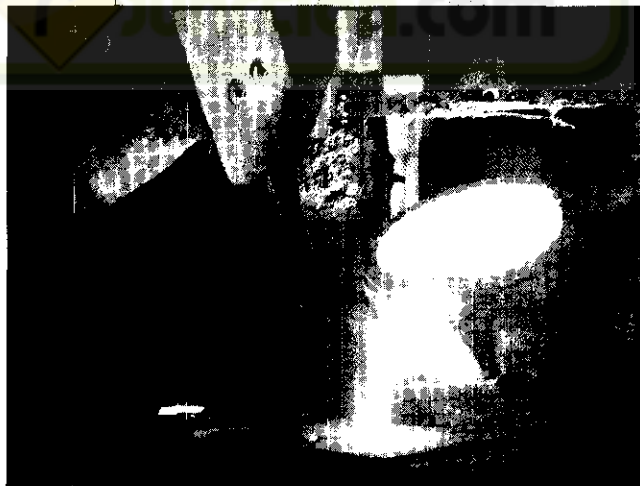
**ANNUAL
REPORT
1999-2000**



GOETZE (INDIA) LIMITED

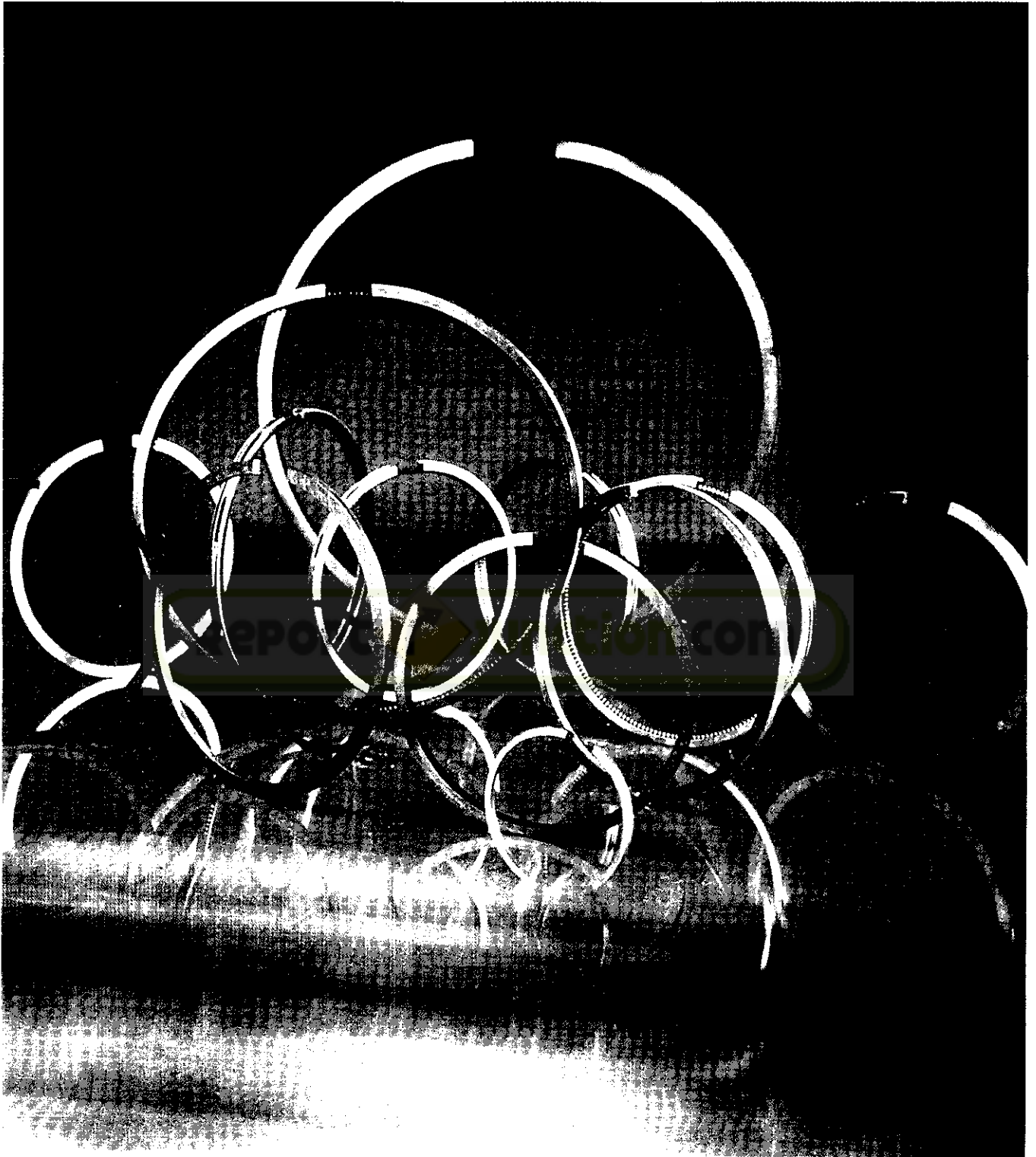
C O N T E N T S**45TH ANNUAL REPORT 1999-2000**

