



GKN Driveshafts (India) Limited



18th Annual Report 2002

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**Board of Directors**

Dr. D.V.Kapur
Mr. Mansoor Anwar
Mr. K.V.L.N.Murty
Mr. S. Ravindran
Mr. D.P.Mehta
Mr. Paul Drake
Dr. W. Rohregger
Mr. Engelbert Schwarz

Chairman

Managing Director (w.e.f. September 1, 2002)
Director (Operations) (w.e.f. September 1, 2002)
Director (Managing Director upto August 31, 2002)

Resigned w.e.f. 31.08.2002

Resigned w.e.f. 31.08.2002

Audit Committee

Dr. D.V.Kapur
Mr. S. Ravindran
Mr. Paul Drake

Company Secretary & Internal Auditor

Mr. Vivek Bhatia

Auditors

Lovelock & Lewes
New Delhi

Technical Collaborators

GKN Automotive GmbH, Germany
GKN Automotive Limited, U.K.

Bankers

Canara Bank
Sanwa Bank
Standard Chartered Grindlays Bank

Registered Office & Faridabad Works

270, Sector 24
Faridabad 121 005 (Haryana)
Tel : 0129 - 2232531, 2232731
Fax : 0129 - 2230580
E-mail : gkn@gknindia.com
Website : www.gknindia.com

Dharuhera Works

34 & 35, Industrial Area,
Dharuhera 122 106 (Haryana)
Tel.: 01274 - 242579, 242580
Fax : 01274 - 242581

Gummidipundi Works

A-13/a, SIPCOT Industrial Complex,
Gummidipundi, Chengalpattu
M.G.R.Distt 601 201 (Tamil Nadu)
Tel : 04119 - 222274, 223484, 223486
Fax : 04119 - 222540

Share Transfer Agent

MCS Ltd.
Srivenkatesh Bhawan,
212 - A, Shahpurjat,
(Behind Panchsheel Club),
New Delhi 110 049
Tel : 011 - 26494830, 26494831
Fax : 011 - 26494152

GKN Driveshafts (India) Limited

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Company will be held at **2.00 p.m. on Saturday, May 31, 2003 at the Delite Banquet Hall (Ashirwad), 23A, Industrial Area (Opp. Whirlpool of India), NIT, Faridabad-121005 (Haryana)** to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Profit & Loss Account for the year ended December 31, 2002 and the Balance Sheet as at that date.

2. **Appointment of Auditors and fixing their remuneration:**

To appoint Auditors to hold office from the conclusion of the 18th Annual General Meeting till the conclusion of the 19th Annual General Meeting of the Company and to fix their remuneration.

M/s. Lovelock & Lewes, Chartered Accountants, New Delhi, the retiring Auditors, being eligible, have offered themselves for re-appointment.

3. **Appointment of Directors:**

- a) To appoint a Director in place of Mr. S. Ravindran who retires by rotation and is eligible for re-appointment.
- b) To appoint a Director in place of Mr. D.P.Mehta who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS:

4. **Appointment of Mr. Mansoor Anwar as Director:**

To appoint Mr. Mansoor Anwar as a Director of the Company, who has been appointed as Additional Director of the Company by the Board of Directors with effect from September 1, 2002 pursuant to Article 114 of the Articles of Association of the Company and who, under Section 260 of the Companies Act, 1956 as amended to date, holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director under the provisions of Section 257 of the Act.

5. **Appointment and payment of remuneration to Mr. Mansoor Anwar as Managing Director:**

To consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT in accordance with provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions of Companies Act, 1956, if any, as amended to date and the laws prevailing for the time being and subject to approval of Central Government, if required, the Company hereby approves the appointment and terms of remuneration of Mr. Mansoor Anwar as a Managing Director of the Company from September 1, 2002 to August 31, 2007 i.e. for a period of five years from September 1, 2002 upon the terms and conditions (including the remuneration to be paid in the in the event of loss or inadequacy of profit if any financial year during the aforesaid period) set out in the Agreement submitted to this Meeting and signed by the Chairman for the purpose of identification, and authorize to the Board of Directors subject to the approval of Central Government, if required, to alter, vary, modify and increase the remuneration including perquisites within the limits or ceilings prescribed under the Schedule XIII of the Companies Act, 1956 as amended to date or any statutory modification or re-enactment thereof and to alter the aforesaid terms and conditions between the Company and Mr. Mansoor Anwar subject to approval of Members in the next General Meeting wherever necessary."

