

ATLAS
GEARS
LIMITED

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**9th
Annual Report
1998-99**

ATLAS GEARS LIMITED

BOARD OF DIRECTORS : Mr. Riad Fyzee *Chairman and Managing Director*
Mr. Murad K. Fyzee
Mr. P. N. Kotwal
Mr. J. M. Mapgaonkar
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 SHARE 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

ISO 9000 CERTIFICATE OF COMPLIANCE

This is to certify that the Quality Management System of:

ATLAS GEARS LIMITED

MANUFACTURING UNIT
SURVEY NO. 157, DEVARWADI VILLAGE
OFF VENGURLA ROAD, TAL. CHANDGAD,
DIST: KOLHAPUR, 416507
INDIA

CORPORATE OFFICE
9, ANIL CHAMBERS, 1ST FLOOR,
CINEMA ROAD, BEHIND METRO CINEMA,
DHOBI TALAO MUMBAI, 400 020
INDIA

has been assessed by ABS Quality Evaluations, Inc. and found to be in compliance with the following quality standards:

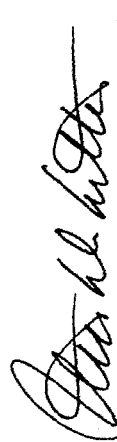
ISO 9002: 1994

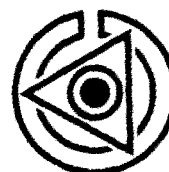
The Quality Management System is applicable to:

MANUFACTURE OF VARIOUS TYPES OF GEARS FOR AUTOMOTIVE
TRANSMISSIONS, ENGINES AND INDUSTRIAL EQUIPMENT

Certificate No.: 34419
Effective Date: 9 January 1999
Expiration Date: 8 January 2002




President, ABS Quality Evaluations, Inc.



Accredited by the RvA

Validity of this certificate is based on periodic audits of the management system defined by the above scope and is contingent upon prompt, written notification to ABS Quality Evaluations, Inc. of significant changes to the management system or components thereof.

ABS Quality Evaluations, Inc. 16855 Northchase Drive, Houston, Texas 77060 U.S.A.

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of Atlas Gears Limited will be held on Thursday 30th September 1999 at 4.00 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, 1999 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 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) 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.

- b) 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, 1999.

- c) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 16th September 1999 to Thursday 30th September 1999 both days inclusive.

- d) Shareholders who have not encashed their Dividend Warrants for the years 1997 and 1998 are requested to send the same for the revalidation to the Corporate Office / Share Transfer Agents.

- e) As per the provisions of the amended Companies Act, 1956, facility for making nomination is now available for shareholders in respect of shares held by them. Nomination forms can be obtained from the Company's Registrars and Share Transfer Agents/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.

By Order of the Board of Directors

Place : Mumbai
Dated : 31st May 1999

Marcel Rebello
Company Secretary

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

ATLAS GEARS LIMITED**DIRECTORS REPORT**

The Directors present their 9th Annual Report together with the audited accounts of the Company for the year ended 31st March 1999.

1. FINANCIAL RESULTS

(Rs. in lakhs)

	1998-99	1997-98
Gross Income	1665.27	1312.86
Profit before depreciation		
Interest & tax	464.89	302.26
Interest	210.39	119.84
Depreciation	100.83	68.27
Profit before tax	153.67	114.15
Provision for tax	18.10	13.60
Profit after tax	135.57	100.55
Tax adjustment for earlier year	2.21	0.03
Balance of Profit/(Loss)		
for earlier year	210.47	132.49
Provision for Dividend	32.71	20.50
Provision for tax on Dividend	3.60	2.05
Balance carried to		
Balance Sheet	307.52	210.47

2. DIVIDEND

The Directors recommend a dividend of Re. 0.50 per equity share on 66,20,540 equity shares of Rs. 10/- each for the year ended 31st March 1999, including prorata dividend on 469750 equity shares allotted on 1st June 1998.