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GOETZE (INDIA) LIMITED




GOETZE (INDIA) LIMITED

Financial Controller
Mr. Sunil Khemka

Company Secretary
Mr. Mukesh Manglik

REGISTERED OFFICE
A-39, Mohan Co-operative
Industrial Estate,
Mathura Road,
New Delhi 110 044

HEAD OFFICE
Corporate Centre,
15/5, Mathura Road,
Faridabad - 121 003

WORKS

1. Bahadurgarh,
Patiala (Punjab)
2. Yelahanka,
Bangalore (Karnataka)
3. 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
HDFC Bank Ltd.

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. J.B. Dadachanji

Mr. Chakor L. Doshi

Mr. B.N. Kalyani

Mr. Rajen A. Kilachand

Field Marshal Sam Manekshaw, MC

Mr. Nikhil Nanda

Dr. Brian L. Ruddy

Mr. M.M. Sabharwal

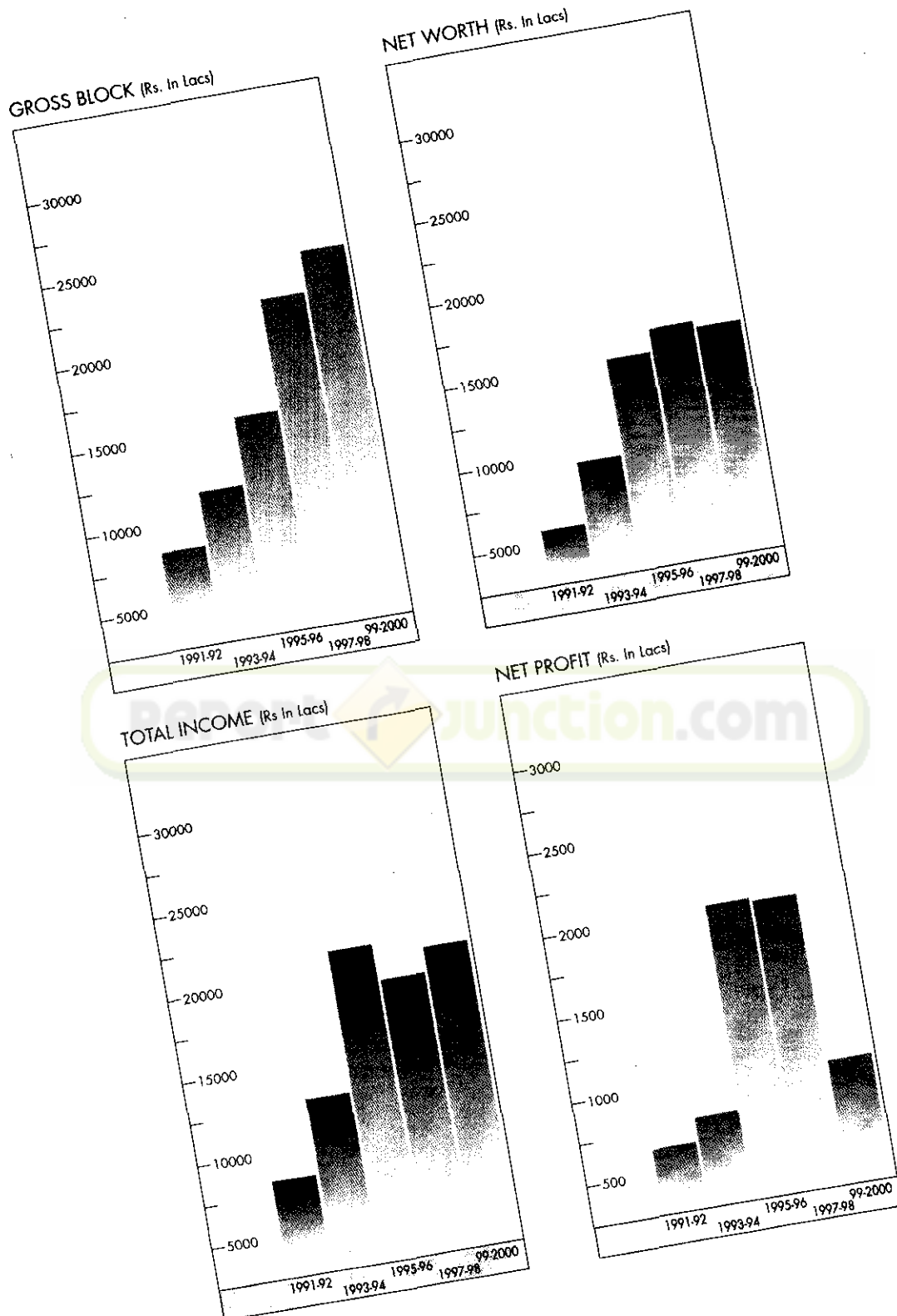
Mr. Jahar Sengupta

Mr. V.K. Srivastava

Mr. L.M. Thapar

Executive Director

Mr. B.R. Kapoor


GOETZE (INDIA) LIMITED



GOETZE (INDIA) LIMITED
TEN YEARS' FINANCIAL REVIEW

	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	(Rs. Lacs) 1990-91
Total Income	204,99.69	176,56.22	185,48.38	256,93.77	216,77.31	203,81.93	129,49.71	75,29.10	79,77.64	64,08.88
Depreciation	11,89.81	10,89.34	8,82.00	8,24.67	5,13.53	4,25.48	3,16.64	2,30.06	2,35.15	2,06.35
Profit before Tax	10,06.46	3,06.53	21,03.00	27,06.41	21,08.46	16,03.81	8,01.90	5,97.72	6,77.34	9,16.06
Taxation	-	-	2,30.00	5,25.00	5,50.00	4,37.35	2,20.00	2,30.00	2,90.00	3,15.00
Profit after Tax	10,06.46	3,06.53	18,73.00	21,81.41	15,58.46	11,66.46	5,81.90	3,67.72	3,87.34	6,01.06
Dividend	6,32.19	5,05.75	10,11.50	10,11.50	7,23.13	5,68.74	3,68.39	2,99.40	2,35.74	2,35.74
Dividend Tax	69.54	55.63	2,02.30	-	-	-	-	-	-	-
Retained Profit	3,04.73	(2,54.85)	6,59.20	11,69.91	8,35.33	5,97.72	2,13.51	68.32	1,51.60	3,65.32

Assets, Liabilities & Net Worth

