



*24th
Annual Report
1998-99*

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AUTO PINS (INDIA) LIMITED

BOARD OF DIRECTORS

as on 29th July, 1999

S. Rajbir Singh	— Chairman and Managing Director
Mr. R. Srinivasan	
S. Balbir Singh	
Mr. A.B. Saha	— Nominee, IIBI
Ms. Asha Jairath	— Nominee, Govt. of Haryana
Mr. Madan Aggarwal	
Mr. S.S. Kaushik	
Mr. P.P. Gupta	— Wholetime Director

AUDITORS

M/s. R.K. Relan & Co.
Chartered Accountants
New Delhi

BANKERS

Canara Bank

REGISTERED OFFICE

D-1071, 1st Floor, New Friends Colony,
New Delhi-110065.

WORKS

16, Industrial Area
NIT, Faridabad (Haryana)
&
15/7, Mathura Road
Faridabad (Haryana)

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NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held on Monday 27th September, 1999 at the Registered Office of the Company, namely, D-1071, 1st Floor, New Friends Colony, New Delhi-110065 to transact the following as:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999, the Profit and Loss Account for the year ended on that date and reports of Directors' & Auditors thereon.
2. To appoint a Director in the place of S. Balbir Singh, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. S.S. Kaushik, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company and subject to all requisite permissions, sanctions and approvals as may be necessary or required, Mr. Rajbir Singh be and is hereby re-appointed as Managing Director of the Company with effect from 9th June, 1999 for a period of 5 years at the remuneration, perquisites other benefits and upon terms and conditions set out hereunder:

I. Salary of Rs. 60000 (Rupees Sixty thousand only) per month in the scale of 60000- 5000-80000 as may be determined by the Board of Directors of the Company from time to time within the overall ceiling prescribed under Schedule XIII to the Companies Act, 1956.

II. Perquisites subject to the overall ceiling of the salary payable, as above, with initial ceiling of Rs. 27500 per month, as categorised below:

Category A

- a) **Housing** including Gas, Electricity and water. Provided, however, that the expenditure incurred on hiring the unfurnished accommodation shall not exceed 60% of the Salary.
In the event, no accommodation is provided by the Company the Managing Director be paid House Rent Allowance subject to the above ceiling.
- b) **Medical reimbursement** of expenses actually incurred on self and family subject to a ceiling of one month salary in a year or three months' salary over a period of three years.
- c) **Leave travel concession** for self and family in a year in accordance with Company rules.
- d) **Fees of clubs** subject to a maximum of two clubs which shall not include admission or life membership fees.
- e) **Personal accident Insurance** with premium not exceeding Rs. 5000 per month.

Category B

- a) Contribution towards Provident Fund will not be considered or included for the computation of ceiling on perquisites to the extent the same is not taxable under the Income Tax Act, 1961
- b) Gratuity in accordance with the rules of the Company as applicable to the senior executives of the Company but not exceeding one-half month's salary for each completed year of service.

Category C

- a) Provision of Car with driver shall not be considered as perquisite. Provided, however, that the use of car for personal purposes shall be billed by the Company.
- b) Provision of Telephone at Residence shall not be considered as perquisite. Provided, however, that the personal long distance calls on telephone shall be billed by the Company.

FURTHER RESOLVED THAT the said remuneration and the perquisites be paid/extended to Mr. Rajbir Singh, Managing Director as minimum remuneration in the event of there being loss or inadequacy of profits. Provided, always that the remuneration shall be within the overall limits as placed in Section II of part II of the Schedule XIII to the Companies Act, 1956.

FURTHER RESOLVED THAT the Managing Director shall not be liable to retire by rotation during his tenure as Managing Director and shall function under the superintendence, direction and control of the Board of Directors.

AND FURTHER RESOLVED THAT that the Board be and is hereby authorised to do all such acts, deeds, matters and



things as may be deemed necessary, expedient or desirable in their entire discretion or to settle any question, doubt or difficulty to give effect to the foregoing resolution(s)."

6. To consider, and if thought fit, to pass the following, with or without modification(s), as an **Ordinary Resolution**:
"RESOLVED THAT Mr. P.P. Gupta in respect of whom a Notice has been received under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and whose period of office shall be liable to determination by rotation"
7. To consider, and if thought fit, to pass the following, with or without modification(s), as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company and further subject to all requisite permissions, sanctions and approvals as may be necessary or required, Mr. P.P. Gupta be and is hereby appointed as Wholetime Director (designated Chief Executive) of the Company with effect from 1st August, 1999 for a period of 5 years at the remuneration, perquisites other benefits and upon terms and conditions set out hereunder:
I. **Salary** of Rs. 18000 (Rupees Eighteen thousand only) per month in the scale of 18000- 1500-24000, as may be determined by the Board of Directors of the Company from time to time within the overall ceiling prescribed under Schedule XIII to the Companies Act, 1956.
II. **Perquisites** subject to the overall ceiling of Rs. 8000 per month, as categorised below:

Category A

- a) **Rent free unfurnished accommodation** Provided, however, that the expenditure incurred on hiring the unfurnished accommodation shall not exceed Rs. 5000 per month. Provided further that a sum equivalent to 10% be deducted from the Salary towards his contribution.
In the event, no accommodation is provided by the Company the Wholetime Director be paid House Rent Allowance subject to the above ceiling.
- b) **Medical reimbursement** of expenses in accordance with Company rules.
- c) **Leave travel concession** for self and family in a year in accordance with Company rules.

