

48th ANNUAL REPORT 2002 - 2003

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GOETZE (INDIA) LIMITED


GOETZE
GOETZE (INDIA)LIMITED

Registered Office
52-B, 2nd Floor,
Okhla Industrial Estate,
Phase III
New Delhi 110 020

NOTICE

Notice is hereby given that the 48th Annual General Meeting of the Company will be held at FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi 110001 on Saturday, 27th September 2003 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003, Profit & Loss Account for the period ended on that date and Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares and confirm dividend on Preference Shares.
3. To appoint a Director in place of Dr. Brain L Ruddy who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. L.M.Thapar who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Nikhil Nanda who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors of the Company and to fix their remuneration by passing, with or without modification(s), the following 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 2004 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. 12,50,000/- (Rupees twelve lacs fifty thousand only) excluding service tax plus reimbursement of travelling and other out of pocket expenses for attending to the audit work of the Company".

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution: -

(AS ORDINARY RESOLUTION)

"Resolved that Mr. Rainer Jueckstock be and is hereby appointed as Director of the Company eligible to retire by rotation in accordance with Article 109 of the Articles of Association of the Company".

8. To consider and if thought fit, to pass with or without modification(s), the following resolution: -

(AS SPECIAL RESOLUTION)

"Resolved that subject to Section 61 and other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby accorded for voluntary de-listing of the Equity Shares of the Company from the Regional Stock Exchange i.e. The Delhi Stock Exchange Association Limited (DSE) and The Stock Exchange,



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Mumbai (BSE) in accordance with the relevant laws, rules, regulations, guidelines and procedures (including any statutory modification(s) or re-enactment(s) thereof and as may be enacted hereinafter) issued by the Securities and Exchange Board of India (SEBI) or any other appropriate authorities from time to time and for the time being in force, subject to such conditions and modifications as may be prescribed by DSE and BSE while granting such approval.

Resolved further that the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) thereof formed for the time being to exercise the powers conferred by the Board) be and is hereby authorised to seek voluntary de-listing of the Equity Shares of the Company from the aforesaid stock exchanges, do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and settle any question, difficulty, doubt that may arise in this regard and to execute all such deeds, documents, writings as may be necessary, deemed fit, desirable or expedient and for this purpose delegate the authority duly vested in it by virtue hereof to such person who it may consider suitable to take all necessary steps to comply with the legal and /or procedural formalities required to give effect to this resolution."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution: -

(AS SPECIAL RESOLUTION)

"Resolved that in partial modification to the Members approval obtained at the Annual General Meeting held on 27th July 1999 for reappointment of Mr. Anil Nanda as Managing Director of the Company for five years from 1st June, 2000 to 31st May 2005 and pursuant to provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, as amended upto date and any amendments or re-enactments thereto, consent of the Company be and is hereby accorded to the payment of salary and perquisites in addition to commission to Mr. Anil Nanda as Managing Director for the remaining period of his current tenure from 1st April, 2003 to 31st May 2005.

Resolved further pursuant to provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, as amended upto date and any amendments or re-enactments thereto, consent of the Company be and is hereby accorded to the re-appointment of Mr. Anil Nanda as Managing Director for a further period of five years with effect from 1st June 2005.

Resolved further that consent of the Company be and is hereby accorded to payment of remuneration to Mr. Anil Nanda as Managing Director for the remaining period of his current tenure from 1st April 2003 till 31st May 2005 and thereafter for a further period of five years with effect from 1st June 2005 and on such other terms and conditions as follows:

1. **Salary :** Rs.5,00,000/-(Rupees Five Lacs only) to Rs.10,00,000(Rupees Ten Lacs only) per month
2. **Perquisites :** Restricted to an amount equal to the annual salary and classified into three categories A, B and C as under :



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Category A**i) Housing :**

Company leased furnished accommodation will be provided as per rules of the Company.

In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance as per rules of the Company.

In case the accommodation is owned by the Company, a deduction of 10% of salary of the Managing Director shall be made by the Company.

Expenditure incurred on gas, electricity, water, furnishings, house maintenance and appliances in accordance with the rules of the Company

ii) Medical reimbursement :

Subject to a ceiling of one month's salary in a year or three months' salary over a period of three years. In addition to the above, medical reimbursement incurred for treatment abroad will be subject to a limit of US\$ 50,000 per year or US\$ 1,50,000 over a period of three years.

iii) Leave travel benefit :

Once in a year in accordance with the rules of the Company.

iv) Club fees / Subscription :

Fee/subscription of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

v) Insurance :

- Group Personal Accident and
- Group Medical Hospitalisation in accordance with the rules of the Company.

