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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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Annual Report 1997-98

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Ashok Leyland Limited



Ashok Leyland Limited



Registered Office : 19, Rajaji Salai, Chennai 600 001.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Forty Ninth Annual General Meeting of Ashok Leyland Limited will be held at Narada Gana Sabha, 254 T.T.K. Road, Chennai 600 018 at 10.15 a.m. on Friday, September 4, 1998 to transact the following items of business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 1998, the Balance Sheet as at that date and the Reports of Directors and Auditors attached thereto.
2. To declare a dividend.
3. To appoint a Director in the place of Mr. P K Choksey, who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. H Klingele, who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. R Sorce, who (having been appointed in the casual vacancy caused by the resignation of Mr R Borsa), retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. M S Krishnaswami & Rajan, Chartered Accountants, Chennai and M/s. Price Waterhouse, Chartered Accountants, Chennai are eligible for re-appointment.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.

“RESOLVED that M/s M. S. Krishnaswami & Rajan, Chartered Accountants, Chennai and M/s. Price Waterhouse, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.4.50 lakhs (Rupees four lakhs and fifty thousands only) each, in addition to reimbursement of out-of-pocket expenses.”

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED that Mr. G Boschetti be and is hereby appointed as a Director of the Company.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED that Mr. R J Shahaney be and is hereby appointed as a Director of the Company.”

- 9 To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED that Mr. J Joseph be and is hereby appointed as a Director of the Company.”

10. **To approve the appointment of Mr R Seshasayee as Managing Director :-**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval for the appointment of Mr R Seshasayee as Managing Director with effect from 1.4.98 for a period of five years upto 31.3.2003 on the terms and conditions as detailed below :

A. REMUNERATION

- I. Salary - Rs.60000/- per month in the grade of Rs.60000 - 100000/-.

The annual increments will be effective 1st April every year and will be decided by the Committee of Directors constituted for the purpose, based on his performance.

- II. Commission - As may be approved by the Committee of Directors constituted for the purpose, for each year, subject to the overall limit of the total managerial remuneration of each year as provided under Section 309 of the Companies Act, 1956 but limited to a maximum of two years' salary per year.
- III. Special Allowance - As may be approved by the Committee of Directors constituted for the purpose, for each year, subject to the overall limit of the total managerial remuneration of each year as provided under Section 309 of the Companies Act, 1956, but limited to a maximum of one year's salary per year.

B. PERQUISITES

- I. In addition to the above remuneration, Mr R Seshasayee shall also be entitled to perquisites like free furnished accommodation or house rent allowance including furnishings, gas, electricity and water, medical reimbursement, leave travel concessions for self and family, club fees, medical insurance, etc., as per Company Policy applicable to the senior Managers of the Company.

The annual value of these perquisites shall be restricted to an amount equal to the annual salary of Mr R Seshasayee.

- II. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost. Provision for use of Company car for official duties and

telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

- III. Company's contribution to Provident Fund and Superannuation Fund not exceeding 27% of the remuneration. Gratuity as per rules of the Company, and leave including encashment of leave at the end of the tenure as per Company Policy. These, however, shall not be included in the computation of limits on perquisites as aforesaid.

FURTHER RESOLVED that in the event of loss or inadequacy of profits in any financial year during the tenure of Mr R Seshasayee as Managing Director of the Company, he shall be entitled to receive as minimum remuneration, the remuneration proposed above, or such other amount as may be approved by the Central Government, not being less than the remuneration prescribed under Schedule XIII of the Companies Act, 1956 from time to time.

11. To approve the carry - forward of the accumulated leave balance of Mr R J Shahaney :

To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

"RESOLVED that consent be and is hereby accorded u/s 314 and other applicable provisions of the Companies Act, 1956 to Mr R J Shahaney, Director to carry forward 426½ days of privilege leave, accumulated by him upto 31/3/98 during his services with the Company, to be availed of or encashed by him wholly or partly or partly in one form and partly in the other, at his choice, with full benefits, as applicable to other senior Managers of the Company."

12. To approve the carry - forward of the accumulated leave balance of Mr J Joseph :

To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

"RESOLVED that consent be and is hereby accorded u/s 314 and other applicable provisions of the Companies Act, 1956 to Mr J Joseph, Director to carry forward 453½ days of privilege leave, accumulated by him upto 30/3/98 during his services with the Company, to be availed of or encashed by him wholly or partly, or partly in one form and partly in the other, at his choice, with full benefits, as applicable to other senior Managers of the Company."