Category B

- a) **Contribution towards Provident Fund** will not be considered or included for the computation of ceiling on perquisites to the extent the same is not taxable under the Income Tax Act, 1961
- b) **Gratuity** in accordance with the rules of the company as applicable to the senior executives of the company but not exceeding one-half month's salary for each completed year of service.

Category C

Provision of Car with driver shall not be considered as perquisite. Provided, however, that the use of car for personal purposes shall be billed by the Company.

FURTHER RESOLVED THAT the said remuneration and the perquisites be paid/extended to Mr. P.P. Gupta, Wholetime Director as minimum remuneration in the event of there being loss or inadequacy of profits. Provided, always that the remuneration shall be within the overall limits as placed in Section II of part II of the schedule XIII to the Companies Act, 1956.

AND FURTHER RESOLVED THAT that the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, expedient or desirable in their entire discretion or to settle any question, doubt or difficulty to give effect to the foregoing resolution(s)."

By order of the Board

New Delhi

29th July, 1999

Regd. Office:

D-1071, 1st Floor, New Friends Colony,
New Delhi-110 065.

Rajbir Singh
Chairman & Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) and vote instead of himself/ herself and the proxy(ies) need not be a member of the Company. Proxy(ies) in order to be effective must be signed, stamped and deposited at the Registered Office of the Company not less than 48 (forty eight) hours before the commencement of the meeting. Blank proxy form is annexed hereto.
2. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special business set out at Item Nos. 5 to 7 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 1st September, 1999 to 27th September, 1999 (both days inclusive).
4. Members are requested to notify promptly any change in their address to the Company.
5. Members are requested to bring their copy of the Annual Report to the venue of the meeting.
6. Members desiring any information on Accounts of the Company 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.



EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

The Board of Directors at its meeting held on 29th July, 1999 have re-appointed Mr. Rajbir Singh as the Managing Director of the Company for a period of 5 years with effect from 9th June, 1999, subject to the approval of the shareholders, on the terms and conditions set out in the resolution at item No. 5 of the Notice.

Section 269 of the Companies Act, 1956 provides that each Company having a Paid up Capital not less than Rupees Five Crores must have a Managing Director. In addition Section 198 read with Section 309 and Schedule XIII to the Companies Act, 1956 provide the disqualifications and limits on the remuneration payable to the Managing Director. In compliance with the provisions of the foregoing, requisite resolution has been placed for your approval.

Mr. Rajbir Singh has rich experience of over 11 years at the helm of affairs initially as Executive Director and later as Managing Director. His contribution in the turnaround and growth of the Company is immense. The Board of Directors are confident that the Company can benefit from the experience and abilities of Mr. Rajbir Singh.

The Directors, therefore, recommend the resolution as set out at item No. 5 of the Notice for your approval.

The terms and conditions set out in the proposed resolution may be treated as compliance of Section 302 of the Companies Act, 1956.

None of the Directors except Mr. Rajbir Singh, Managing Director may be deemed to be concerned or interested in passing of the said resolution.

Item No. 6

Mr. P.P. Gupta was appointed by the Board of Directors of the Company as an Additional Director at its meeting held on 29th July, 1999 and in accordance with the provisions of Section 260 of the Companies Act, 1956 read with Article 92 of the Articles of the Association of the Company Mr. Gupta holds office only upto the date of the ensuing Annual General Meeting.

Pursuant to the provisions of Section 257 of the Companies Act, 1956 a Notice has been received from a Shareholder with requisite Deposit proposing the candidature of Mr. Gupta as a Director.

Mr. Gupta is a member of the Institute of Chartered accountants of India and has a rich experience of over 26 years at responsible positions. The Directors are confident that the Company can benefit from the experience of Mr. Gupta and recommend his appointment by passing of the resolution as set out at Item No. 6 of the Notice.

None of the Directors except Mr. P.P. Gupta, Director may be deemed to be concerned or interested in passing of the said resolution.