Category B**i) Company's contribution towards Provident Fund :**

12% of the Salary as per rules of the Company or such percentage as may be specified from time to time.

ii) Company's contribution towards Superannuation or Annuity Fund together with provident fund shall not exceed 27% of the salary as prescribed by the Income Tax Rules, 1962 or any statutory modification thereof.

The contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

iii) Gratuity:

Not exceeding half month's salary for each completed year of service.



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- a) Contribution to provident fund, superannuation fund or annuity fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961;
- b) Gratuity not exceeding one half month's salary for each completed year of service; and
- c) Encashment of leave at the end of the tenure.

Resolved further that the Board of Directors and /or the Remuneration Committee be and are hereby authorised to alter/vary the terms and conditions of appointment and payment of remuneration to him and to increase the salary within the scale as provided above from time to time and as may be considered appropriate within the maximum permissible limits under and in accordance with Schedule XIII of the Companies Act, 1956 or any amendments or re-enactments thereto as may be made or any guidelines framed thereunder , and in force from time to time .

Resolved further that the Board of Directors and / or the Remuneration Committee be and are hereby authorised to execute agreement(s) with Mr. Anil Nanda in connection with the aforesaid and to take such steps as may be considered incidental, necessary and expedient to give effect to the resolution."

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

(AS ORDINARY RESOLUTION)

"Resolved that the Authorised Capital of the Company amounting to Rs.80 Crores (Rupees Eighty Crores only) presently classified into Equity Share Capital of Rs. 30 crores and Preference Share Capital of Rs. 50 crores, be and is hereby re-classified into Equity Share Capital of Rs. 80 Crores (Rupees Eighty Crores only)

Resolved further that the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following:

V. The Share Capital of the Company is Rs. 80 Crores (Rupees Eighty Crores only) divided into 8,00,00,000 Equity Shares of Rs.10/- each with power to increase, reduce or re-classify the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Companies Act,1956 and of the Company and to vary, modify or abrogate any such rights , privileges or conditions in such manner as may for the time being be provided by these regulations ."

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

(AS SPECIAL RESOLUTION)

"Resolved that the existing Article 4 of the Articles of Association of the Company be and is hereby substituted by the following:

4. The Share Capital of the Company is Rs. 80 Crores (Rupees Eighty Crores only) divided into 8,00,00,000 Equity Shares of Rs.10/- each with power to increase, reduce or re-classify the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights,



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privileges or conditions as may be determined by or in accordance with the regulations of the Companies Act, 1956 and of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by these regulations."

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

(AS SPECIAL RESOLUTION)

"Resolved that pursuant to Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with Memorandum and Articles of Association of the Company and subject to approvals, consents, permissions or sanctions as may be and to the extent necessary of the Securities and Exchange Board of India; Reserve Bank of India under the Foreign Exchange Management Act, 1999, Stock Exchange(s) and any other appropriate authority(ies), institutions etc. and subject to such regulations/guidelines and such conditions/modifications as may be prescribed by any of them while granting such approval, consent, permission or sanction, consent be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board") to make a Rights issue for an aggregate amount of upto Rs. 50 crores (Rs. 500 million) and for that purpose to issue, offer and allot such number of Equity Shares of Rs.10/- each fully paid up on rights basis (hereinafter referred to as "Rights Equity Shares") at such time, at such price inclusive of such premium and in such proportion as may be fixed by the Board to all the existing Equity Shareholders of the Company whose names appear on the Register of Members and Beneficial Owners data as on the Record Date as may be fixed by the Board for such purposes.

Resolved further that the said Rights Equity Shares shall rank pari passu in all respects with the existing Equity Shares save and except their entitlement to dividend to commence from the date of allotment of such Rights Equity Shares.

Resolved further that for the purposes of giving effect to all or any of the foregoing, the Board be and is hereby authorised for and on behalf of the Company, in its absolute discretion as it deems fit, necessary, expedient, usual or proper from time to time, inter-alia, to do all such acts, deeds, matters and things to give effect to this resolution including disposing off the un-subscribed portion of the Rights Issue, if any, in such manner as they may deem appropriate and in the best interest of the Company and to accept and give effect to such alteration(s) or modification(s) as may be suggested or recommended by any of the concerned authorities or agencies, including seeking listing of such Rights Equity Shares, appointment of Lead Managers/ Co-Managers, Registrars, Bankers and such other agencies as may be required and to settle any questions or remove any difficulty or doubt that may arise in this regard without requiring any further approval of the Members of the Company under the provisions of the Companies Act, 1956."

