

ANNUAL REPORT 1997

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MOTOR INDUSTRIES CO. LTD

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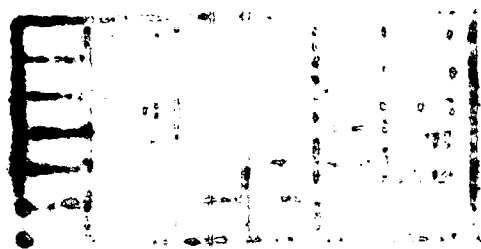
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Motor Industries Company Limited



Directors

Hubert Zimmerer, *Chairman*
(Alternate : Dr. Guenter Krueger)
Dr. Hermann Eisele
Y.H. Malegam
J.K. Setna
Dr. H. Bertling, *Managing Director*
J.L. Pasricha, *Joint Managing Director*
D. Schalomon, *Joint Managing Director*

Company Secretary

B.S. Iyer

Auditors

A.F. Ferguson & Co.

Bankers

State Bank of India
Canara Bank
Citibank, N.A.
Deutsche Bank AG
The Hongkong and Shanghai Banking
Corporation Limited

Registered Office

Hosur Road
Adugodi, Bangalore-560 030

MOTOR INDUSTRIES COMPANY LIMITED

Registered Office : Hosur Road, Adugodi, Bangalore - 560 030

NOTICE TO MEMBERS

NOTICE is hereby given that the FORTY-SIXTH Annual General Meeting of the Company will be held at 11.00 a.m. on Wednesday, the 17th June 1998 at Trinity Hall, Taj Residency, 41/3, Mahatma Gandhi Road, Bangalore - 560 001, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st December 1997 and Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a dividend.
3. To elect Directors in place of Mr. J.K. Setna and Mr. J.L. Pasricha, who retire by rotation and are eligible for re-election.
4. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution :

“RESOLVED that the retiring Auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants, being eligible for re-appointment be and are hereby appointed as Auditors of the Company for the financial year ending 31st December 1998, to hold office until the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors.”

SPECIAL BUSINESS

5. Appointment of a Director in place of Mr. Dieter Schalomon, who holds office upto the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956, and Article 85A of the Articles of Association of the Company; to consider and, if thought fit, to pass the following resolution as an ordinary resolution :

“RESOLVED that Mr. Dieter Schalomon be and is hereby appointed a Director of the Company.”

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution :

“RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and pursuant to the directions of the Government of India contained in letter No.5(5)/97/CL.VII dated 25.6.1997, the Articles of Association of the Company be and are hereby amended in the following manner :

- (i) The following new Article 71 be substituted for the existing Article 71 :

- 71(1) Until otherwise determined in a General Meeting the minimum number of Directors shall not be less than 5 and the maximum number of Directors shall not be more than 12.
- 71(2) In determining the maximum number of Directors the Nominee Directors appointed by Industrial Development Bank of India (IDBI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), Industrial Reconstruction Bank of India (IRBI) and State Financial Corporations shall be excluded from computing the maximum number of Directors as provided in Article 71(1) and the Directors appointed by other Financial Institutions and Banks shall be included in the maximum number of Directors stipulated in Article 71(1).
- 71(3) The requisite approval of the Central Government will require to be obtained to increase the number of Directors in excess of 12 but excluding the Directors appointed by IDBI, LIC, UTI, IRBI and State Financial Corporations.

- (ii) The following new Article 93 be substituted for the existing Article 93 :

- 93(1) The right of the Company to appoint non-rotational Directors shall be limited to State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Governments themselves.

- 93(2) Notwithstanding anything to the contrary contained in these Articles, but subject to the provisions of the Act, the provisions of Article 72 and sub-Articles (2), (3), (4), (5) and (6) hereof so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Life Insurance Corporation of India (LIC) and Public Financial Institutions as defined in Section 4A of the Act, Unit Trust of India (UTI) and Industrial Reconstruction Bank of India (IRBI) out of any loans granted by them to the Company or so long as IDBI, IFCI, LIC and Public Financial Institutions as defined in Section 4A of the Act and UTI (each of which IDBI, IFCI, LIC and Public Financial Institutions as defined in Section 4A of the Act and UTI, hereinafter in this Article referred to as "the Corporation") continue to hold Debentures in the Company by direct subscription or private placement, each such Corporation shall have a right to appoint from time to time, any person as a non-wholetime Director (which Director is hereinafter referred to as "Nominee Director") on the Board of Directors of the Company and to remove from such office any person so appointed and to appoint any person in his place.