	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	(Rs. Lacs) 1990-91
Fixed Assets	169,37.42	176,40.85	175,42.59	161,23.15	128,15.81	94,42.18	91,75.50	78,86.43	68,53.03	64,65.84
Investments	44,62.16	45,42.24	36,72.16	37,98.93	34,08.97	23,44.17	12,37.94	9,22.86	6,67.17	7,25.99
Indebtedness	101,83.33	117,40.73	107,47.85	86,97.13	77,90.36	43,99.69	48,05.62	32,82.92	59,06.75	28,47.98
Share Capital	25,28.75	25,28.75	25,28.75	25,28.75	25,28.17	16,85.84	12,27.96	12,27.96	6,93.36	6,93.36
Reserves	139,55.20	138,18.65	142,56.39	138,07.99	128,13.05	129,92.77	79,87.92	79,48.80	53,98.42	53,86.77
Net Worth	164,83.95	163,47.40	167,85.14	163,36.74	153,41.22	146,78.61	92,15.88	91,76.76	60,91.78	60,80.13

Significant Ratios

	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91
A. Measurement of Investment										
Percentage of Return on Investment	9.96	6.27	13.46	18.57	15.75	15.74	10.99	7.83	11.14	14.37
Percentage of Return on Equity	6.13	1.85	12.70	17.09	14.05	9.76	6.31	4.82	6.36	9.89
Dividend Cover (Ratio)	1.59	0.61	1.85	2.16	2.16	2.05	1.58	1.23	1.64	2.55
B. Measurement of Performance										
Percentage of Profit before Tax to Sales	5.06	1.81	12.41	11.20	10.27	8.16	6.39	8.62	8.98	14.99
Percentage of Profit after Tax to Sales	5.06	1.81	11.05	9.03	7.59	5.94	4.64	5.30	5.14	9.83
C. Measurement of Financial Status										
Percentage of Term Loans to Tangible Net Worth	27.58	34.34	28.46	18.60	21.06	15.96	33.42	17.83	16.57	26.85
Current Ratio	1.19	1.70	1.68	1.65	1.98	3.32	1.61	1.62	2.02	1.22
D. General										
Dividend per Equity Share (Rs.)	2.50	2.00	4.00	4.00	4.00*	4.00*	3.00	3.00*	3.40	3.40
Earnings per Equity Share (Rs.)	3.98	1.21	7.41	8.63	8.62	8.22	4.74	2.99	5.59	8.67
Book Value per Equity Share (Rs.)	65.19	64.65	66.38	64.60	60.68**	87.07	75.05	74.05	87.51	87.57