13. To approve transfer of the business of Ductron Castings Unit, Hyderabad to a separate entity:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to such approvals as may be necessary, pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to transfer the Company's Ductron Castings Unit situated at B-15, I D A Uppal, Hyderabad 500 039 (hereinafter referred to as "DCU") including its assets and liabilities together with the use of all the licenses, permits, consents and approvals whatsoever and all the rights, benefits and obligations attached thereto, as a going concern to a Company to be newly incorporated in Andhra Pradesh, effective from such date as may be determined by the Board for such consideration and on such terms and conditions as the Board may deem fit.

FURTHER RESOLVED that the Board be and is hereby authorised to settle all or any of the matters pertaining to or arising out of and incidental to such transfer of the DCU as aforesaid and to do and perform all such acts, as they may deem necessary, and to execute all such deeds, agreements, documents, undertakings, declarations, writings etc. for completing such transfer of the said DCU as aforesaid, and to delegate all/any of the powers required to be exercised in this regard, to a Committee of Directors or to the Managing Director, as it may consider necessary, for giving effect to this Resolution”.

14. **To approve investments to be made in the equity shares of a new Company to be incorporated for taking over the business of Ductron Castings Unit (DCU), Hyderabad :**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT subject to the approval of the Central Government, if any and to the extent required pursuant to Section 372 and other applicable provisions, if any of the Companies Act, 1956 and such other approvals as may be required in that behalf, the Board of Directors of the Company or a Committee thereof constituted for this purpose be and is hereby authorised to invest in the share capital of the new Company to be incorporated in Andhra Pradesh (hereinafter referred to as “the said new Company) to which the DCU will be transferred in terms of the foregoing resolution notwithstanding that such investment together with the investments already made by the Company in all other bodies corporate whether under the same management or not may exceed any or all of the percentages prescribed by the Central Government under Section 372 of the Companies Act, 1956 and the rules framed thereunder provided that the Company’s proposed investment in the share capital of the said new Company shall not initially exceed the aggregate sum of Rs. 25 crores (Rupees twenty five crores).

FURTHER RESOLVED that the Board/Committee be and is hereby authorised to determine the actual sums to be so invested, to determine the time or times and manner of such investment, mode of payment either cash and/or by acceptance of the equity shares or other securities of the said new Company as complete or partial consideration for the transfer of DCU and to settle all or any of the matters pertaining to or arising out of and incidental to the proposed investment and to agree to any modifications or conditions as may be suggested by the Central Government at the time of granting its approval to the proposed investment as they may deem fit, and to do and perform all such acts, and to take all such steps as are necessary, to give effect to this Resolution.”

15. **To approve investments to be made from time to time in the equity shares of Ashley Holdings Limited :**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Company do make investments from time to time up to and not exceeding Rs. 15 crores (Rupees fifteen crores), as may be decided by the Board of Directors and/or Committee of Directors in the share capital of Ashley Holdings Limited incorporated under the Companies Act, 1956 in the State of Tamil Nadu notwithstanding that such investments at any time exceed 30% of the subscribed equity capital or aggregate of the paid up equity and preference share capital, whichever is less, subject to the approval by the Central Government under section 372 of the Companies Act, 1956”

16. To approve investments to be made from time to time in the equity shares of Ashley Investments Limited :

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Company do make investments from time to time up to and not exceeding Rs. 15 crores (Rupees fifteen crores), as may be decided by the Board of Directors and/or Committee of Directors in the shares of Ashley Investments Limited incorporated under the Companies Act, 1956 in the State of Tamil Nadu notwithstanding that such investments at any time exceed 30% of the subscribed equity capital or aggregate of the paid up equity and preference share capital, whichever is less, subject to the approval by the Central Government under section 372 of the Companies Act, 1956”

17. To approve the shifting of statutory records to a new premises :

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that in accordance with the provisions of Section 163(1) of the Companies Act, 1956, the Register of Members, the Index of Members, the Register and Index of Debentureholders and copies of all Annual Returns prepared under Sections 159 and 160 of the Companies Act, 1956 together with the copies of the certificates and documents required to be annexed thereto under Sections 160 and 161 of the Companies Act, 1956, or any or more of them be maintained and kept at Khivraj Complex II, 480 Anna Salai, Nandanam, Chennai 600035 instead of being kept at the Registered Office of the Company situated at 19, Rajaji Salai, Chennai 600001, from February 1, 1998 onwards.

RESOLVED FURTHER that the actions already taken by the Company/Board in this regard be and are hereby ratified.”

18. To approve alteration to the Articles of Association to enable the Depository mode of dealings in shares and securities :

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:-

1. In clause 2 (g) the existing definition of “Member” shall be substituted by the following definition.

“**Member**” : “Member” means the duly registered holder from time to time of the shares of the Company of any class, and includes every person whose name is entered as a beneficial owner in the records of the depository, but does not include the bearer of a share warrant of the company issued in pursuance of section 114 of the Act.”

