

19th ANNUAL REPORT

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PIX TRANSMISSIONS LIMITED

J-7, M.I.D.C., HINGNA,
NAGPUR - 440 016

PIX
BELTS & HOSES

PIX TRANSMISSIONS LIMITED

DIRECTORS

SHRI PRATIPAL SINGH SETHI (Chairman)

SHRI AMARPAL SETHI (Managing Director)

SHRI SUKHPAL SINGH SETHI

SHRI SONEPAL SINGH SETHI

SHRI KRISHNA K. BHAT

SHRI JOSE JACOB

SHRI HARESH EIDNANI

SHRI JOE PAUL

SHRI S. SRINIVAS

AUDITORS

M/s. S.C.BANDI & CO.
CHARTERED ACCOUNTANTS, MUMBAI

BANKERS

1. STATE BANK OF INDIA
2. FEDERAL BANK
3. BANK OF PUNJAB LIMITED

REGISTERED OFFICE

J-7, MIDC, HINGNA,
& WORKS (UNIT NO. 1)
NAGPUR - 440 016.

(UNIT NO. 2)

BAZARGAON, AMRAVATI ROAD,
NAGPUR-440 023.

MUMBAI OFFICE

PALS BUILDING,
1ST ROAD, TPS IV, BANDRA (WEST)
MUMBAI - 400 050.

Pix Transmissions Limited**NOTICE**

Notice is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the members of **PIX TRANSMISSIONS LIMITED** will be held at the Registered Office of the company at J-7, MIDC, Hingna, Nagpur at 9.30 A.M. on Wednesday the 19th September, 2001 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the Year ended 31st March, 2001 and the Balance Sheet as on that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sukhpal Singh Sethi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Sonpal Sethi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their Remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following Resolution as an ordinary resolution.

Resolved That subject to the provisions of the Companies Act, 1956. Securities contracts (Regulation) Act, 1956, and the Rules framed thereunder. Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company. The consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Stock Exchange New Delhi.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**PLACE : MUMBAI****DATED : 29th June, 2001 PRATIPAL SINGH SETHI****(CHAIRMAN)**

MUMBAI OFFICE :
PALS BUILDING, 1ST FLOOR
TPS IV, BANDRA - WEST
MUMBAI - 400 050.

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

Presently the Company's equity shares are listed at Bombay and New Delhi Stock Exchange. There are hardly any trading business activity of equity shares on Delhi stock exchange in previous years and as part of cost reduction measure the company proposes to de-list shares from Delhi Stock Exchange subject to the provisions of Companies Act, 1956 and other provisions and sanctions from other authorities as mentioned in the Special Resolution.

In line with the SEBI regulations and approval, if any, required members approval is being sought by a Special Resolution for enabling voluntary delisting of its Securities from the said other Stock Exchange.

Your directors recommend the special resolution for appointment of members.

None of the directors of the Company are interested or concerned in the proposed resolution.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**PLACE : MUMBAI****DATED : 29th June, 2001 PRATIPAL SINGH SETHI****(CHAIRMAN)**

MUMBAI OFFICE :
PALS BUILDING, 1ST FLOOR
TPS IV, BANDRA - WEST
MUMBAI - 400 050.

Information Regarding listed Securities as required under clause 32 of the Listing Agreement

NAME AND ADDRESS OF THE STOCK EXCHANGE	DETAILS OF SECURITIES LISTED
1. The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai - 400 001	1. Equity Shares of Rs.10 each
2. The Delhi Stock Exchange Association Ltd. West Plaza, Indira Gandhi Stadium Indraprastha Estate New Delhi - 110 002	1. Equity Shares of Rs.10 each

The Listing fees to the above Stock Exchange have been paid.

Pix Transmissions Limited**NOTES**

1. The relevant explanatory statement pursuant to section 173 of the Companies Act 1956 in respect of item 5 set out above are annexure hereto.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the time of Meeting.
3. Register of Members and the transfer books of the Company will remain closed from Monday the 17th September, 2001 to Wednesday the 19th September 2001. (Both days inclusive)
4. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MUMBAI

DATED : 29th June, 2001 PRATIPAL SINGH SETHI

(CHAIRMAN)

MUMBAI OFFICE :
 PALS BUILDING, 1ST FLOOR
 TPS IV, BANDRA - WEST
 MUMBAI - 400 050.