* 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 45th Annual Report alongwith the Audited Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rupees in Crores)	
	For the year ended 31.03.2000	For the year ended 31.03.1999
Total Income	205.00	176.56
Profit before depreciation and interest	33.61	24.47
Deduct:		
Depreciation	11.90	10.89
Interest	11.08	10.51
	22.98	21.40
Net Profit before Exceptional Items and Tax	10.63	3.07
Exceptional items	(0.56)	-
Provision for Tax	-	-
Profit after Tax	10.07	3.07
Surplus brought forward	18.60	23.76
Add: Transfer from		
Debenture Redemption Reserve	0.83	0.83
Less: Short Provision of Income	-	0.06
Tax of Earlier Years	-	-
	29.50	27.60
Appropriations:		
Interim Dividend	6.32	-
Final Dividend	-	5.06
Tax on Dividend	0.70	0.56
Debenture Redemption Reserve	3.12	3.13
General Reserve	1.25	0.25
Surplus carried to Balance Sheet	18.11	18.60
	29.50	27.60

TURNOVER AND PROFITS

The year under review recorded significant growth, both in income and profit. The total income increased from Rs. 176.56 crores in the previous year to Rs. 205.00 crores for the year under review. Net profit (before exceptional items) increased from Rs. 3.07 crores in the previous year to Rs. 10.63 crores – a growth of nearly 247%. Increased demand in the automotive sector coupled with drastic cost-reduction measures and general uptrend in the economy have contributed largely to this improvement.

OPERATIONS

Auto-Ancillaries

The sales to OE manufacturers during the year increased by 33% over that of last year whereas sales in the replacement

market improved by 17% in the same period. The company achieved a turnover of Rs. 178 crores from this activity as compared to Rs. 142 crores in the previous year.

Solvent Oil Extraction

There was no improvement in the status of edible oil industry since last year. The industry continues to reel under the pressure of liberal imports of edible oils. The solvent oil extraction plant of the company continued to remain shut throughout the year. Your directors have taken a decision to sell this plant and accordingly the entire plant and machinery of this Division has been transferred from 'fixed assets' to 'current assets' in the Balance sheet as on 31.3.2000. This accounting treatment is in line with

Accounting Standard 10(AS-10) issued by the Institute of Chartered Accountants of India.

Exports

The company's exports during the year were Rs. 25.16 crores as against Rs. 27.51 crores in 1998-99. Extreme recession in the world markets lead to leather exports declining from Rs. 23.30 crores to Rs. 19.48 crores in 1999-2000. However, the exports of automotive components recorded a growth of 35% over that of last year.

Dividend

Your Directors consider the interim dividend of 25% for the year ended 1999-2000 declared and paid as reasonable and commensurate with the results and accordingly recommend the same to be

**GOETZE (INDIA) LIMITED****DIRECTORS' REPORT (Contd.)**

treated as final. This entailed an outflow of Rs. 7.02 crores inclusive of dividend tax.

DIRECTORS

Mr. Alan C Johnson representing Federal Mogul Corporation, USA has resigned from the Board of Directors of the Company during the year under review. The Directors place on record their appreciation for the valuable guidance and support rendered by Mr. Alan C Johnson during his tenure as Director of the Company.

In accordance with Articles of Association of the Company, Dr. Brian L Ruddy, Mr. Nikhil Nanda, Mr. Rajen A Kilachand and Field Marshal Sam Manekshaw M.C., Directors retire by rotation and, being eligible, offer themselves for re-election.

Y2K COMPLIANCE

Your Directors are pleased to inform you that with adequate measures and initiatives taken by the Company to address the Y2K issue, the transition was smooth and there was no disruption or adverse impact on the operations of the Company.

