



MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

# Gujarat Setco Clutch Limited



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*14th Annual Report*  
1996-97

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**Board of Directors** Shri K.V.Bhanujan, IAS, Chairman  
 Shri K.B.Sheth, Vice Chairman  
 Shri Vishnu Varshney  
 Shri H.T.Chauhan  
 Shri Suresh M.Mehta  
 Shri Bhupinder Singh, Special Director (BIFR)  
 Shri A.R.Hatekar, Bank's Nominee  
 Shri Harish Sheth, Managing Director

**Auditors** C.C.Chokshi & Co.  
 Chartered Accountants  
 Baroda

**Bankers** Bank of Baroda  
 Kalol(PMS)

**Registered Office & Factory** Baroda-Godhra Highway  
 Kalol 389 330  
 District Panchmahals, Gujarat.

**Mumbai Office** 54-A, Tardeo Road  
 Near Film Centre  
 Mumbai-400 034.

**Gujarat Setco Clutch Limited***Fourteenth Annual Report***Notice of Annual General Meeting**

NOTICE is hereby given that the **14th Annual General Meeting** of the Members of **Gujarat Setco Clutch Limited** will be held on Tuesday, the 30th September, 1997, at 3:30 P.M. at the Registered Office of the Company at Baroda-Godhra highway, Kalol 389 330. Dist. Panchmachals, Gujarat to transact the following business :

**Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1997 and the Profit & Loss Account of the Company for the year ending on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri H.T. Chauhan who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Suresh M. Mehta who retires by rotation and being eligible, offers himself for reappointment.
4. To reappoint Auditors of the Company to hold the office up to the conclusion of the next Annual General Meeting and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT M/s C.C. Chokshi & Co., Baroda, Chartered Accountants, retiring auditors, be and are hereby reappointed as Auditors to the Company, to hold office till conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors".

**Special Business**

5. To consider and if thought fit, to pass the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to Section 81(1-A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the S.E.B.I. and such other approvals, permissions and sanctions as may be necessary, the Board of Directors of the Company be and is hereby authorised to issue Equity Shares for an amount not exceeding Rs.250 lacs by issue of Equity Shares of Rs. 10/- each for cash at par and/or otherwise to both the promoters viz. GILC and Setco Groups/their nominees".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept such modifications to the above proposal as may be suggested/required by Government of India, S.E.B.I., Stock Exchange and Other concerned authorities/financial institutions".

By the Order of the Board of Directors  
for **Gujarat Setco Clutch Limited**

Place : Gandhinagar  
Date : 13th August 1997

**Harish Sheth**  
Managing Director

**Gujarat Setco Clutch Limited***Fourteenth Annual Report***Notes**

- (i) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of items No. 4 and 5 set out above, is annexed hereto.
- (ii) A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (iii) The Register of Members and Share Transfer book of the Company will remain closed from Tuesday, the 16th September, 1997 to Tuesday, 30th September, 1997 (both days inclusive).

**Annexure to the Notice**

EXPLANATORY STATEMENT pursuant to Section 173(2) of the Companies Act, 1956.

**Item No. 4 :**

As more than 25% of the subscribed Share Capital of the Company is jointly held by the Government Company, Public Financial Institution, Nationalised Bank, a Special Resolution, as set out in item No. 4 is required for re-appointing the auditors of the Company under Section 224-A of the Companies Act, 1956.

None of the Directors is interested in the said Resolution.

**Item No. 5 :**

Item No.5 of the Notice relates to the Company according its consent to the Board of Directors to issue further equity capital for an amount not exceeding Rs. 250 lacs in equity shares of Rs.10 each for cash at par and/or otherwise to both the promoter groups, GILC and Setco and/or their nominees. Both the promoters have subscribed/subscribing equity capital of Rs. 67 lacs in terms of Rehabilitation Scheme, as approved by the members of the Company at its 10th Annual General Meeting. The present resolution is for meeting future additional equity funds requirements.

A special Resolution is therefore placed for your approval as required under Section 81(1-A) and other applicable provisions of the Companies Act, 1956.

The Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of their equity shareholding in the Company.