Notes

- i) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions at item Nos.7 to12 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



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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 2003 and the Profit and Loss Account for the period ended on that date are enclosed.
- iv) The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, September 15, 2003 to Saturday, September 27, 2003 (both days inclusive).
- v) Dividend on Equity 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 27th September 2003. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership furnished by the Depositories for this purpose.

The amount of unclaimed or unpaid dividends upto the year 1994-95 has been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956 in force at that time. 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.

Consequent upon the amendment to Section 205A and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed or unpaid for a period of seven years shall be transferred to Investor Education and Protection Fund established by the Central Government and no claim thereof shall lie against this Fund or the Company on the expiry of the said period of seven years. Pursuant to the said provision the unpaid dividend for the year 1995-96 has been transferred to Investor Education & Protection Fund.

Members are requested and advised to send unclaimed / unpaid dividend warrants, if any, for the years 1996-97 to 2001-02 at the earliest to the Company for the payment in lieu thereof.

- vi) Members holding shares in physical mode are requested to notify change in their address, if any to the Company quoting Folio number and those holding shares in Demat mode must inform the change of address to their respective Depository Participants.
- vii) Members holding shares in physical mode and 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 Company for consolidation of all such shareholdings into one account to facilitate better service.
- viii) Members / Proxies are requested to bring their copy of the Annual Report and Admission Slip sent herewith duly filled in for attending the meeting to avoid inconvenience and delay at the time of registration. Copies of Annual Report and admission slip will **NOT** be available for distribution at the venue of the meeting.



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- ix) In terms of notification issued by SEBI, the Equity Shares of the Company are under **compulsory demat trading for all investors from 24th July 2000**. Shareholders are advised to hold their shares in Demat mode and to send their Share Certificates alongwith Dematerialisation request to the Company through their Depository Participants.
- x) Section 109A has been inserted by the Companies (Amendment) Act, 1999 enabling the shareholder(s) to nominate, a person to whom his shares in the Company shall vest in the event of his/their death. Where the shares are held in joint names, such nomination has to be made jointly. The nominee shall, on the death of the shareholder or all joint holders, as the case may be, become entitled to all rights in the shares to the exclusion of all other persons unless the nomination is varied or cancelled by the shareholder(s) in the prescribed manner.
Shareholder(s) desirous of nominating a person may write to the Company for obtaining the prescribed Nomination form.
- xi) With a view to ensure safety and protection against fraudulent encashment of the dividend warrants, you are requested to provide your bank account number, name of the bank and address of the branch to enable us to incorporate the said details in the dividend warrants. Please send the above information to the Company quoting your folio number/Client ID.
- xii) All the shareholders can communicate with the Company either at the Registered Office of the Company or at Company Secretariat, Corporate Centre, 15/5, Mathura Road, Faridabad-121003 or by email to mukeshmanglik@goetzeindia.net.

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

(Mukesh Manglik)

Vice-President - Company Secretary

Date : 1st September, 2003

Explanatory Statement under Section 173 (2) of the Companies Act, 1956

Item No. 7

Mr. Rainer Jueckstock is Vice President - Rings & Liners of Federal Mogul Corporation, USA, our Company's Foreign Collaborators. He was appointed as Director of the Company on 1st September 2003 and holds office till the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit has been received from a member of the Company signifying his intention to propose the candidature of Mr. Rainer Jueckstock, who, being eligible offers himself for appointment. Other particulars of Mr. Jueckstock are given on the last page of the notice.

Your Directors recommend the resolution for approval.

Item No. 8

Presently the Company's Equity Shares are listed on the Delhi Stock Exchange (DSE), The Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE). In view of the SEBI (Delisting of Securities) Guidelines, 2003, the Companies which are listed with Stock Exchanges which are having nationwide terminals i.e the Stock Exchange Mumbai (BSE), The National Stock Exchange of India Limited, Mumbai (NSE) and any other Stock exchange which may be specified by the Board, can seek voluntary de-listing of its securities from all other Stock Exchanges including the Regional Stock Exchange if the Company continues to be listed at NSE or BSE.