DIRECTORS REPORT

To,
 The Members,

The Directors have pleasure in presenting the NINETEENTH ANNUAL REPORT together with Audited Statement of Accounts for the year ended 31st March, 2001.

Amalgamation :

Your Directors are pleased to inform you that the Honorable High Court of Judicature at Bombay, Nagpur Bench Nagpur, have vide their orders dated 9th March, 2001 sanctioned the scheme of amalgamation of Pix Autos Limited with the Company with effect from the "appointment date" i.e. 1st April, 1999.

In terms of the scheme of amalgamation the operations of the erstwhile Pix Autos Limited were carried out in trust for and on behalf of the Company from the "appointed date" pursuant to such terms the income and expenditure and the net results of the operations of erstwhile Pix Autos Limited

for the current year and previous year have been included in the profit & loss account of the company.

Pursuant to the orders of the Honorable High Court of Judicature at Bombay, Nagpur Bench, Nagpur dated 9th March, 2001 equity shares will be allotted to the share holders of erstwhile Pix Autos Limited.

Given below is the financial performance as reflected in the Audited Accounts for the year ended 31st March, 2001.

	Rs. In Lakhs As on 31.03.2001	Rs. In Lakhs As on 31.03.2000
Sales	5422.11	5109.40
Other Income	33.68	28.96
	<u>5455.79</u>	<u>5138.36</u>
	=====	=====
Profit before depreciation & Gratuity provisions	477.45	642.07
Depreciation	282.95	258.69
	<u>194.50</u>	<u>383.38</u>
Profit before Tax	194.50	383.38
Less Provisions for taxation	5.00	49.50
Less : Wealth Tax Paid	0.02	—
	<u>189.48</u>	<u>333.88</u>
	=====	=====
Balance of Profit brought down	1112.29	778.41
	<u>1301.77</u>	<u>1112.29</u>
	=====	=====
Amount available for appropriation & carried to balance sheet	1301.77	1112.29
	=====	=====

SALES / BUSINESS PERFORMANCE / FINANCE :

During the year the Company has performed well. The annual turnover is increased by 6%. The Company has Partly implemented project for manufacture of High Pressure Braided Hoses, Timing and other special belts and expansion in the capacity of V-Belts.

Your Company is largest exporter of V-Belts from India. During the year Company has won Export Awards from CHEMICALS & ALLIED PRODUCTS EXPORT PROMOTION COUNCIL (CAPEXIL) AND GOVERNMENT OF MAHARASHTRA the outstanding export performance of V-Belts.

FINANCE :

Company has received Application money on 2,00,000 -

Pix Transmissions Limited

13.5% Non-Convertible debentures of Rs.100.00 each towards working capital from Unit Trust of India, the document for the same are under execution.

The IFCI Limited has sanctioned additional loan of Rs.6,00,00,000.00 for further expansion of High Pressure Braided Hoses, the project at Bazargaon, Nagpur.

DIVIDEND :

In view of the funds required for business the Directors do not recommend dividend for the year.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Company's Act. 1956, your directors confirm that :

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures :
2. That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
3. That the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the directors have prepared the annual accounts on a going concern basis.

PUBLIC DEPOSITS :

The Company has not accepted deposit from the public.

PARTICULAR OF EMPLOYEES :

There are no employees drawing remuneration in excess of limits prescribed under the amended Section 217(2A) of the Companies Act 1956, read with the companies Particulars of employees 1 Rules 1975.

DIRECTORS :

To appoint a Director in place of Shri Sukhpal Singh Sethi & Shri Sonopal Sethi who retires by rotation and being eligible offer themselves for re-appointment.

AUDIT COMMITTEE :

The company has constituted an audit committee pursuant the provisions of section 292A of the Companies Act, 1956.

AUDITORS :

M/s S. C. Bandi & Co. Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS REPORT :

The notes forming parts of the accounts are self explanatory and do not call for any further clarifications under Section 217(3) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING 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 Board of Directors} Rules 1988 relating to the matters contained therein is given by way of an annexure to this report.