INVESTMENTS

With a view to reduce its investments in non-core business, entire shareholding of your company in GIP Leather (India) Limited has been sold, resulting in a profit of Rs. 1.59 crores.

DEPOSITORY SYSTEM

The Securities & Exchange Board of

India (SEBI) has notified compulsory trading of your Company's Equity shares in Demat mode for Institutional Investors with effect from 17th January, 2000. Accordingly, arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) for dematerialisation of your Company's Equity shares have been made. Retail Investors also have the option to avail of this facility.

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

236 Deposits aggregating to Rs.29.67 lacs had fallen due for repayment as on 31.03.2000 but remained unclaimed. Out of these, 82 deposits aggregating to Rs. 11.70 lacs have since 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.

ACKNOWLEDGEMENT

Your Directors wish to place on record the full support and co-operation received throughout the year from our promoters Escorts Ltd., and Federal-Mogul Corporation, 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

May 31, 2000



GOETZE (INDIA) LIMITED

ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

(a) The following energy conservation measures were taken:

- Power savings to an extent of 40% achieved by replacing the existing obsolete design 20HP pumps by more efficient 10HP pumps.
- Pipe lines modified to take the return hot water directly to the cooling towers enabling to switch off the pump and operate the same very sparingly resulting into power saving to an extent of 40%.
- Developed a dedicated water cooling system for Chrome plant which resulted into a very effective cooling system and helped eliminate perennial production hold-ups due to high temperature problems.
- Modification of roof lights in Tool Room, Finished Article Store, Alco Machine Shop, Honing Section and Foundry. Has resulted into power savings to an extent of 10% and improvement in illumination and working condition.
- Use of translucent sheets at selected points replacing asbestos sheets in the roof of Foundry building has enabled to switch off roof lights during daytime resulting into substantial power savings plus enhanced illumination and work

place improvement.

- Introduction of energy savers in the roof lights power supply circuit has resulted into power savings of 10%.
- Modification of burners and fuel feed system and plugging heat losses from slag removal cum tapping ports.

(b) Additional Investments and proposals for reduction in energy consumption:

- Installation of electronic ballasts in shop floor lighting fixtures/luminaries.
- Procurement and installation of Conserve Air System for optimum use of Compressors and Compressed Air.
- Up-gradation of Foundry technology has been taken up for the next year.

(c) Impact of above Measures

- Specific power consumption for the Rings production has come down by 20%.
- Rundomat installed in Machine Shop for chrome rings to eliminate the belt grinding had resulted in reducing the honing time.

B. TECHNOLOGY ABSORPTION

- CNC Version IDA Machine and Autogap Grinding Machines have been installed to improve on productivity and

consistency in quality.

- Additional SPC Stations have been set up to improve on Quality of Products.
- Highly productive Kafig Machine, Profile Grinding Machine, IDA Machine, Auto gap sizing and Auto Slotting Machine have been installed and results will be monitored in next year.

C. ENVIRONMENT & SAFETY

- A shot-blasting machine has been installed in Foundry, which will replace the tumbling barrel to eliminate the noise pollution.
- Statutory requirements of various environmental and pollution control Acts are being met and monitored. Additional fume extraction and scrubbing unit has been installed in Foundry.
- Training programmes are being conducted regularly on environmental and safety aspects by internal and external faculty to educate employees.
- Because of continuing awareness on safety, the State Government has awarded Patiala Plant the following safety awards:-
 - Lowest Frequency Accidents Award
 - Largest Accident free period in the factories employing more than 500 workers.

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.

