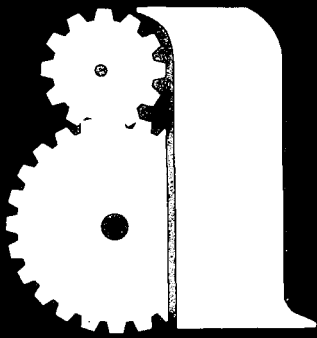


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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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**ATLAS
GEARS LIMITED**

8th
Annual Report
1997-98



BOARD OF DIRECTORS : Mr. Riad Fyzee *Chairman and
Managing Director*
Mr. Murad K. Fyzee
Mr. Rattan Singh
Mr. P. N. Kotwal
Mr. J. M. Mapgaonkar
Mr. M. M. Deshmukh
Mr. Manoj Borkar
Mr. Marcel Rebello *Company Secretary*

BANKERS : Bank of India
The United Western Bank Ltd.

AUDITORS : Suresh Surana & Associates

**REGISTERED OFFICE
AND FACTORY :** Survey No. 157,
Devarwadi,
Chandgad Taluka,
Post Shinoli, Dist. : Kolhapur
Maharashtra 416 507

CORPORATE OFFICE : 9, Anil Chambers, 1st Floor,
Behind Metro Cinema, Cinema Lane,
Dhobitalao, Mumbai 400 020.
Tel. : 203 1922

**REGISTRARS AND
TRANSFER AGENTS :** Hamco Share Registry Pvt. Ltd.
17-B, Dena Bank Building, 2nd Floor,
Horniman Circle, Fort,
Mumbai 400 001.
Tel. : 266 5781, 266 2214
Fax : 266 4779



NOTICE:

NOTICE is hereby given that the Eighth Annual General Meeting of Atlas Gears Limited will be held on Wednesday 30th September 1998 at 3.00 P.M. at the Registered Office of the Company at Survey No 157, Devarwadi, Chandgad Taluka, Dist Kolhapur, Maharashtra 416507 to transact the following business :

1. To receive and adopt the Profit and Loss Account for the year ended 31st March, 1998 the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint a Director in place of Mr. Manoj Borkar who was appointed as an Additional Director of the Company and hence holds the office of Director only up to the date of this meeting and in respect of whom the Company has received a notice from a member complying with the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Manoj Borkar as a candidate for the office of Director.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:

- a) The relative Explanatory Statement as required by Section 173 of the Companies Act, 1956 in regard to item no 4 is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY FORMS MUST REACH THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- c) If dividend on equity shares as recommended by the Board is approved at the forthcoming Annual General Meeting payment thereof will be made to those shareholders whose names appear on the Register of Members of the Company as on 30th September, 1998.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 16th September 1998 to Wednesday 30th September 1998 both days inclusive.
- e) Shareholders who have not encashed their Dividend Warrants for the year ended 31st March

1997 are requested to send the same for revalidation to the Corporate Office.

- f) Members are requested to:
 - i) Intimate to the Company's Registrars and Share Transfer Agents change if any, in their registered address at an early date.
 - ii) Quote Folio Numbers in all their correspondence.
 - iii) Return the form placed at the end of this Report duly completed for incorporation of particulars of their Bank Accounts on the dividend warrants, if not already done so.

By Order of the Board of Directors

Marcel Rebello
Company Secretary

Place : Mumbai,
Dated: 26th June 1998

Registered Office :
Survey No 157, Devarwadi,
Dist. Kolhapur, Post Shinoli,
Maharashtra - 416507.

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956 the following Explanatory Statement sets out all the material facts relating to the business under item No 4.

Item No. 4

Mr. Manoj Borkar was appointed Additional Director of the Company with effect from 26th June, 1998. Mr. Manoj Borkar is Vice President in IL & FS Venture Corporation Ltd., and is their representative on the Board of Directors of the company. He has wide and varied experience and the Board of Directors feels that it would be in the interest of the Company to have the benefit of his experience and advice and accordingly commends his appointment to the members. Mr. Manoj Borkar has filed with the Company his consent to act as Director.