"RESOLVED FURTHER THAT the Board of Directors, subject to approval of Central Government, if required, are hereby authorized to alter, vary, modify, fix and increase the remuneration of Mr. Mansoor Anwar under the heads mentioned herein below and subject to the maximum limits or ceilings stated against each of the heads and further, subject to limits prescribed under Schedule XIII of the Companies Act, as amended to date or amended hereinafter, wherever necessary:-



i) Basic Salary	In the scale of Rs.100,000/- (Rupees one lac only) to Rs. 200,000/- (Rupees two lac only) per month
ii) Discretionary Allowance	In the scale of Rs. 25,000/- (Rupees twenty-five thousand only) to Rs.100,000/- (Rupees one lac only) per month
iii) Accommodation	<p>a) The expenditure by the Company on hiring accommodation for Mr. Mansoor Anwar will be subject to the ceiling of 60% of the basic salary.</p> <p>b) In case no accommodation is provided by the Company, Mr. Mansoor Anwar will be entitled to house rent allowance of 60% of the basic salary.</p>
iv) House Maintenance	<p>a) The expenditure incurred by the Company for maintaining the accommodation hired by it for Mr. Mansoor Anwar in the scale of Rs. 40,000/ (Rupees forty thousand only) to Rs. 80,000/- (Rupees eighty thousand only) per annum.</p> <p>b) In case no accommodation is provided by the Company, Mr. Mansoor Anwar would be entitled to reimbursements for soft furnishing, minor repairs of the house, etc., in the scale of Rs. 40,000/- (Rupees forty thousand only) to Rs. 80,000/- (Rupees eighty thousand only) per annum.</p>
v) Hard Furnishing	The Company will provide hard furnishing worth Rs.4,50,000/- (Rupees four lac fifty thousand only) during the tenure of this agreement subject to transfer of the same at written down value to Mr. Mansoor Anwar at the end of the tenure.
vi) Car and Telephone	The Company will provide a car with driver for use on Company's business as well as for limited personal use. The Company will also provide a telephone at Mr. Mansoor Anwar's place of residence for official calls and personal local calls. Personal long-distance calls on the telephone will be to the account of Mr. Mansoor Anwar.
vii) Medical Reimbursement	Expenses incurred for Mr. Mansoor Anwar and his dependents, in the scale of Rs. 25,000/- (Rupees twenty-five thousand only) to Rs.75,000/- (Rupees seventy-five thousand only) per annum. An unutilised part of the said amount will be carried forward to next year(s).
viii) Children Education Subsidy	The Company shall provide a maximum lump sum subsidy of Rs. 8,00,000/ (Rupees eight lacs only) for 2 (two) children which can be claimed by Mr. Mansoor Anwar during the tenure of this agreement.
ix) Leave Travel Concession	Expenses to be incurred for Mr. Mansoor Anwar and his dependents in the scale of Rs.1,25,000/- (Rupees one lacs twenty-five thousand only) to Rs. 2,00,000/- (Rupees two lacs only) per annum.
x) Provident Fund	The Company will make a contribution of 12% of Mr. Mansoor Anwar's basic salary to the Provident Fund in monthly instalments.
xi) Superannuation Fund	The Company will make a contribution of 15% of Mr. Mansoor Anwar's basic salary to the superannuation fund as per scheme prevailing in the Company.
xii) Gratuity	The Company will pay Gratuity to Mr. Mansoor Anwar as per Gratuity Act for every completed year of service at the end of tenure of service with the Company.
xiii) Group Accident Insurance	In accordance with the rules of the Company.
With authority to the Board to fix salary within the above mentioned scale from time to time. The annual increment will be merit based after taking into account the Company's performance.	
xiv) Performance Linked Bonus	<p>Mr. Mansoor Anwar will be paid performance linked bonus which will be decided on the basis of:</p> <p>i) overall performance of Company; and</p> <p>ii) individual performance of Mr. Mansoor Anwar on achievement of goals and objectives.</p> <p>The same will be paid every year in the month of April for the previous accounting year.</p> <p>The said bonus will be subject to maximum of 40% of basic salary of per annum.</p>

GKN Driveshafts (India) Limited

6. Appointment of Mr. K.V.L.N.Murty as Director:

To appoint Mr. K.V.L.N.Murty as a Director of the Company, who has been appointed as Additional Director of the Company by the Board of Directors with effect from September 1, 2002 pursuant to Article 114 of the Articles of Association of the Company and who, under Section 260 of the Companies Act, 1956 as amended to date, holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director under the provisions of Section 257 of the Act.