S/Shri K.V.Bhanujan, IAS, Vishnu Varshney, H.T. Chauhan, Directors of the Company who are nominated by GILC may be deemed to be interested in the resolution to the extent of equity shareholding presently held and that to be further allotted to GILC.

S/Shri K.B. Sheth, Harish K. Sheth, Suresh Mehta, Directors of the Company, who are nominated by Setco Group may be deemed to be interested in the resolution to the extent of equity shareholdings presently held and that may be further allotted to Setco Group.

By the Order of the Board of Directors  
for **Gujarat Setco Clutch Limited**

**Harish Sheth**  
Managing Director

Place : Gandhinagar  
Date : 13th August 1997

**Gujarat Setco Clutch Limited***Fourteenth Annual Report***DIRECTOR'S REPORT**

Your Directors present this 14th Annual Report with Audited Statement of Accounts of your company for the year ending 31st March, 1997.

**1. Financial Results :**

The financial results of the period under report, 1996-1997, have shown distinct improvements as would be evident from the operating performance detailed below.

		(Rs. in lacs)	
		31-3-1997	31-3-1996
a)	Sales	1304.11	851.58
b)	Operating Profit for the year (before Interest and Depreciation)	53.32	(56.25)
c)	Less : Interest	234.08	199.03
d)	Loss : (before Depreciation)	(180.76)	(255.28)
e)	Depreciation	33.81	32.58
f)	Loss for the year	(214.57)	(287.86)

Net Sales increased significantly by 55% and consequently the operating profits. The increased turnover has contributed to the extent of 27% towards operating profit. The improved financial results are the results of increase in production and sales both in terms of quantity and value. The product mix has also been brought out with concentration on comparatively high value products.

In these circumstances, it is the endeavour of your Company to further improve the production performance, control cost and maximise realisation. The actions initiated in 1996-1997 in all these areas will be further strengthened and pursued for improved performance not only in the year 1997-1998 but also in the years to follow. The Management is confident that the year 1997-1998 should serve as a pace setter for improved performance from year to year. The real concern for your Company is about high incidence of interest, which ultimately changes the profitability scenario.

The integrated approach and support from all concerned will help in tiding over the constraints in operations, market and even as to the finance making it possible attaining the expected targets as to sales and the operating profits.

**2. Operations :**

Your Directors had shown their concern in the last Annual Report of 1995-1996 on the adverse circumstances affecting the working of that year and had reported that with corrective actions initiated, the operations would be put to a growth path for a better performance of 1996-1997. Members will be happy to note that the said expectations have been realised to a large extent. While general optimism is visualized, the overall outlook of the auto industry has a direct impact on your Company's performance. Our assessment is that the auto industry, particularly the segment in which your Company is engaged, is showing a progressive growth and with that your Directors expect to have still better

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results in the current year. The efforts initiated have given good results in controlling all the costs except interest. This is evident from the operational profit, as mentioned above. Your Directors would like to assure the members that all-round efforts will be made for increasing the Company's business and sustain improved performance as a matter of course in pursuit of business.

**3. Finance :**

The performance in the Financial Year 1996-97 has shown improvement with operational profit, as shown above. The impact of high incidence of interest cost is a major impediment in bringing about positive financial results. You will observe from the audited accounts that costs in general have been kept under control. The financial pressures and liquidity constraints continue. The Company expects that with improved performance, the financial constraints would comparatively ease and facilitate pursuit of business in a way more conveniently.

Your Company is a Sick Industrial Undertaking in terms of Section 3(1)(0) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA, 1985). Your Directors had indicated in their earlier report that the Rehabilitation Scheme, as approved by the Board for Industrial and Financial Reconstruction (BIFR) will need review/ modification. As directed by BIFR, the Company has submitted to BIFR and concerned agencies a revised modified programme within the overall framework of the approved Scheme, for necessary concurrence of BIFR. The Company is optimistic to receive due support from all concerned agencies to the Scheme so as to ensure speedy implementation of the revival and rehabilitation and in turn achieve projected performance as a viable unit.

