



GAJRA BEVEL GEARS LIMITED

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24th Annual Report 1998-99

Tributes



Report Junction

SHRI I.S. GAJRA

Co-Promotor & Managing Director

06.12.1928

06.11.1999

All Employees of GAJRA BEVEL GEARS Ltd.



**Board of Directors**

DM Ghia
 Surendra Singh
 BS Samat
 RB Kulkarni
 LS Sarma

Chairman
Managing Director

Company Secretary

Nilesh Limaye

Auditors

A.F. Ferguson & Co.
 Allhabad Bank Buildings,
 Bombay Samachar Marg,
 Mumbai - 400 001

Solicitors

Crawford Bayley & Co.
 State Bank Building
 N.G.N. Vaidya Marg,
 Mumbai - 400 023

Bankers

State Bank Of India

Registered Office & Factory

Industrial Area,
 Agra Bombay Road,
 Dewas - 455 001 (M.P.)



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that 24th Annual General Meeting of Gajra Bevel Gears Limited will be held at Registered Office of the Company situated at Industrial Area, Agra Bombay Road, Dewas-455 001 (M.P.) on Tuesday the 28th December, 1999 at 4.00 P.M. to transact the following business :

ORDINARY BUSINESS :

01. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Audited Profit & Loss Account for the year ended on 31st March, 1999 and reports of the Directors and Auditors.
02. To appoint a Director in place of Mr. L.S. Sarma who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

03. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. O.T. Gandhi & Co., Chartered Accountants, Indore be and are hereby appointed as auditors of the Company to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting in place of Messrs. A.F. Ferguson & Co., Mumbai, the retiring auditors of the Company on such remuneration as may be fixed by the Board of Directors (the "Board") of the Company."

04. To consider, and if thought fit, to pass, following resolution with or without modification as a Special Resolution :

"RESOLVED THAT subject to the compliance of the provisions of Section 198, 269, 309, 310, 311 and 314 and all other applicable provisions, if any, of the Companies Act, 1956 and as required by Schedule XIII of the Companies Act, 1956, Company hereby approve the re-appointment of Mr. Surendra Singh as the Executive Director of the Company for a period from 17.11.1999 to 25.11.1999 and as the Managing Director for a period from 26.11.1999 to 16.11.2004 and that he may be paid remuneration by way of salary, allowances and perquisites in

accordance with the part II of Schedule XIII of the Companies Act, 1956 and as approved by the resolution of the Board of Directors placed before this meeting and initialed by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT remuneration as set out in the Board resolution, be paid or granted to Mr. Surendra Singh as minimum remuneration notwithstanding that in any Financial year of the Company, during the term Mr. Surendra Singh's office as Managing Director the Company has no Profit or Profits made are inadequate."

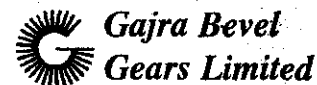
Registered Office :
Industrial Area,
Agra Bombay Road,
Dewas - 455 001 (M.P.)

By Order of the Board
Nilesh Limaye
Company Secretary

Dated: 26th November, 1999

NOTES :

01. Members entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him. The proxy need not be a member of the Company.
02. The relative explanatory statement under Section 173 of the Companies Act, 1956 in regard to businesses set out at Item Nos. 3 and 4 is annexed hereto.
03. The Register of members and Share Transfer Book of the Company will remain closed from 28th December to 30th December, 1999 (both days inclusive).
04. Proxy forms duly completed and signed should reach the Company's Registered Office not less than 48 hours before the time of the meeting.
05. Shareholders are requested to:
 - i) Intimate changes in their address if any, immediately.
 - ii) Quote folio number in all their correspondence with the Company.



06. Shareholders / Proxies are requested to bring the attendance slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 3

The present auditors of the Company, Messrs. A.F. Ferguson & Co., Chartered Accountants, have expressed their unwillingness to be reappointed as auditors of the Company on their retirement at this Annual General Meeting. Messrs. O.T. Gandhi & Co., Chartered Accountants, by their letter dated 26.11.1999 have signified their consent to act as auditors of the Company, if appointed, and to hold office as such from the conclusion of this meeting until the conclusion of the next Annual General Meeting. None of the Directors are concerned or interested in this item of resolution. The letter dated 26.11.1999 received from Messrs. O.T. Gandhi & Co., Chartered Accountants is open for inspection of the members at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 p.m. prior to the date of the meeting.