Provided, however, it is expressly clarified that pursuant to Article 93(2) each Corporation shall be entitled to appoint in pursuance of this Article one non-wholetime Director on the Board of Directors of the Company but so that not more than two Directors in the aggregate shall be appointed or continue as Directors at any one time in pursuance of the right conferred by this Article on each Corporation.

- 93(3) The Board of Directors of the Company shall have no power to remove from office the Nominee Director appointed by the Corporation in pursuance of this Article.
- 93(4) The Nominee Director appointed as aforesaid shall not be required to hold any share qualification in the Company nor shall he be liable to the provisions of retirement of Directors by rotation. Subject as aforesaid, the Nominee Director shall be entitled to the same rights and privileges and be subject to the same obligations as any other non-wholetime Director of the Company.
- 93(5) The Directors referred to in Article 93(1) can be paid by the Company any remuneration by way of commission, salary or perquisites (other than sitting fees and reimbursement of actual expenses incurred by them in attending meetings of the Board of Directors of the Company or a Committee thereof) only with the prior approval of the Central Government under Sections 309/310 of the Companies Act, 1956, wherever applicable.
- 93(6) If the Director/s referred to in Article 93(1) discharges the duties of Managing Director, enjoying substantial powers of management or are in the whole-time service of the Company, necessary approval under Section 269 of the Act shall be obtained by the Company.
- 93(7) The Nominee Director appointed as aforesaid shall hold office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement and the Nominee Director appointed as aforesaid shall ipso facto vacate office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures in the Company.
- 93(8) The Directors referred to in Article 93(1) and the Nominee Director appointed pursuant to Article 93(2) of the Articles of Association shall be entitled to receive notices of all General Meetings of the Company, Board Meetings and of the meetings of the Committee of which the Nominee Director is a member, as also the minutes of such meetings."

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

"RESOLVED that pursuant to Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Mr. J.L. Pasricha as Joint Managing Director of the Company for the period from 1.7.1998 to 31.12.2000 and the remuneration be and the same is hereby approved. The terms of remuneration are as follows :

1. (a) Salary :

Monthly salary of Rs. 300,000 (Rupees Three hundred thousand only) in the range of Rs. 150,000 to Rs. 500,000; increments being at the discretion of the Board.



(b) Commission :

Commission based on the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956. Such commission shall be such percentage of the net profit and such amount as the Board of Directors of the Company may determine keeping in view the performance of the Company in each financial year.

2. Perquisites :

(i) Housing :

Free furnished accommodation in case the accommodation is owned by the Company.

(ii) Provision of gas, electricity and water as incurred by Mr. Pasricha.

(iii) Medical Reimbursement :

Expenses incurred by Mr. Pasricha and his family subject to a ceiling of one month's salary in a year or 2 1/2 months' salary for the tenure of his appointment.

(iv) Leave Travel Concession :

Reimbursement of leave travel expenses for self and family once in a year for any destination in India by air (Business Class) and/or by rail and/or road.

In case it is proposed that the leave be spent in home country either by Mr. Pasricha and/or by all or any member of his family, return passage may be allowed for self and family once a year by Business Class.

(v) Club Fees :

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(vi) Personal Accident Insurance :

Personal Accident Policy to cover 100 months' salary.

(vii) Children's Educational Allowance :

In case of children studying in or outside India an allowance limited to a maximum of Rs. 5,000 p.m. per child or actual expenses incurred, whichever is less is admissible. Such allowance is admissible upto a maximum of two children.

(viii) Holiday passage for children studying outside India/family staying abroad :

Return holiday passage is admissible once in a year by Economy Class to children from their place of study abroad to India and to the members of the family from the place of their stay abroad to India if they are not residing in India with Mr. Pasricha.

(ix) Reimbursement of expenses incurred on joining duty and returning to home country after completion of tenure :

Actual expenses incurred on travel and on packing, forwarding, loading/unloading, as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India may be allowed in case these have not been claimed from the previous employer.

After completion of tenure such expenses may be reimbursed if Mr. Pasricha is finally leaving the employment of the Company. In case where Mr. Pasricha is joining another branch of the same/related multinational Company, the branch to which he is transferred should bear these expenses.

(x) Provident Fund and

(xi) Superannuation Fund :

Contribution to Provident Fund and Superannuation Fund, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(xii) Gratuity :

Not exceeding half a month's salary for each completed year of service.

(xiii) Car, Telephone :

Provision for use of Company's 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.

(xiv) Leave :

Leave on full pay and allowances as per rules of the Company.

(xv) Entertainment :

Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

(xvi) Minimum managerial remuneration (in case of absence or inadequacy of profits) :

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Pasricha, the Company has no profits or the profits are inadequate, the Company will pay remuneration by way of salary and perquisites as aforesaid.