APPRECIATION :

The Directors take this opportunity to express their gratitude for the assistance and continued co-operation extended by Banks, Government Authorities, Clients and Suppliers. The directors also wish to place on record their sincere appreciation of the devotion, dedication and loyalty shown by employees at all levels towards sustained progress of the Company.

Your directors sincerely acknowledge the continued trust and confidence you have placed in this Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MUMBAI

DATED : 29th June, 2001 PRATIPAL SINGH SETHI
(CHAIRMAN)

MUMBAI OFFICE :
PALS BUILDING, 1ST FLOOR
TPS IV, BANDRA - WEST
MUMBAI - 400 050.

ANNEXURE TO THE DIRECTORS REPORT**A. CONSERVATION OF ENERGY**

- I. The Major sources of energy in the company are:
i. Furnace Oil ii. Electricity

1. Conservation of Furnace Oil :

- A. A new energy efficient steam trap modules

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have been installed on all presses, to reduce steam usage.

- B. In order to achieve energy efficient operation. Electronic steam "Trap Monitoring Systems" have been installed.
- C. In order to reduce Furnace Oil consumption, condensate recycling system has been modified 100% used/waste heat from press section is being recovered.
- D. The existing 5 Tons & 10.5 Kg/cm² Boiler is being replaced by 2.8 Tons & 17.5 Kg/cm² energy efficient automatic Boiler in Plant - II

All above mentioned improvements in steam generation & distribution will result in 10% annual saving in fuel.

2. Conservation of Electricity :

- A. Modification of water circulation system and seasonal switching off of cooling tower pumps have contributed to significant savings in electrical energy.
- B. In order to reduce electrical energy consumption, the conventional lighting system in plant & office is being replaced by energy efficient electronic system.

II. Impacts of measures on reduction of energy, consumption and consequent impact on the cost of production of goods :

The consumption of Furnace Oil and Electricity per ton of production is reduced considerably.

B. RESEARCH AND DEVELOPMENT

- i. ISO 9002 accredited certificate is maintained.
- ii. The Company has been certified to meet the additional requirements of the QS-9000.
- iii. The Company has started production of Raw Edge, Poly V-Belts, Variable Speed Belts, Fire resistant belts, Antistatic Belts, Oil & Heat resistant belts, Dry cover belts as a result of intensive study being carried out of the conditions to which V-Belts are subjected.
- iv. The company has established process for production of High Pressure Braided Hoses.
- v. Timing belts are under development.
- vi. Efforts are going on to provide much better, esthetics to the products.

vii. Research is on to autonomise the processes in order to reduce variability in products quality.

III. Eco-friend company : Installed water treatment plant to avoid water pollution, the treated water in turn is used for developing green area adjoining, to reduce air pollution.

The benefits derived as a result of the above R & D are :

- a. Reduction in the production cost and improvement in quality.
- b. Higher production and sales by introducing new products in domestic and foreign market.
- c. The eco-friendly aspect has also been taken into consideration.

C. TECHNOLOGICAL ABSORPTION

Efforts made in technological absorption was carried out by the company. After total introduction of new products the same will be absorbed and maintained for higher productivity and better quality.

D. FOREIGN EXCHANGE EARNING AND OUTGO

- 1. Activities relating to exports appears elsewhere in Directors Reports.
- 2. Foreign Exchange Earnings : 2849.30 Lakhs.
- 3. Foreign Exchange Outgo
 - i. CIF Value of imports : 712.32 Lakhs.
 - ii. Others : 25.97 Lakhs.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MUMBAI

DATED : 29th June, 2001 PRATIPAL SINGH SETHI

(CHAIRMAN)

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Pix Transmissions Limited

S. C. BANDI & CO.
812, Maker Chamber V,
Nariman Point.
Mumbai - 400 021.

AUDITOR'S REPORT TO THE SHARE HOLDERS

We have audited the attached Balance Sheet of Pix Transmissions Limited as at 31st March, 2001 and also the Profit and Loss Account of the Company for the period ended on that date annexed thereto and report that :