Item No. 4

Mr. Surendra Singh's re-appointment and remuneration as Executive Director of the Company was approved for the period of five years w.e.f. 17.11.1994 in the Annual General Meeting of the Company held on 30th September, 1994, which has expired on 16.11.1999.

Considering valuable contribution of Mr. Surendra Singh to the Company, Board of Directors approved re-appointment and remuneration of Mr. Surendra Singh as Executive Director of the Company for the period of five years w.e.f. 17.11.1999, subject to the approval of members in General Meeting on the terms and conditions given hereinafter. Subsequently, on account of sad demise of Mr. I.S. Gajra, Managing Director on 06.11.1999, Board of Directors approved appointment of Mr. Surendra Singh as Managing Director of the Company for the remaining tenure without any change in remuneration approved earlier.

Mr. Surendra Singh is having wide and varied experience in business and industry. Your Directors feel that re-appointment of Mr. Surendra Singh as Managing Director of the Company will be of immense benefit to the Company.

The terms and conditions approved by the Board of Directors for re-appointment and remuneration of Mr. Surendra Singh are as under :-

01. Managing Director shall, subject to directions and restrictions imposed by the Board have the general control of the business of the Company.

02. **Duration** : Five years commencing from 17.11.1999

03. **Remuneration** :

- (A) **Salary** : Rs. 40,000/- p.m.

- (B) **Perquisites** :

- (I) 1) **Accommodation** : House rent allowance of Rs. 20,000/- p.m. or free furnished residential accommodation the cost of which to the Company shall not exceed Rs. 20,000/- p.m.

- 2) **Medical benefits for self and family** : Reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed Rs. 24,000/- p.a. or Rs. 72,000/- over a period of three years.

- 3) **Leave Travel Concession** : For self and family, as per the rules of the Company, subject to the condition that the cost of which to the Company shall not exceed Rs. 20,000/- p.a.

- 4) **Personal Accident Insurance** : Of an amount the Annual Premium of which does not exceed Rs. 2,000/-.

- 5) **Fees of clubs** : The payment of fees provided that no life membership or admission fees is payable. The cost of which to the Company shall not exceed Rs. 20,000/- p.a.

- 6) **Servants and guards at residence** : The cost of which to the Company shall not exceed Rs. 6,500/- p.m. or Rs. 78,000/- p.a.

- (II) **Perquisites not included in the ceiling on the remuneration** :

- 1) Company's contribution towards Provident Fund, Superannuation Fund, or Annuity Fund as per the rules of the Company, subject to the condition that Company's contribution to the said funds together shall not exceed the limit allowed under Income Tax Act, 1961, which is at present 25% of the salary and dearness allowance.



2) Gratuity payable in accordance and as per the rules of the Company but not exceeding one-half month's salary for each completed year of service.

3) Encashment of Leave at the end of the tenure as per the rules of the Company.

(III) Provision of Car for the use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls of telephone and use of car for private purpose shall be billed by the Company.

04. All sums payable as above shall be payable as minimum remuneration notwithstanding the absence or inadequacy of Profits made during the year.

This statement may also be treated as an abstract of the terms and conditions of the re-appointment and remuneration of Mr. Surendra Singh as Managing Director of the Company pursuant to Section 302 (2) of the Companies Act, 1956.

The terms and conditions for re-appointment and remuneration of Mr. Surendra Singh as Managing Director are open for inspection by the members at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 p.m. prior to the date of the meeting.

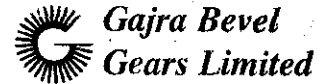
Except Mr. Surendra Singh, Managing Director no other director of the Company is concerned or interested in the aforesaid resolution and your board recommends your consent to the proposal in the interest of the Company.

Registered Office :
Industrial Area,
Agra Bombay Road,
Dewas - 455 001 (M.P.)

Dated : 26th November, 1999

By Order of the Board
Nilesh Limaye
Company Secretary

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DIRECTORS' REPORT

To the members of Gajra Bevel Gears Limited.