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Statement containing information as required under Notification No.GSR 36(E) dated 16th January 2002 issued by the Central Government amending Schedule XIII of the Companies Act, 1956 and to be given in the notice of the Annual General Meeting is given below:

1 General Information	
1) Nature of Industry	Piston Rings, Pistons, Piston pins, Groove Inserts , Cylinder Liners, Sintered Products etc. for all types of Automotive & Industrial engines.
2) Date or expected date of commencement of commercial production	Not applicable as the company is in commercial production for the last over four decades.
3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable
4) Financial performance based on given indicators	As given under ten years financial review of the Annual Report
5) Export performance and net foreign exchange earned	As given in Directors Report of the Annual Report
6) Foreign investments or collaborators, if any	Federal Mogul Corporation, USA holds 25.47% of the paid up Equity Capital of the Company through Federal Mogul GmbH, Germany
2. Information about the appointee	
1) Background details	Mr. Anil Nanda son of Late Shri. H.P. Nanda ,is the Chairman and Managing Director of the Company and has played a significant role in the growth and diversification programmes of the Company since he took over as Director in 1977 and as Managing Director in 1981. He has successfully guided the Company to strengthen the market leadership in the Auto Components business and has also diversified in generation of Wind Energy.
2) Past remuneration	2002-2003—Rs.42.37lacs(Commission only)for 9 months
3) Recognition or awards	NIL
4) Job profile and his suitability	Responsible for overall management, policy and decision making of the Company subject to the direction and control of the Board of Directors. He shall also perform such other functions and exercise such powers as shall from time to time be entrusted by the Board of Directors. The appointee with his leadership, professional qualities and vast experience in the auto ancillary industry has been instrumental in the commendable growth of the Company.
5) Remuneration proposed	As per details given at item No. 9 of the notice
6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The proposed remuneration is in tune with the current remuneration packages of similar industry, comparative size and effective Capital of the Company, qualification & experience of the appointee and highly competitive business scenario requiring recognition & reward of performance & achievement for retention of best talent and motivation towards meeting the objectives of the Company.
7) Pecuniary relationship directly or Indirectly with the Company, or relationship with the managerial personnel, if any.	None
3. Other information :	
1) Reasons of loss or inadequate profits	Not Applicable
2) Steps taken or proposed to be taken for improvement	Not Applicable
3) Expected increase in productivity and profits in measurable terms	The turnover of the Company is expected to increase to Rs.550 crores (approx) with profit before tax of Rs.72 crores (approx) by the year 2007-2008
4 Disclosures :	The requisite information has been given under the section on Corporate Governance attached to the Annual Report

Your Directors recommend the resolution for approval.



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Item Nos. 10 & 11

The existing subscribed and paid up Equity Capital of the Company is Rs. 25.28 crores against the Authorised Share Capital of Rs.80 crores comprising of Equity Capital of Rs.30 Crores and Preference Capital of Rs.50 Crores. In view of the proposal for Rights Issue of Equity Shares to the existing shareholders the present Authorised Equity Share Capital needs to be enhanced. It is therefore proposed to reclassify the Authorised Share Capital of the Company of Rs. 80 Crores into Equity Share Capital of Rs. 80 Crores by deleting the Preference Share Capital and consequently substitute Clause V of the Memorandum of Association and Article 4 of the Articles of Association to reflect the reclassified Share Capital.

Consent of the members is being sought pursuant to Sections 31 and 94 of the Companies Act, 1956.

Your Directors recommend the resolutions for approval.

Item No. 12

To augment long term funds requirements to meet Capital expenditure for upgradation of Technology, the stringent emission norms for automotive engines, state of art technology for new generation vehicles, competitive Global Standards in both Piston and Piston Rings businesses and the need for enhanced long term Working Capital requirements consequent upon the amalgamation of Pistons business with the Company, it is proposed to make a Rights Issue for meeting a portion of the said funds requirements.

Consent of the Members is being sought pursuant to Section 81 and other applicable provisions of the Companies Act, 1956.

Your Directors recommend the resolution for approval.

MEMORANDUM OF INTEREST

None of the Directors of the Company are interested in the proposed Resolutions except to the extent of their respective re-appointments and as shareholders of the Company.

INSPECTION

Memorandum and Articles of Association of the Company and other relevant documents if any will be available for inspection by Members at the Registered Office of the Company between 11:00 A.M and 1:00 PM on all working days and at the meeting.