7. Appointment and payment of remuneration to Mr. K.V.L.N.Murty as Director (Operations):

To consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT in accordance with provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions of Companies Act, 1956, if any, as amended to date and the laws prevailing for the time being and subject to approval of Central Government, if required, the Company hereby approves the appointment and terms of remuneration of Mr. K.V.L.N.Murty as a Director (Operations) of the Company from September 1, 2002 to August 31, 2007 i.e. for a period of five years from September 1, 2002 upon the terms and conditions (including the remuneration to be paid in the in the event of loss or inadequacy of profit if any financial year during the aforesaid period) set out in the Agreement submitted to this Meeting and signed by the Chairman for the purpose of identification, and authorize to the Board of Directors subject to the approval of Central Government, if required, to alter, vary, modify and increase the remuneration including perquisites within the limits or ceilings prescribed under the Schedule XIII of the Companies Act, 1956 as amended to date or any statutory modification or re-enactment thereof and to alter the aforesaid terms and conditions between the Company and Mr. K.V.L.N.Murty subject to approval of Members in the next General Meeting wherever necessary."

"RESOLVED FURTHER THAT the Board of Directors, subject to approval of Central Government, if required, are hereby authorized to alter, vary, modify, fix and increase the remuneration of Mr. K.V.L.N.Murty under the heads mentioned herein below and subject to the maximum limits or ceilings stated against each of the heads and further, subject to limits prescribed under Schedule XIII of the Companies Act, as amended to date or amended hereinafter, wherever necessary:-

i) Basic Salary: In the scale of Rs.60,000/- (Rupees sixty thousand only) to Rs.1,25,000/- (Rupees one lac twenty-five thousand only) per month. With authority to the Board to fix basic salary within the above mentioned scale from time to time. The annual increment will be merit based after taking into account the Company's performance.

ii) Perquisites & Allowances:

- a) In addition to the basic salary and commission payable, the Director (Operations) shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, hard furnishing, medical reimbursement, leave travel concession for himself and his family medical / accident insurance and such other perquisites and allowances in accordance with the rules of the Company and as may be approved by the Board of Directors; such perquisites and allowances will be subject to a maximum of 125% of his annual basic salary.
- b) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
- c) 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 for the purpose of calculating the said ceiling.
- d) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.



iii) Performance Linked Bonus:

Mr. K.V.L.N.Murty will be paid performance linked bonus which will be decided on the basis of:

- a) overall performance of Company; and
- b) individual performance of Mr. K.V.L.N.Murty on achievement of goals and objectives

The same will be paid every year in the month of April for the previous accounting year.

The said bonus will be subject to maximum of 40% of basic salary of per annum.

8. Change of name of the Company:

To consider and if thought fit, to pass with or without modification, the following Special Resolution:

"RESOLVED THAT the name of the Company be changed from "GKN Driveshafts (India) Limited" to "GKN Driveline (India) Limited" subject to the approval of the Central Government in accordance with section 21 of the Companies Act, 1956."

"RESOLVED FURTHER THAT the name "GKN Driveshafts (India) Limited" wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the name "GKN Driveline (India) Limited".

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

For and on behalf of the
Board of Directors

Sd/-
Vivek Bhatia
Company Secretary

New Delhi, April 23, 2003

Notes:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 as amended to date in respect of the business under items 4 and 8 set out above are annexed hereto.
2. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A MEMBER OR NOT) AS HIS PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF, AT THE MEETING.
3. The Register of Members and the Transfer Book of the Company shall remain closed from May 26, 2003 to May 31, 2003 (both days inclusive) for the ascertaining shareholders as on May 31, 2003.
4. Members are advised, in their own interest, to convey to the Company at the earliest opportunity, any change in their postal addresses. They are also advised to typewrite their names and if they write in hand they must write their names and addresses in capital letters.
5. All the documents referred to in the Notice and accompanying Explanatory Statement are open for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on all days except Sunday and Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.

PLEASE NOTE THAT NO GIFTS / COUPONS WILL BE DISTRIBUTED AT THE AGM.

GKN Driveshafts (India) Limited**EXPLANATORY STATEMENTS**

The following Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 as amended to date set out all material facts relating to the business mentioned at item nos. 4, 5, 6, 7 & 8 in the accompanying Notice dated April 23, 2003.