Item No. 7

The Board of Directors at its meeting held on 29th July, 1999 have appointed Mr. P.P. Gupta as Wholetime Director of the Company for a period of 5 years with effect from 1st August, 1999 subject to the approval of the shareholders on the terms and conditions set out in the resolution at item No. 7 of the Notice.

Section 198 read with Section 269 and Schedule XIII of the Companies Act, 1956 provide the limits on the remuneration payable to the Wholetime Director. In compliance with the provisions of the foregoing, the appointment is subject to the approval of the shareholders in a General Meeting.

The Directors recommend the appointment of Mr. Gupta and payment of remuneration to him by passing the resolution as set out at item No. 7 of the Notice.

The terms and conditions set out in the proposed resolution may be treated as compliance of Section 302 of the Companies Act, 1956.

None of the Directors except Mr. P.P. Gupta, Wholetime Director may be deemed to be concerned or interested in passing of the said resolution.

Inspection of Documents

All documents mentioned herein may be inspected at the Registered Office of the Company on all working days between 10.00 A.M. and 1.00 P.M till the date of the Annual General Meeting.

By order of the Board

New Delhi

29th July, 1999

Regd. Office:

D-1071, 1st Floor, New Friends Colony,

New Delhi-110 065.

Rajbir Singh
Chairman & Managing Director



DIRECTORS REPORT

TO THE MEMBERS

The Directors of your Company have pleasure in presenting the 24th Annual Report together with the Audited Accounts for the year ended 31st March, 1999.

OPERATIONS AND FINANCIAL RESULTS

The expectations generated at the beginning of the last fiscal were largely belied as the turbulence of the preceding years accentuated in the fiscal 1998-99. The index of industrial production once again failed to record a reversal of the overall sluggish trend and ended with a dismal 3.8% growth compared to 6.6% in the preceding fiscal. Unmistakably, this was the lowest annual growth witnessed since 1992-93 and led to the business confidence reaching its lowest ebb. Though the overall growth rate of the GDP inched forward to 5.8%, it was largely on account of satisfactory growth in the agricultural production which was at 6.8%. Exports recorded a negative growth of 4% and FDI inflows were 27% lower than the corresponding figure in the preceding year.

Specific to your Company, the production of Heavy and medium range Commercial Vehicles, being the principal market for the products of your Company recorded a decline in the production in the year under review. As per figures provided by ACMA the production declined by nearly 16%. Despite the adverse conditions, your Company increased its share vis-a-vis its competitors in TELCO. The Company took major initiatives in the Exports segment and became an Exporter of Crown Wheel and Pinions to the developed markets of USA. The efforts are being intensified and new avenues are being explored for its exports to other major markets. These are expected to yield higher revenues once the markets stabilise.

Mirroring the overall corporate sluggishness, the turnover of your Company declined to Rs. 3032.05 Lacs and, the profit after Taxes slid to Rs.100.15 Lacs. A summary of the financial performance of the Company is as under.

	1998-99	1997-98
	<i>Amount in Rs. Lacs</i>	
Turnover including Job Work and Other income	3032.05	3659.63
Profit before Interest Depreciation and Tax	581.90	562.69
Interest	346.56	312.22
Depreciation	118.19	111.17
Profit before Tax	117.15	139.30
Profit after Tax	100.15	119.30

DIVIDEND AND RESERVES

With a view to conserve the resources of the Company, the Directors regret their inability to declare dividend for the year under review. Accordingly, the surplus for the year of Rs. 100.15 Lacs is being carried forward in the Profit and Loss Account.

ECONOMIC OUTLOOK

The first two months of the current fiscal have provided first signs of turnaround in the Industrial sector which slowed down quite precipitately in 1998-99. Excise collections during the first two months of the current fiscal reflect a growth of 29%, customs duty by 11% and Direct Taxes by 42%. On the Industrial front, positive signals emanate from several sectors including major segments like Cement, Steel and Automobiles. Significantly, Indian meteorological Department has forecast eleventh successive normal monsoon year. In the automobile segment the recovery which was first noticed in the two wheeler segment expanded to passenger cars and later to Commercial Vehicles. Specific to your Company, the production of heavy and medium Commercial Vehicles grew by over 29% in the first three months of the current financial year over the figures in the corresponding period. The Turnover of your Company for the first three months of the current financial year grew to Rs. 990.35 Lacs recording a growth of over 45% over the corresponding figure in the preceding fiscal.

While the Directors report this with caution, since these figures are on a lower base recorded in 1998-99, they are optimistic that the sales growth will be sustained in the coming months and, coupled with other initiatives, will lead to higher revenues for your Company.

DIRECTORS

In accordance with the provisions of the Section 256 of the Companies Act, 1956 and Article 100 of the Articles of Association of the Company, S. Balbir Singh and Mr. S.S. Kaushik, Directors retire by rotation and, being eligible, offers themselves for re-election. The Directors recommend their re-appointment