The Board records with deep regret the sad demise of Shri I.S. Gajra, Managing Director on 06.11.1999, who had rendered invaluable services to the Company as its co-promoter right from its inception.

The Directors have pleasure in presenting their 24th Annual Report togetherwith the audited accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

(Rupees in Lacs)

	1998-99 Rupees	1997-98 Rupees	1998-99 Rupees	1997-98 Rupees
Sales (including Excise Duty) and Miscellaneous Income			3331.62	4395.61
Profit before Interest, Depreciation and tax			119.75	338.18
Less : Interest	297.92	329.28		
Depreciation	174.02	180.27	471.94	509.55
Profit / (Loss) before Tax			(352.19)	(171.37)
Less : Provision for Tax			--	--
Tax adjustment for previous years			--	1.12
Profit/(Loss)after Tax			(352.19)	(172.49)
Add : Balance brought forward from last year			159.36	331.85
Balance carried to Balance Sheet			(192.83)	159.36

In view of loss incurred during the year, your directors regret their inability to recommend Dividend this year.

OPERATIONS :

During the year Sales turnover including miscellaneous income was Rs. 3331.62 lacs (Rs.4395.61 lacs) which was lower by 24.21% comparing to previous year. Profit before depreciation and interest was Rs. 119.75 lacs against Rs. 338.18 lacs for the previous financial year, a fall of 64.59%. During the year operations of the Company were at low level mainly due to prevailing recession in Automobile industry. In the current year signs of revival in Automotive market has been felt. Your Company is geared-up to cater demand from domestic and overseas markets. In the current year, your Company is confident to achieve better results with optimum capacity utilisation and strict control on overheads.

FINANCE :

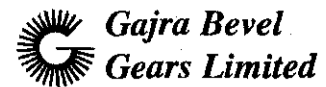
During the current year Madhya Pradesh State Industrial Development Corporation Ltd. (MPSIDC) has sanctioned ICD of Rs. 200.00 lacs. Company has received so far disbursement of Rs. 100.00 lacs.

DEPOSITS :

During the year Fixed Deposits of Rs. 0.10 lacs matured and were repaid. There was no matured but not claimed deposit at the end of the year.

MARKETING :

Recessionary trend was witnessed in Automobile Market in third successive year. To compete with market forces, your Company was required to reduce prices. However, demand for Tractors' Gears was not



affected and your Company is trying to increase its share in Tractors' Gear segment.

EXPORTS :

During the year direct and indirect Exports were of Rs.461.64 lacs (Rs.799.84 lacs) registering a fall of 42.28%. With ISO 9001 Certification and aggressive marketing strategy, during the current year your Company is poised for quantum jump in Export turnover and has achieved in the current year so far Export turnover exceeding the total Export turnover in the last year.

FOREIGN EXCHANGE :

Expenditure on this head was Rs.51.02 lacs (Rs.58.66 lacs) on account of Import of tools, spares, technical know-how fees, R&D expenses and commission. Total Foreign Exchange earnings were Rs.226.01 lacs (Rs.628.40 lacs) during the year. Your Company earned net Foreign Exchange of Rs. 174.99 lacs (569.74 lacs) during the current year.

CONSERVATION OF ENERGY :

Major consumption of energy is in Heat Treatment Furnaces. Continuous efforts are being made and various steps are underway to get saving in electric consumption.

RESEARCH AND DEVELOPMENT :

Company has developed several Crown Wheel & Pinion, Differential Gears for domestic and Export market. Company has made expenditure during the year on Research and Development to the tune of Rs.53.56 lacs (Rs. 50.31 lacs).

AUDIT REPORT :

Auditors' qualification for decision to write off R & D expenses read with note 1(viii) and 1 (ix) (b) in Schedule 18, forming part of the account. Company has incurred R & D expenses for development of new products for domestic and export market and development of Automatic Transmission. Actual sale of the said products will be effected over a period of five years. Hence it is decided to write off the said R & D expenses over a period of five years.

Auditors' qualification regarding taking interest and demurrage of capital work-in-progress read with note 19 in Schedule 18, forming part of the account. Company has taken this decision as per the generally accepted accounting practice.

Auditors' qualification regarding irregularity in recording of bonus payment to employees in cash book read with note 24 in Schedule 18, forming part of the account is self explanatory.