Special Business:**Item Nos. 4**

The Board of Directors appointed Mr. Mansoor Anwar as Additional Director of the Company with effect from September 1, 2002. Under Section 260 of the Companies Act, 1956 as amended to date, Mr. Mansoor Anwar will cease to hold office at this Annual General Meeting and is eligible for appointment.

A notice under Section 257 of the said Act has been received from a member proposing Mr. Mansoor Anwar as a candidate for the Office of Director. The Board recommends for members' approval for the appointment of Mr. Mansoor Anwar as Director of the Company.

No Director except Mr. Anwar is concerned or interested in the Resolution as set out in Item No. 4 of the Notice.

Item Nos. 5

Mr. Mansoor Anwar is having total experience of 24 years and is associated with the GKN group for the last 12 years. Mr. Anwar is a qualified Chartered Accountant and Company Secretary and has held very important positions within the GKN group. During his deputation with GKN Automotive Driveline Division, U.K., Mr. Anwar has handled several global assignments firstly as "Project Director Information Systems" and for the last three years as "Engineering Controller". Considering his vast experience, association with the group and performance, Board of Directors of the Company has considered him a suitable candidate for the position of Managing Director of the Company.

The agreement entered between the Company and Mr. Mansoor Anwar contains the following principal terms and conditions:

- a) Mr. Mansoor Anwar, Managing Director, shall be entrusted with substantial powers of management of the business and affairs of the Company, provided that he shall exercise such powers subject to the superintendence, control and directions of Board of Directors.
- b) Tenure of the Agreement: for a period of 5 years effective from September 1, 2002.
- c) Remuneration:
 - i) Basic Salary In the scale of Rs.100,000/- (Rupees one lac only) to Rs. 200,000/- (Rupees two lac only) per month
 - ii) Discretionary Allowance In the scale of Rs.25,000/- (Rupees twenty-five thousand only) to Rs.100,000/- (Rupees one lac only) per month
 - iii) Accommodation
 - a) The expenditure by the Company on hiring accommodation for Mr. Mansoor Anwar will be subject to the ceiling of 60% of the basic salary.
 - b) In case no accommodation is provided by the Company, Mr. Mansoor Anwar will be entitled to house rent allowance of 60% of the basic salary.
 - iv) House Maintenance
 - a) The expenditure incurred by the Company for maintaining the accommodation hired by it for Mr. Mansoor Anwar in the scale of Rs.40,000/- (Rupees forty thousand only) to Rs. 80,000/- (Rupees eighty thousand only) per annum.
 - b) In case no accommodation is provided by the Company, Mr. Mansoor Anwar would be entitled to reimbursements for soft furnishing, minor repairs of the house, etc., in the scale of Rs. 40,000/- (Rupees forty thousand only) to Rs. 80,000/- (Rupees eighty thousand only) per annum.



- v) Hard Furnishing The Company will provide hard furnishing worth Rs.4,50,000/- (Rupees four lacs fifty thousand only) during the tenure of this agreement subject to transfer of the same at written down value to Mr. Mansoor Anwar at the end of the tenure.
- vi) Car and Telephone The Company will provide a car with driver for use on Company's business as well as for limited personal use. The Company will also provide a telephone at Mr. Mansoor Anwar's place of residence for official calls and personal local calls. Personal long-distance calls on the telephone will be to the account of Mr. Mansoor Anwar.
- vii) Medical Reimbursement Expenses incurred for Mr. Mansoor Anwar and his dependents, in the scale of Rs. 25,000/- (Rupees twenty-five thousand only) to Rs.75,000/- (Rupees seventy-five thousand only) per annum. An unutilised part of the said amount will be carried forward to next year(s).
- viii) Children Educations Subsidy The Company shall provide a maximum lump sum subsidy of Rs. 8,00,000/- (Rupees eight lacs only) for 2 (two) children which can be claimed by Mr. Mansoor Anwar during the tenure of this agreement.
- ix) Leave Travel Concession Expenses to be incurred for Mr. Mansoor Anwar and his dependents in the scale of Rs.1,25,000/- (Rupees one lacs twenty-five thousand only) to Rs. 2,00,000/- (Rupees two lacs only) per annum.
- x) Provident Fund The Company will make a contribution of 12% of Mr. Mansoor Anwar's basic salary to the Provident Fund in monthly instalments.
- xi) Superannuation Fund The Company will make a contribution of 15% of Mr. Mansoor Anwar's basic salary to the superannuation fund as per scheme prevailing in the Company.
- xii) Gratuity The Company will pay Gratuity to Mr. Mansoor Anwar as per Gratuity Act for every completed year of service at the end of tenure of service with the Company.
- xiii) Group Accident Insurance In accordance with the rules of the Company.
- With authority to the Board to fix salary within the above mentioned scale from time to time. The annual increment will be merit based after taking into account the Company's performance.
- xiv) Performance Linked Bonus Mr. Mansoor Anwar will be paid performance linked bonus which will be decided on the basis of:
- overall performance of Company; and
 - individual performance of Mr. Mansoor Anwar on achievement of goals and objectives.
- The same will be paid every year in the month of April for the previous accounting year.
- The said bonus will be subject to maximum of 40% of basic salary of per annum.