**4. Prospects :**

As mentioned earlier, auto-industry, particularly the segment in which your Company is engaged is showing progressive growth and overall promising future. In this industrial scenerio and with encouraging market responses, particularly from OEM Segment, your Directors are hopeful for better opportunities and satisfactory performance. The Company's improved workings of 1996-1997, after overcoming operational constraints of 1995-1996, which have largely been over-come, are the indications for excellent prospects for accelerated rate of production and sales.

The actions initiated during the year under report in the directions of achieving better performance as a share in growing auto industry, will continue for improved performance from year to year.

**5. Fixed Deposits/Debentures :**

During the period under review, your Company has not accepted any fresh deposits from the public. As at the end of the financial year, fixed deposits with accrued interest aggregating to Rs. 7,74,984 (previous year Rs. 7,75,138) remained outstanding. Current interest is being paid. Interest on debentures has remained outstanding/in arrear. The Modified proposals submitted to the BIFR contain provisions for repayment schedule on these accounts.

**6. Directors :**

S/Shri H.T.Chauhan and Suresh Mehta in accordance with Section 256 of the Companies

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Act, 1956, retire by rotation and being eligible, offer themselves for reappointment. Considering the varied enriched experience of S/Shri H.T. Chauhan and Suresh Mehta in their respective fields, your Board recommends their reappointment as Directors of the Company.

Shri G.V. Konkar, Bank's Nominee Director, has resigned as Director of your Board w.e.f. 29-05-1997. Your Board takes on record the services provided by Shri Konkar during the tenure of his office of Director.

**7. Auditors :**

M/s. C.C. Chokshi & Co. Chartered Accountants, Baroda, the Company's Auditors, hold office till the conclusion of this Annual General Meeting. It is proposed to reappoint M/s. C.C. Chokshi & Co. Chartered Accountants, as Company's Auditors. Your Directors recommend their reappointment as Auditors till next Annual General Meeting.

**8. Comment on Auditors' Remarks :**

Notes contained in Schedule No.5 & 17 of the Accounts and referred to in the Auditors' Report are self explanatory and do not call for further explanations and may be treated as adequate compliance of Section 217(3) of the Companies Act, 1956.

**9. Particulars of Employees :**

None of the employees were in receipt of remuneration during the year equal to or in excess of sum prescribed as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended on 17-10-1994.

**10. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Out-Go :**

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 is given in the annexure to the Report.

**11. Industrial Relations :**

During the period under review, Industrial Relations have remained cordial. Employees at all level have put their dedicated and concentrated efforts in discharging their duties. Your Directors place on record their appreciation for the efficient and dedicated work imparted by them.

**12. Acknowledgement :**

Your Directors place on record their deep sense of gratitude for the support and assistance received from the Government of Gujarat. Company's Bankers, Bank of Baroda, Financial Institutions viz. IRBI, GIIC, GSFC and UTI. Our thanks are also due to OEMs - Telco, Premier Automobiles, Company's Distributors, Dealers, Mechanics and various State Transport Undertakings for their co-operation and patronage.



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The Directors also take on record their sincere thanks to the members of the Company, Debenture-holders and Fixed Deposit Holders for their confidence. The Directors are also grateful for the continued help and good wishes of our customers and patrons.

For and on behalf of the  
Board of Directors

Place : Gandhinagar

Date : 13th August 1997

K. V. BHANUJAN  
CHAIRMAN

**ANNEXURE TO THE DIRECTORS' REPORT :**

Additional information given in terms of Notification 1029 of 31-12-1988 issued by the Department of Company Affairs.

**DISCLOSURES****A. Conservation of Energy :**

The overall impact of energy on cost of production is not significant, as ours being an Automobile Engineering Industry, cost of energy is comparatively very low. However, general energy conservation measures are considered at different points in the factory and office to save energy, besides developing consciousness amongst personnel. This has a bearing on total energy charge to be absorbed. No major investment is required.

**B. Technology Absorption :**

There is no foreign collaboration and the Company is working fully on indigenous technology.

**C. Foreign Exchange Earnings and Out-Go :**

Information is contained in Note No.22 of the Annual Accounts.