3. OPERATIONS

The Company produced 4,38,189 pieces of gears during the year ended 31st March 1999 as against 311269 pieces produced during the previous year thus resulting in an increase of 40.78%. Sales turnover and other income for the year amounted to Rs. 1665.27 lakhs as against Rs. 1312.86 lakhs for the previous year registering an increase of 26.84%. The increase in production can be attributed largely to the optimum utilisation of existing capacity and to a smaller extent to establishment of enhanced capacity as a result of successful completion of the expansion. The increase in sales turnover is consequent upon 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 and Kirloskar Oil Engines Ltd.

In spite of the lack of equity funds due to depressed capital market conditions the company was in a position to install and commission a bulk of the machines pertaining to its expansion by making alternate fund arrangements.

4. EXPANSION

The company has successfully completed a major portion of its expansion with commercial production from Unit III commencing from 15th February 1999.

5. ISO 9000 CERTIFICATE

The company has received the ISO certificate for its Quality Management system which is found to be in compliance with quality standards ISO 9002:1994 as applicable to various types of gears for automotive transmission, engines and industrial equipment.

In view of the satisfactory quality standards achieved by the company, the company has been declared a self certified supplier for some of its products supplied to Mahindra & Mahindra Ltd. Tractor division.

6. CURRENT YEAR

The Company presently supplies 15 types of transmission gears to the Automotive Division of Mahindra & Mahindra Ltd. Apart from these gears, the company has developed engine gears for the new EUV project of Mahindra & Mahindra Ltd. and commercial production of the developed gears will commence within a month or two.

In regard to Tractor division the company presently supplies 14 types of transmission gears. During the year the company commenced supply of 8 additional gears for their regular tractor models. In addition 10 gears were developed for the proposed 'IDAM' and 'HORIZON' projects.

The Company has also received enquiries for export of gears to Italy and Germany and quotations for the same have been submitted.

7. YEAR 2000 COMPLIANCE (Y2K)

The company's computer systems and software are currently Y2K compliant.

8. FINANCE

The Company has completed repayment of its loan to SICOM Ltd. on schedule. The Company has been regular in payment of dues to the Financial Institutions and Banks. During the year the Company paid Rs. 103.34 lakhs by way of repayment of loan instalments due to the Financial Institutions and Banks.

9. PARTICULARS OF EMPLOYEES

The company does not have any employee of the category specified in Sec. 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended.

10. 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.

11. DIRECTORS

Mr. P.N. Kotwal and Mr. M.K. Fyzee retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment as Directors.

Mr. Rattan Singh ceased to be a Director of the company with effect 1st January 1999 on completion of his term of office. Mr. M.M. Deshmukh ceased to be a Director of the Company with effect from 25th May 1999, consequent upon withdrawal of nomination by SICOM Ltd.

The Board wishes to place on record its appreciation of the advice and counsel tendered by them during their association with the company.

12. AUDITORS

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

13. AUDITORS REPORT

The Notes on Accounts, referred to in the Auditors' Report are self explanatory.

14. 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 : 31st May, 1999.

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 1999.

A. CONSERVATION OF ENERGY

The following measures have been introduced with regards to the conservation of energy :

1. Additional capacities have been introduced in to the electrical system, thereby improving the power factor for better electrical efficiency, and also reducing low power factor penalties.
2. M/s Chempro and Engg. and Management Consultancy have been retained to study, recommend training and implement various systems for maintenance in both the mechanical and electrical areas which in turn

would yield substantial results by way of reduction in energy consumption.

3. Regular conducting of energy audits improved maintenance. Correct selection of cabling and electrical systems have also been introduced.

B. TECHNOLOGY ABSORPTION

1. The company does not have a Research and Development Department at present.
2. The company uses indigenous technology in the manufacture of its gears.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company did not earn any foreign exchange during the year under review (Previous year Rs. 3.06 lakhs) Total Expenditure in Foreign Currency on import of Capital goods Rs. 6.06 lakhs. (Previous year Rs. 1014.54 lakhs) foreign travel Rs. 0.78 lakhs (Previous year Rs. 0.73 lakhs).

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AUDITORS' REPORT

To,

The Members of
ATLAS GEARS LIMITED

We have audited the attached balance sheet of **ATLAS GEARS LIMITED** as at 31st March, 1999 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 subject to note no.4 and 5 the profit and loss account and balance sheet comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) 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, 1999 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: 31st May, 1999