Auditors' qualification regarding recovery from debtors read with note 20(a) and 20(b) in Schedule 18, forming part of the account. Company is confident about recovery of these amounts.

Auditors' qualification regarding reconciliation of the outstanding balances with Financial Institutions and non-banking finance Companies read with note 22 in Schedule 18, forming part of the account. Reconciliation is in process and during the year balances with Financial Institutions and non-banking finance Companies will be reconciled.

Auditors' qualification regarding non-disclosure of information relating to Small Scale Industrial Undertakings read with note 3(b) in Schedule 18, forming part of the accounts is self explanatory.

DIRECTORS :

In accordance with the provisions of section 256 of the Companies Act, 1956 and Articles of Association of the Company Shri L.S. Sarma is liable to retire by rotation and being eligible offers himself for re-appointment.

AUDITORS :

M/s. A.F. Ferguson & Co., Chartered Accountants, retires at the forthcoming Annual General Meeting and have given the Company notice in writing of their unwillingness to be re-appointed. Board recommends appointment of M/s. O.P. Gandhi & Co., Chartered Accountants as Auditors of the Company in place of M/s. A.F. Ferguson & Co.

FINANCIAL INSTITUTIONS AND BANKERS :

The Board expresses its gratitude for support, guidance and co-operation received from Financial Institutions and State Bank of India from time to time.

EMPLOYEES :

Relations with employees continue to be cordial and Board expresses its appreciation for co-operation and dedicated services rendered by the employees at all level.

Particulars of employees under section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 and forming part of this report is also given as an Annexure to the report.

For and on behalf of the Board

D.M. GHIA
CHAIRMAN

Mumbai, 26th November, 1999

**ANNEXURE TO DIRECTORS' REPORT**

INFORMATION AS PER SECTION 217(2A) (b)(ii) READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 1999.

Sr. No.	Name	Age	Designation / Nature of Duties	Gross Remuneration (Rs.)	Qualification	Total Exp. Yrs.	Date of Commencement of Employment	Last Employment held/Name of the Company / designation.
1.	Late Mr. I.S. Gajra	70	Managing Director	7,42,523/-	I.Sc.&I Arts	54	09.09.1974	Managing Director Gajra Gears Ltd.
2.	Mr. Surendra Singh	43	Executive Director	7,81,474/-	B.A.	21	17.11.1986	-

NOTES :

01. The gross remuneration shown above includes salary, expenditure incurred on providing accommodation, Company's contribution to Provident Fund, Personal Accident insurance premium, Reimbursement of actual medical expenses, wherever applicable.
02. All appointments are non-contractual.
03. Mr. Surendra Singh, Executive Director is related to Late Mr. I.S. Gajra, Managing Director.

Mumbai, 26th November, 1999

For and on behalf of the Board
D.M. GHIA
CHAIRMAN



ANNEXURE TO DIRECTORS' REPORT

DETAILS REGARDING Y2K PREPAREDNESS LEVEL REQUIRED UNDER CLAUSE 32 OF THE LISTING AGREEMENTS

01 Risk to the Company due to Y2K bug :

Operations, processes, functions which could be adversely affected due to the Year 2000 problem.

All business critical IT systems and process control systems implemented in various functions of the Company.

a) Status of progress of making these Y2K compliant

The Company has identified the following 8 milestones for Y2K compliance:

- Y2K Co-ordinator appointed
- Inventory completed
- Impact analysis done
- Action Plan & Contingency Plan prepared
- Remedy action completed
- Unit testing completed
- Integration testing completed
- Y2K ready with Contingency Plan

b) Date by which the work should be completed 15.12.1999

c) Names of other intermediaries directly dependent upon the above processes/ operations/ functions.

The Company is maintaining a continuous and elaborate follow-up with suppliers of critical materials and services and also utility providers such as power, telecom etc.

02 Cost to address Company's Y2K Issues:

Rs. 24.00 lacs is planned to be spent towards replacement and upgradation of IT systems.

03 Contingency Plans :

While all efforts are being made to ensure full Y2K readiness through extensive testing, contingency action as follows is planned :

- a) Ensuring regular backup.
- b) Fall back using PCs and manual systems.
- c) Patch run tested & implemented from 01.11.1999.