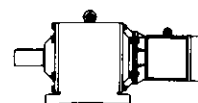
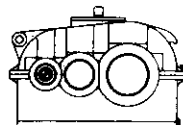
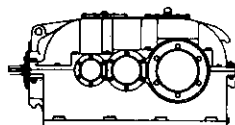
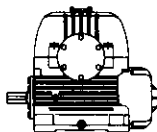


Shanthi^{gear} Gears

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Twentyseventh Annual Report 2000





SHANTHI GEARS LIMITED

BOARD OF DIRECTORS

Shri P SUBRAMANIAN
Chairman & Managing Director

Shri N C RAMACHANDRAN

Shri P N GOPAL

Dr. D PADMANABAN

AUDITOR

Shri S LAKSHMINARAYANAN

INTERNAL AUDITOR

Shri T RAGHUNATHAN

BANKER

STATE BANK OF INDIA
Singanallur,
Coimbatore - 641 005.

REGISTERED OFFICE

304-A, Trichy Road,
Singanallur,
Coimbatore - 641 005.

WORKS

A UNIT

304-A, Trichy Road,
Singanallur,
Coimbatore - 641 005.

B UNIT

304-F, Trichy Road,
Singanallur,
Coimbatore - 641 005.

FOUNDRY DIVISION

Kannampalayam, Sulur Via,
Coimbatore - 641 402.

C UNIT

Avanashi Road,
Muthugoundenpudur (PO),
Coimbatore - 641 406.

D UNIT

K. Krishnapuram,
Kamanaickenpalayam (PO),
Coimbatore - 641 658.

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NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Monday the 11th September, 2000 at 9.30 A.M. at the registered office of the Company at 304-A, Trichy Road, Singanallur, Coimbatore - 641 005 to transact the following business.

AGENDA

Ordinary Business

1. To receive, consider and adopt the Directors' Report, Profit & Loss Account for the year ended 31st March, 2000 the Balance Sheet as on that date and the Auditor's Report thereon.
2. To confirm Interim dividend declared as final Dividend.
3. To appoint a Director in the place of Sri. N.C. Ramachandran who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditor to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix his remuneration.

Special Business

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION :

"RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, (including any statutory modification or reenactment thereof for the time being in force) the Articles of Association of the Company be and are hereby amended, altered and/or substituted in the manner and to the extent as is set out herein below :

- a) Articles 2 of the Association shall include the following definitions in alphabetical order with marginal notes :
 - v a) Beneficial Owner : "Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996.
 - ix a) Depositories Act : "Depositories Act" means the Depositories Act, 1996, including any statutory modification or reenactment thereof for the time being in force.
 - ix b) Depository : "Depository" shall mean a Depository as defined under clause (e) of sub Section (1) of Section 2 of the Depositories Act, 1996.
- b. Definition of "Member" in clause 2 (XI) of Articles of Association, be deleted and the following with the marginal note be substituted in its place :
 - xi Member : Member means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and the beneficial owner(s) as defined in clause (a) of sub section (1) of section 2 of the Depositories Act, 1996.
- c. Article 11 of the Articles of Association be substituted with the following :

Register and Index of Member	: The company shall cause to be kept a Register and index of member in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media.
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- d) Article 12 of the Articles of Association be substituted with the following :

Shares to be numbered : The shares in the Capital shall be numbered progressively according to their several denominations, provided however, that the provision progressively and no to their several denominations, provided however, that the provision shares to be sub-divided relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

- e) The following article with marginal notes be inserted after the existing Article 12 and be numbered as article 12A

Dematerialised Shares : The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder if any.

Options for investors : Every person subscribing to shares offered by the Company shall have the option to receive share certificate, or to hold the shares with a Depository. Such a person who is the Beneficial Owner of shares can at any time opt out of a Depository, if permitted by the law, in respect of any shares in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Shares.

If a person opts to hold his shares with a Depository, the Company shall intimate such Depository the details of allotment of the shares, and on receipt of the information, the depository shall enter in its record the name of the allottee as the Beneficial owner of the shares.

Shares in Depositories : All shares held by a Depository shall be dematerialised and be in to be fungible form in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the shares held by it on behalf of "the Beneficial Owners".

Rights of Depositories : (a) Notwithstanding anything to the contrary contained in the Act and Beneficial Owners or these Articles, a Depository shall be deemed to be the registered Owner for the purposes of effecting transfer of ownership of shares on behalf of the Beneficial Owner.

(b) Same as otherwise provided in (a) above, the Depository as the registered owner of the shares shall not have any voting rights or any other rights in respect of the shares held by it.

(c) Every person holding shares of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of shares shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his shares which are held by a Depository.

Service of documents : Notwithstanding anything in the Act or these Articles to the Contrary, where shares are held in a Depository, the records of the Beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Shares : Nothing contained in Section 108 of the Companies Act, 1956 or these articles shall apply to a transfer of shares effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

Allotment of shares dealt with a Depository : Notwithstanding anything in the Act or these Articles, where shares are dealt with by a Depository, the Company shall intimate the details thereof to the Depository, immediately on allotment of such shares.

f) Article 22 of the Articles of Association be substituted with the following :

Company not bound to recognise any interest in Shares other than that of registered holder : Except as ordered by a court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them.

g) Article 52 of the Articles of Association be substituted with the following :

Register of Transfers : The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

h) Following Article shall be inserted as 64-A of the Articles of Association.

Transfer and Transmission held in electronic form : In the case of transfer or transmission of shares, where the Company has not issued certificates and where such shares are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

i) The following Article shall 93(a) & 93(b) substituted for the present Article 93.