Sr. No.	NAME OF EMPLOYEE	AGE (Years)	QUALIFICATIONS	EXPERIENCE (Years)	DATE OF EMPLOYMENT	DESIGNATION/ NATURE OF DUTY	REMUNERATION RECEIVED (Rupees)	LAST EMPLOYMENT HELD
A. Employed throughout the Financial year and in receipt of remuneration aggregating not less than Rs. 6,00,000/- for the year.								
1.	AHUJA A.R.	50	B.Tech(Mech.)	28	01.10.1992	General Manager (Materials)	720,205	Kone Elevators (India) Ltd.
2.	AJIT KUMAR B.S.	52	B.E.(Mech.)	30	12.07.1979	Chief General Manager (Production)	1,053,032	Bharat Earth Movers Ltd.
3.	ANAND ARUN	44	M.Tech. B.A.(Eco. Hons.), FCA	22	26.04.1982	Associate Vice President (Chairman's Office)	1,164,395	Escorts Limited
4.	KALRA G.S.	49	FCA	22	18.04.1986	Chief General Manager (Finance)	688,566	Punjab Tractors Limited
5.	KAPOOR B.R.	58	B.Com.(Hons.), FCA	34	01.04.1993	Executive Director	1,440,344	Escorts Limited
6.	KAPOOR S.N.	57	B.Sc (Mech.Engg.)	31	15.11.1972	Associate Vice President (Technical)	777,783	Hindustan Aluminium Corporation Limited
7.	KATARIYA S.L.	53	B.E. (Mech.)	30	19.12.1968	General Manager (Production)	614,743	-
8.	KHANNA V.D.	55	B.Sc (Mech.Engg.)	34	15.12.1988	Chief General Manager (Production)	915,561	Hero Cycles Pvt.Ltd.
9.	*MANGLIK MUKESH	49	B.Com.(Hons.), FCA, FCS	24	08.02.1988	Associate Vice President (Company Secretary)	1,124,861	Orient Abrasives Limited
10.	NARAYANAN MOHAN	48	B.Sc., MBA	27	03.10.1972	Associate Vice President (Materials & Marketing)	1,186,404	-
11.	SAIRAM K.	49	B.E.(Mech.), PGDB (IIM, Ahmedabad)	26	01.06.1998	Associate Vice President (Manufacturing)	1,195,514	Motherson Sumi Systems Limited
12.	VIRMANI P.K.	57	Graduate N.D.A	36	06.08.1993	Associate Vice President (Marketing)	1,126,812	Saras Sales (P) Ltd.
B. Employed for part of the year and in receipt of remuneration not less than Rs. 50,000/- per month.								
1.	KAPOOR SANDEEP	35	B.Tech., M.B.A.	12	01.07.1998	General Manager (Marketing)	692,315	Birla Yamaha Ltd.

Notes : 1. Remuneration received includes salary, leave pay, commission, actual expenditure on rent free accommodation and benefits or amenities, Company's contribution to provident fund, gratuity fund but excludes superannuation contribution which is not allocated individually.

2. All appointments are contractual.

* On deputation from M/s. Escorts Limited.

**GOETZE (INDIA) LIMITED****Corporate Governance**

In its Code of Corporate Governance the Company is committed to ensure customer satisfaction through product quality, service and price and to maximise return and long term value for all its shareholders' investment consistent with fairness to all the stakeholders and with due concern for environment and social responsibility.

Though the provisions of corporate governance as per the listing agreement amendment are applicable for our company from the year 2001-2002, the company has already initiated steps for better and more transparent corporate governance regime.

1. Board of Directors**Composition of Board**

The Board of Directors of the Company comprises of fourteen Directors which consists of twelve Non Executive Directors. Moreover nine of the Non Executive Directors are Independent Directors.

Name of Director	Executive/Non Executive/Independent
Mr. Anil Nanda	Executive
Mr. Rajan Nanda	Non Executive
Mr. J.B. Dadachanji	Non Executive-Independent
Mr. Chakor L. Doshi	Non Executive-Independent
Mr. B.N. Kalyani	Non Executive-Independent
Mr. Rajen A. Kilachand	Non Executive-Independent
Field Marshal Sam Manekshaw M.C.	Non Executive-Independent
Mr. Nikhil Nanda	Non Executive
Dr. Brian L. Ruddy	Non Executive
Mr. M.M. Sabharwal	Non Executive-Independent
Mr. Jahar Sengupta	Non Executive-Independent
Mr. V.K. Srivastava	Non Executive-Independent
Mr. L.M. Thapar	Non Executive-Independent
Mr. B.R. Kapoor	Executive

Details of Board Meetings held during the year 1999-2000 :

Date of Board Meeting	No. of Directors Present
28.05.1999	6
27.07.1999	10
28.10.1999	9
31.01.2000	7
31.03.2000	7

2. Audit Committee

The Company has an Audit Committee of Directors consisting of three Independent and Non Executive Directors. The Audit Committee met on 23rd May 2000 to review the accounting practices followed by the Company, Financial Statements audited by the Statutory Auditors and generally to interact with the Statutory and Internal Auditors. The Audit Committee consists of :

Mr. M.M. Sabharwal	Chairman of the Committee Independent-Non Executive
Mr. J.B. Dadachanji	Advocate - Independent - Non Executive
Mr. V.K. Srivastava	Chartered Accountant - Independent - Non Executive

The Audit Committee will meet three times in a financial year as required under the Code of Corporate Governance.