Mr. Manoj Borkar may be deemed to be concerned or interested in the Resolution relating to his appointment.

By Order of the Board of Directors

Marcel Rebello
Company Secretary

Place : Mumbai,
Dated: 26th June 1998

Registered Office :
Survey No 157, Devarwadi,
Dist. Kolhapur, Post Shinoli,
Maharashtra - 416507.

ATLAS GEARS LIMITED**DIRECTORS REPORT**

The Directors present their 8th Annual Report together with the audited accounts of the Company for the year ended 31st March 1998.

1. FINANCIAL RESULTS

	(Rs. in lakhs)	
	1997-98	1996-97
Gross Income	1312.86	852.75
Profit before depreciation		
Interest & tax	302.26	148.41
Interest	119.84	127.64
Depreciation	68.27	65.55
Profit before tax	114.15	82.86
Provision for tax	13.60	11.54
Profit after tax	100.55	71.32
Balance of Profit/(Loss) for earlier year	132.49	83.72
Provision for Dividend	20.50	20.50
Provision for tax on Dividend	2.05	2.05
Balance carried to Balance Sheet	210.49	132.49

2. DIVIDEND

The Directors recommend a dividend of Re.0.50 per equity share on 41,00,000 equity shares of Rs. 10/- each for the year ended 31st March 1998.

3. OPERATIONS

The Company produced 311269 pieces of gears during the period ended 31st March 1998 as against 200177 pieces produced during the previous year thus resulting in an increase of 55.5%. Sales turnover and other income for the year amounted to Rs. 1312.86 lakhs as against Rs. 852.75 lakhs for the previous year registering an increase of 53.96%. The increase in Sales turnover can be attributed to the establishment of enhanced capacity as a result of the expansion and consequent increased offtake during the year by Mahindra & Mahindra Ltd. the main customer for the Company's products with a small increase in supply to Kerala Agro Machinery Corporation (KAMCO).

4. EXPANSION

The building work in connection with the new factory sheds is complete. 80 Machines have been installed at the Plant and commissioned which includes some of the imported machines and 8 New CNC machines.

The Maharashtra State Electricity Board has

sanctioned and released additional power so that the total power sanctioned and released to the Plant amounts to 2000 K.W.

The release of additional power load by M.S.E.B. has facilitated installation and commissioning of new Heat Treatment Plant consisting of 6 New Furnaces, 2 Tempering furnaces, Quenching tank alongwith Oxyprobes. The Heat Treatment Plant also has a fully equipped laboratory with testing facilities for the heat treated components.

5. CURRENT YEAR

The Company presently supplies 14 types of transmission gears to the Automotive Division of Mahindra & Mahindra Ltd. An additional 8 types of transmission and engine gears are under development and will be put into production from September 1998.

In regard to the Tractor Division, the Company is presently supplying 9 types of transmission gears. An additional 4 types of gears are under development and will be ready for production in 2 months.

The Company also proposes to increase supplies to KAMCO as well as start supplies to other O.E customers mainly Kirloskar Oil Engines, Bajaj Auto and Ashok Leyland.

6. INCREASE IN CAPITAL

On 1st April 1998 the Company allotted 2050790 equity shares of Rs. 10/- each at par to the Promoters and Mahindra & Mahindra Ltd on conversion of the fully convertible debentures and net accumulated interest thereon. The Company also allotted 469750 equity shares of Rs. 10/- each at par on 1st June 1998 to M/s. Tanyard International Ltd U.K. on a preferential basis.

7. FINANCE

The Company has been regular in payment of dues to the Financial Institutions and Banks. During the year the Company paid Rs. 68.92 lakhs by way of repayment of loan instalments due to the Financial Institutions and Banks.

8. PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 a statement giving the requisite information is annexed hereto and forms part of this report.

9. CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required in terms of 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 given in the annexure forming part of this Report.

10. DIRECTORS

Mr. J.M. Mapgaonkar retires by rotation at this Annual General Meeting. It has been agreed by Mr. Riad Fyzee and Mr. P.N. Kotwal who were appointed Directors on the same day viz. 26th September 1996 that Mr. Riad Fyzee will retire at this Annual General Meeting. Mr. J.M. Mapgaonkar and Mr. Riad Fyzee being eligible offer themselves for re-appointment as Directors.

Mr. S. Rengarajan ceased to be director of the Company with effect from 26th June 1998. The Board placed on record its appreciation of the guidance and advice received from him during the tenure of his office.

Mr. Manoj Borkar was appointed Additional Director of the Company on 26th June 1998. He ceases to hold office on the date of this Annual General Meeting and being eligible offers himself for re-appointment as Director.

11. AUDITORS

Suresh Surana and Associates, Chartered Accountants, retire at this Annual General Meeting and offer themselves for reappointment.

12. ACKNOWLEDGEMENT

The Directors express their sincere thanks for the continued support and co-operation given by the Financial Institutions, Banks, and Employees of the Company.

By Order of the Board of Directors

RIAD FYZEE

Chairman & Managing Director

Place : Mumbai,

Dated : 26th June 1998

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ATLAS GEARS LIMITED**ANNEXURE**

STATEMENT UNDER 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 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 1998.

A. CONSERVATION OF ENERGY

1. Energy audit carried out by consultant & recommendations being implemented.
2. Various in house measures taken to reduce energy consumption.
3. Electrical maintenance planned for equipment to ensure maximum efficiency.
4. Up grading key machines to P.L.C. Controls from conventional contactor system to give better efficiency and energy saving.

B. TECHNOLOGY ABSORPTION

1. Implemented the Toyota Production System modified to the Mahindra Production System which includes multi skills, multi machine and cellular lay out concepts.
2. Gear Profile Grinding Machine introduced and commissioned thereby adding higher class of accuracy to the product range.
3. Up gradation of Gear Lead and Profile Tester.
4. Full fledged laboratory for chemical analysis of the material.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company earned foreign exchange during the year under review amounting to Rs.3.06 lakhs against sundry receipts (Previous year Rs.2.04 lakhs) Total Expenditure in Foreign Currency on import of Capital goods Rs.1014.54 lakhs. (Previous year Rs. Nil) foreign travel Rs. 0.73 lakhs (Previous year Rs.3.94 lakhs).

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, 1998.

Name	Age	Qualification
1) Mr. Riad Fyzee	43 Years	B.A. (Economics) M.B.A. — U.S.A.
2) Mr. P. N. Kotwal	48 Years	Marine Engineer
Date of Employment	Designation/Nature of Duties	Remuneration Received
1) 1st July 1994	Managing Director	Rs.3.81 lakhs
2) 1st April 1991	Vice President (Market Development)	Rs.3.38 Lakhs
Experience	Last Employment	
1) 20 years	Dy. Managing Director MSAS Blue Skies Ltd.	
2) 14 years	Senior Engineer, The Great Eastern Shipping Co. Ltd.	

Mr. Riad Fyzee is the son of Mr. Murad Fyzee, Director of the Company.

By Order of the Board of Directors

Place : Mumbai
Dated : 26th June, 1998

RIAD FYZEE
Chairman & Managing Director

AUDITORS' REPORT

To,

The Members of
ATLAS GEARS LIMITED

We have audited the attached balance sheet of **ATLAS GEARS LIMITED** as at 31st March, 1998 and the profit and loss account of the Company for the year ended on that date annexed thereto.

We report as follows:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the

Company so far as appears from our examination of the books;

- c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- d) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes in Schedule '22' give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i. in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 1998 and
 - ii. in the case of the profit and loss account, of the profit of the Company for the year ended on that date.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

Suresh Surana
PROPRIETOR

Mumbai; Dated: 26th June, 1998