Other terms and conditions:

- During his tenure as a Managing Director, Mr. Mansoor Anwar shall be directly incharge of the overall operations of the Company and will oversee and co-ordinate all other functions of the business.
- He shall devote his full time, attention and abilities to the business of the Company.
- He shall not during the term of his appointment engage himself in any other business or undertaking or calling.
- He shall not make known or communicate to any person or persons or himself make use of the Company's secrets.
- The appointment may be terminated by the Company or by Mr. Anwar by giving not less than three month's prior notice in writing.

GKN Driveshafts (India) Limited

- f) He shall be entitled to reimbursement of all business travelling and related expenses incurred in connection with the Company's interest.
- g) He shall not become interested or otherwise concerned directly or through his wife and / or minor children in any selling agency to the Company without the approval of the Central Government.

The Directors are of the opinion that the knowledge and experience of Mr. Anwar in various spheres of management will be useful to the Company. The Board, therefore, recommends his appointment for approval.

The abstract of the terms of contract under Section 302 of the Companies Act, 1956 has already been circulated to all the shareholders of the Company on September 16, 2002. Further, for any change in terms of contract, this explanation together with the accompanying Notice is to be regarded as an abstract of the terms of contract under Section 302 of the Companies Act, 1956.

The said Agreement referred to in the Resolution are available for inspection to Members at the Registered Office of the Company on any working day between 11 a.m. to 1.00 p.m. prior to the date of the Annual General Meeting.

No Director except Mr. Anwar is concerned or interested in the Resolution as set out in Item No. 5 of the Notice.

Item Nos. 6

The Board of Directors appointed Mr. K.V.L.N.Murty as Additional Director of the Company with effect from September 1, 2002. Under Section 260 of the Companies Act, 1956 as amended to date, Mr. K.V.L.N.Murty will cease to hold office at this Annual General Meeting and is eligible for appointment.

A notice under Section 257 of the said Act has been received from a member proposing Mr. K.V.L.N.Murty as a candidate for the Office of Director. The Board recommends for members' approval for the appointment of Mr. K.V.L.N.Murty as Director of the Company.

No Director except Mr. Murty is concerned or interested in the Resolution as set out in Item No. 6 of the Notice.

Item Nos. 7

Mr. K.V.L.N.Murty is having total experience of 31 years in the engineering industry and was associated with the Company as General Manager (Operations) for 2 years before he was appointed as Director (Operations) of the Company. Prior to joining the Company he was working as Vice President in Precision Fasteners Ltd. Mr. Murty holds a degree in Mechanical Engineering and M.Tech from Industrial Management Centre, I.I.T, Kharagpur. He has also passed Intermediate level exam of ICWAI, Calcutta.

The agreement entered between the Company and Mr. K.V.L.N.Murty contains the following principal terms and conditions:

- a) Mr. K.V.L.N.Murty, Director (Operations) shall be directly in charge operations of the Company and shall exercise such powers which may from time to time be assigned or vested in him by the Board of Directors / Managing Director of the Company provided that under no circumstances shall he have the management of the whole or substantially the whole of the affair of the Company. During the terms of this agreement, Mr. Murty shall report to Board of Directors / Managing Director of the Company.
- b) Tenure of the Agreement: for a period of 5 years effective from September 1, 2002.
- c) Remuneration:
 - i) Basic Salary: In the scale of Rs.60,000/- (Rupees sixty thousand only) to Rs.1,25,000/- (Rupees one lac twenty-five thousand only) per month. With authority to the Board to fix basic salary within the above mentioned scale from time to time. The annual increment will be merit based after taking into account the Company's performance.