1. As required by the manufacturing and other companies (Auditor's Report) order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act 1956, we give in the Annexure statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in annexure referred to in paragraph 1 above, we report that :-
 1. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 2. In our opinion proper Books of Accounts as required by Law have been kept by the company as far as appears from our examination of the books.
 3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the above books of account.
 4. In our opinion, 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.
 5. On the basis of the information and explanations given to us, none of the Directors of the Company are, prima facie, as at 31st March, 2001 disqualified from being appointed as Directors of the Company under clause(g) of sub-section (1) of section 274 of the Companies Act, 1956.
 6. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account together with subject to note No.9 for provision for gratuity.

The provision has been made in the accounts for the present liability for future payment of Gratuity to employees of the Company in terms of the payment of Gratuity Act, 1972 as per actuarial valuation certificate as on 31st March, 1997 and for the period 1st April, 1998

to 31st March, 2001. The provision for gratuity not provided.

Other notes there on gives 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, 2001 and
- (ii) In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.

FOR S. C. BANDI & COMPANY
CHARTERED ACCOUNTANT

PLACE : MUMBAI
DATED : 29th June, 2001

(S. C. BANDI)
PROPRIETOR

ANNEXURE TO THE AUDITOR'S REPORT

1. The company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
2. The Fixed Assets have not been revalued during the year.
3. As explained to us the stock of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management at reasonable intervals.
4. As per information given to us the procedure of physical verification of stock followed by the management are in our opinion reasonable and adequate in relation to the size of the Company and nature of the business.
5. No material discrepancies have been noticed on physical verification of stock as compared to the book records.
6. On the basis of examination of stock in our opinion the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous period.
7. The Company has taken unsecured loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and from the companies under the same management as defined under sub section (1B) of section 370 of the Companies Act, 1956. The rate of interest and other terms and condition of such loans are prima facie not prejudicial to the interest of the company. The provision of Section 370 of Companies Act, 1956 are no longer applicable on/or after 31st October, 1998.

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8. The Company has granted interest free unsecured loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and to company under the same management as defined under sub section (1B) of section 370 of the Companies Act, 1956. such loans of the company are prima facie not prejudicial to the interest, generally there is no repayment schedule stipulated. The provision of Section 370 of Companies Act, 1956 are no longer applicable on/or after 31st October, 1998.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principle amount, wherever stipulated.
10. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the purchases of stores, raw materials including components, plant & machinery, equipment, other assets and for sale of goods.
11. According to information and explanation given to us, the transaction for purchase of goods in pursuance of contract or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000/- or more from companies in which Directors are interested. The prices paid for transaction of purchase of goods are comparable with alternative source of supply.
12. According to information and explanation given to us, the transaction for sale of goods in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market price of such goods or the prices at which transaction of similar goods have been made with other parties.
13. As explained to us the Company has no unserviceable or damaged stores. Raw Materials, finished goods.
14. According to information & explanation given to us the Company has not accepted any deposit from public except from Directors.
15. In our opinion and as per explanation given to us, the Company does not have any by-products and the scrap are recorded as and when they are sold.
16. The Company has an internal Audit system commensurate with the size and nature of its business.
17. We are informed that the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the products of the company.
18. According to the records of the Company, Provident Fund and Employees State Insurance dues have been generally deposited during the year with appropriate authorities, and there are no overdue for the said period as on date.
19. According to the information and explanation given to us and records of the Company examined by us no personal expenses have been charged to Revenue Accounts other than those payable under contractual obligation or in accordance with generally accepted business practice.
20. In our opinion the Company is not a Sick Industrial Company within the meaning of clause (D) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. According to the information and explanation given to us, there were no undisputed arrears payable in respect of Income Tax, Wealth Tax Customs duty, and Excise Duty, Central Sales Tax and Sales Tax which have remained outstanding as at 31st March, 2001 for a period of more than six months.
22. In respect of Trading activities of the Company as explained to us there were no damaged goods

FOR S. C. BANDI & COMPANY
CHARTERED ACCOUNTANT

PLACE : MUMBAI

DATED : 29th June, 2001

(S. C. BANDI)
PROPRIETOR