93(a) Depository not to have voting rights : "A depository as a registered owner shall not have any voting rights in respect of shares and securities held by it dematerialised form. However, the beneficial Owner as per the Register of Beneficial Owner maintained by a Depository shall be entitled to such rights in respect of shares held by him in the Depository. Any reference to the member or joint members in Article 93(b) to 104 shall include a reference to Beneficial Owner or Joint Beneficial Owners in respect of "the shares held in a Depository".

Shanthi Gears

93(b) Members in
arrears not to
vote

: No member shall be entitled to vote, either personally or by proxy, at any General Meeting of a class of shareholders, either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has and has exercised any right of lien.

Coimbatore
28th June, 2000

By Order of the Board
P. Subramanian
Chairman & Managing Director

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself. Such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 5th September, 2000 to 11th September, 2000 (both days inclusive).
3. Pursuant to Section 205A of the Companies Act, 1956, the unclaimed dividend upto the Financial Years ended 31.03.1995 has been transferred to the General Revenue Account of the Central Government. The concerned members may, therefore, submit their claims to the Registrar of Companies (Tamilnadu), Coimbatore.
4. Members are requested to bring their copies of report and Accounts to the Meeting.
5. Company's Equity Shares are listed at

Coimbatore Stock Exchange Ltd.,
CSE Towers
683-686, Trichy Road
Singanallur
COIMBATORE - 641 005.

National Stock Exchange Limited
Trade World, Kamala Mill Compound
2nd Floor, Senapati Bapat Marg
Lower Parel,
MUMBAI - 400 013.

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street,
MUMBAI - 400 001.

Madras Stock Exchange Ltd.,
Exchange Building, Post Box No.183,
11, Second Line Beach,
CHENNAI - 600 001.

The Company has paid the Annual Listing fees for the Financial year 2000-2001 in respect of the above Stock Exchanges.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO.5**

Some of the provisions of the Companies Act, 1956, have been amended to facilitate the introduction of Depository System consequent to the passing of the Depository System consequent to the passing of the Depositories Act, 1996. Securities and Exchange Board of India has notified that your Companies shares should be compulsorily traded in Dematerialised form with effect from 26.03.2001. The new automated system of holding and trading in the shares of the Company, side by side with the paper based system will necessitate certain alterations in the Articles of Association of the Company, especially in matters such as Register of Members to cover the Beneficial Owners as per the records of the Depository, fungibility of the shares held by Depository, transfer of shares held by depository etc. Appropriate alterations as set out in the Special Resolution in the notice are, accordingly, proposed for the approval of the shareholders.

It may be clarified that while additional facility as above could be provided within the new legal frame work, shareholders would be given an option to join this system. The existing provisions in respect of the shares held in the form of paper scrips will continue without any change.

It is, therefore, proposed to alter the Articles of Association of the Company, in certain respects, so that they conform to the amended provisions of the Companies Act, 1956 and the Depositories Act, 1996.

The Board recommends the passing of the Special Resolution contained in item No. 5 of the accompanying notice.

None of the Directors of the Company is concerned or interested in passing of the resolution.

Coimbatore
28th June, 2000

By Order of the Board
P. Subramanian
Chairman & Managing Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting to you the Twenty Seventh Annual Report, together with the audited accounts of your Company, for the year ended 31st March, 2000.

FINANCIAL RESULTS

	31-03-2000	31-03-1999
	Rs. in lakhs	Rs. in lakhs
Gross profit before interest and depreciation	1672.90	1568.42
Less : Interest	250.30	318.47
Depreciation	548.81	548.24
Donation	10.35	6.74
Provision for taxation	360.79	242.00
	<u>1170.25</u>	<u>1115.45</u>
	502.65	452.97
Add : Surplus brought forward	19.30	13.05
Transfer from Investment		
Allowance Utilised Reserve	2.50	10.16
Excess Provision for Income		
Tax for earlier years	1.46	—
	<u>23.26</u>	<u>23.21</u>
	<u>525.91</u>	<u>476.18</u>
Appropriations :		
Dividend		
Interim	190.88	—
Final	—	190.88
Tax on Dividend	21.00	21.00
Debenture Redemption Reserve	—	45.00
General Reserve	300.00	200.00
Surplus in Profit & Loss Account	14.03	19.30
	<u>525.91</u>	<u>476.18</u>

DIVIDEND

Your Directors recommend the Interim Dividend of **50%** (Rs. 5.00 per Equity Share of Rs. 10 each fully paidup) at their Board Meeting held on 8th April, 2000. Now, the Directors recommend that the Interim Dividend already declared and paid be confirmed by the Share holders as the dividend for the year.

OPERATING RESULTS

The Company has achieved a Turnover of **Rs. 4028.10** lakhs for the year under review as against the turnover of **Rs. 3705.85** lakhs of the previous year. Barring unforeseen circumstances your Directors hope to achieve satisfactory results for the current year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is making continuous efforts to conserve and optimise energy wherever practicable by economising on fuel and power. For the Company's existing product line there is no technical collaboration/arrangement. Your Company has made export sales of **Rs. 168.55** lakhs during the year. The outflow of foreign exchange on import of Plant & Machinery, Raw Materials, Machinery Spares, Subscription, Interest on Debentures, Redemption of Debentures and Repayment of foreign currency loan amounted **Rs. 516.01** lakhs and **1.36** lakhs has been spent towards payment of dividend for the year ended 31st March, 1999.