2. The following clauses shall be inserted after clause 2 (s)

“**Beneficial Owner**” : (t) “Beneficial Owner” shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996”

“Depository” : (u) “Depository” shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.”

“Depositories Act, 1996” : (v) “Depositories Act, 1996” shall include any statutory modification or re-enactment thereof for the time being in force”.

“Securities & Exchange Board of India.” (SEBI) : (w) “Securities and Exchange Board of India” (SEBI) means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.”

3. The following shall be inserted as Article 2 A After Article 2.

“Meanings” : “Words and expressions used and not defined in this Act but defined in the Depositories Act, 1996 shall have the same meanings respectively assigned to them in that Act.”

4. The following new clause 3 (d) be inserted after the existing clause 3 (c)

“Company to recognise interest in securities other than that of Registered holder, under Depositories Act, 1996

Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, 1996, as amended from time to time or any statutory modification thereto or re-enactment thereof.”

5. The following new clause 3 (e) shall be inserted after clause 3 (d)

“Power to company to dematerialise and rematerialise : The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/or offer its fresh shares & debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.”

6. The following new clause 3 (f) shall be inserted after clause 3 (e)

Options for Investors : Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

7. The following new clause 3 (g) shall be inserted after clause 3 (f).

Securities in Depositories and Beneficial Owner. : All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

8. The following new clause 3 (h) shall be inserted after clause 3 (g)

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

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

c. Every person holding securities 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 the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

9. In Article 17, after clause (2) the following shall be inserted as clause (3)

Intimation to Depository : Notwithstanding anything contained in this clause, where securities are dealt with in a depository, the Company shall intimate the details of allotment of securities to depository immediately on allotment of such securities.

10. The following Article 23A shall be inserted after Article 23

Applicability of Articles 17 to 23 : Articles 17 to 23 will be applicable only to Shares and Securities issued in physical form; shares and securities issued and/ or held in electronic medium in fungible form, will be governed by the provisions of the Depositories Act, 1996.

11. The following Article 47 A shall be inserted after Article 47

Effect of Depositories Act, 1996 : Articles 45 and 46 and the powers of Directors under Article 47 shall be subject to the provisions of the Depositories Act ,1996.

12. The existing Article 57 shall be substituted with the following Article.

“Register and Index of Members : The Company shall cause to be kept at the Registered Office or at such other place as may be approved, a Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Act, and the Depositories Act, 1996 with the details of shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be Register and Index of members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India a branch Register of members resident in that state or country.”

13. The following Article 181 A shall be inserted after Article 181.

Service of documents on the Company : Where securities 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.

19. To authorise the Board to mortgage and/or charge the immovable and or movable properties of the Company in favour of State Bank of India as Trustees for Debentureholders ("Trustees") , ICICI and Consortium of Banks :

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

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company, of all the immovable and/or movable properties of the Company, wheresoever situate, present and future and the whole of the undertaking of the Company, together with power to take over the management of the business and concern of the Company to be exercised only on the occurrence of certain events,

- A. (i) to or in favour of SBI as Trustees for Debenture holders (Trustees) to secure borrowings, through Debenture series XIX, of Rs 200 crores
- (ii) to or in favour of ICICI to secure
- a) term loan of Rs 95 crores
- b) two loans of Rs 25 crores each.
- (iii) and to secure the interest at the respective agreed rates, compound/ additional interest, commitment charges, premium on prepayment or on redemption, costs, charges expenses and all other moneys payable by the Company to the Trustees/ ICICI in terms of their respective Loan Agreements entered into / to be entered into by the Company in respect of the said Debentures/loans.
- B. to or in favour of the consortium of bankers lead by State Bank of India, and consisting of ANZ Grindlays Bank, Hongkong & Shanghai Banking Corporation Limited, Central Bank of India, Indian Overseas Bank, Canara Bank, Punjab National Bank, Standard Chartered Bank, State Bank of Bikaner & Jaipur, CitiBank N.A., Bank of India, Bank of America, State Bank of Travancore, Bank of Baroda, State Bank of Hyderabad, Andhra Bank, American Express Bank, and ICICI Banking Corporation Ltd. to secure working capital borrowings of Rs 250 crores aggregating from all Banks, together with interest at the respective agreed rates, compound/additional interest, costs, charges expenses and all other moneys payable by the Company to the banks from time to time.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the Trustees/ICICI/State Bank of India (as leader of the consortium) the documents for creating the aforesaid mortgage and/or charge and to do all such acts, deeds and things as may be necessary for giving effect to the above resolution".

Registered Office:
19, Rajaji Salai, Chennai 600001
June 30, 1998

By Order of the Board
N. SUNDARARAJAN
Company Secretary