Explanation : 'Family' means spouse, dependent children and dependent parents of Mr. Pasricha."

By Order of the Board

Bangalore
12th March 1998

B.S. Iyer
Company Secretary

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- NOTES :
- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
 - (b) Explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of special business is annexed hereto.
 - (c) The Register of Members and the share transfer books of the Company will remain closed from 16.5.1998 to 30.5.1998, both days inclusive.
 - (d) Dividend as recommended by the Directors for the year ended 31st December 1997, if declared, will be payable to those Members, whose names appear in the Register of Members, as at the close of business on 15.5.1998 and the dividend warrants will be posted to them on or after 18.6.1998.
 - (e) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividend upto dividend paid for the year 1993 has been transferred to the General Revenue Account of the Central Government. Intimation pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, has been mailed to the concerned Members who may submit their claim to The Registrar of Companies, Kendriya Sadan, "E" Wing, II Floor, Koramangala, Bangalore - 560 034.
 - (f) Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
 - (g) Members are requested to notify any change in their address to the Company.
 - (h) With a view to preventing fraudulent encashment of dividend warrants, Members are advised to furnish to the Company particulars of their bank account with a request to the Company to incorporate the same in the dividend warrant.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956**Item 5 :**

The Board of Directors at their meeting held on 25.3.1997 appointed Mr. Dieter Schalomon as Additional Director, more specifically as Wholtime Manufacturing Director from 1.9.1997, pursuant to Article 72 and Article 105 of the Articles of Association of the Company. Mr. Schalomon holds office upto the date of this Annual General Meeting.

The appointment of and the remuneration payable to Mr. Schalomon pursuant to provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956, and pursuant to Article 72 and Article 105 of the Articles of Association of the Company for a period of 5 years from 1.9.1997 were approved by the Company at the Annual General Meeting held on 12.6.1997 and thereafter by the Central Government. Mr. Schalomon was redesignated as Joint Managing Director with effect from 19.9.1997 and Members were advised of the same pursuant to Section 302 of the Companies Act vide Notice dated 19.9.1997. The remuneration and perquisites payable to Mr. Schalomon were revised by the Company at the Extraordinary General Body Meeting of the Company held on 2.12.1997.

Under Section 257 of the Companies Act, 1956, the Company has received notice from some Members signifying their intention to propose the appointment of Mr. Schalomon as a Director. Upon this appointment, Mr. Schalomon will continue as Joint Managing Director for the remaining period of his term upto 31.8.2002.

Mr. Schalomon may be deemed to be interested since this relates to his appointment.

Item 6 :

At the Annual General Meeting held on 12.6.1997, the Company amended Article 105 of the Articles of Association which entitled Robert Bosch GmbH to appoint one or more Directors of the Company to be the Managing Director(s) and/or Wholtime Director(s), so long as Robert Bosch GmbH either singly or together with its holding or subsidiary companies holds more than 50% of the paid-up share capital of the Company for the time being. Pursuant to the said amendment to Article 105 of the Articles of Association of the Company and as required under Section 268 of the Companies Act, 1956, an application was made to the Government for its approval. The Government of India vide letter No. 5(5)/97/CL.VII dated 25.6.1997 approved the amendment to Article 105 of the Articles of Association of the Company subject to certain modifications/conditions to be given effect to by means of a special resolution passed at the Annual General Meeting of the Company.

The proposed amendments to Article 71 and Article 93 of the Articles of Association of the Company set out in extenso at item 6 of the Notice convening the Annual General Meeting is consequent to the modifications/conditions contained in the said approval of the Government of India.

The Government of India letter No.5(5)/97/CL.VII dated 25.6.1997 is available for inspection by the Members at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturday.

Item 7 :

The present term of Mr. J.L. Pasricha is valid upto 30.6.1998. The Board of Directors at their meeting held on 25.3.1997 extended the term of Mr. Pasricha, Joint Managing Director, upto 31.12.2000.

The particulars of remuneration set out in the text of the resolution at item 7 of the Notice are as approved by the Members at the Annual General Meeting held on 23.6.1993, 15.6.1994 & 19.6.1995 and at the Extraordinary General Body Meeting held on 2.12.1997.

A copy of the draft agreement proposed to be entered into between the Company and Mr. Pasricha will be available for inspection by the Members at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturday.

This statement read along with the resolution may be deemed as an abstract of the terms of the agreement proposed to be entered into between the Company and Mr. Pasricha, to be sent to the Members of the Company in terms of Section 302 of the Companies Act, 1956.

Mr. Pasricha may be deemed to be interested since this relates to his re-appointment.

By Order of the Board

Bangalore
12th March 1998

B.S. Iyer
Company Secretary