

# Annual Report

1999-2000



Wheels of Tomorrow

LML LIMITED

**LML LIMITED****NOTICE**

NOTICE is hereby given that Twenty-Sixth Annual General Meeting of LML Limited will be held on Tuesday, the 22nd August, 2000 at 10.00 A.M. at its Registered Office at C-3, Panki Industrial Estate, Kanpur-208 022 to transact the following business :-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr S. K. Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Sanjeev Shriya, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and, to consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-

"RESOLVED THAT, pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Parikh & Jain, Chartered Accountants, Kanpur, one of the retiring Auditors and M/s. Bansi S. Mehta & Co., Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors."

**SPECIAL BUSINESS**

To consider, and, if thought fit, to pass with or without modification(s), the following resolutions:-

**AS ORDINARY RESOLUTIONS**

5. "RESOLVED THAT, in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) for the time being in force, the consent of the Company be and is hereby accorded to the re-appointment of Mr. L.K. Singhania as Whole-time Director of the Company for a period of five years w.e.f. 28.03.2000 on such remuneration and terms and conditions, as set out in the Explanatory Statement appended to the Notice convening this Annual General Meeting."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year comprised in the period of appointment, the above remuneration will be deemed to be minimum remuneration."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. "RESOLVED THAT, in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) for the time being in force, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Deepak Singhania as Managing Director of the Company for a period

of five years w.e.f. 6.10.2000 on such remuneration and terms and conditions, as set out in the Explanatory Statement appended to the Notice convening this Annual General Meeting."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year comprised in the period of appointment, the above remuneration will be deemed to be minimum remuneration."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. "RESOLVED THAT, pursuant to the provisions of Section 293 (1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the Memorandum and Articles of Association of the Company and subject to such other consents, sanctions, permissions or approvals as may be necessary, the Company hereby accords its consent to the Board of Directors of the Company ("the Board") to transfer by way of sale, lease or otherwise dispose off or hive off as demerged entity, the Company's Information Technology ("IT") Department including Computer Aided Design ("CAD") activities together with all its infrastructure including man-power resources, hardwares, softwares and accessories, licences and approvals whatsoever and all the rights and benefits attached thereto and the related liabilities in favour of subsidiary company(ies) or any corporate body on such terms and conditions including the consideration therefor as the Board may deem fit in the best interest of the Company."

"RESOLVED FURTHER THAT the Board (including any Committee of the Board) be and is hereby authorised to do and perform all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, desirable or appropriate, and execute all such deeds, agreements, documents and writings as it may consider necessary, usual, requisite or proper for the purpose of giving effect to this resolution."

**AS SPECIAL RESOLUTIONS**

8. "RESOLVED THAT, in accordance with the provisions of the Memorandum and Articles of Association of the Company and Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and other applicable regulations, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being, to which all or any of the powers hereby conferred on the Board by this Resolution, have been delegated), consent of the Company be and is hereby accorded to the Board to offer, issue and allot, on preferential basis, 2216067 Equity Shares of Rs. 10/- each (the 'Equity Shares') at a price of Rs. 40/- per share (comprising nominal value of Rs. 10/- and premium of Rs. 30/- per share) determined in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and subsequent modifications, if any, thereto in force as on the date of the Notice convening this Annual General Meeting, to the Indian Promoters and/or their nominees as mentioned in the Explanatory Statement annexed to the Notice, in such



combination and on such terms as may be deemed appropriate by the Board of Directors."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to agree to make and accept any request for modification in number of Equity Shares to be offered, issued and allotted to any Indian Promoter and/or its nominees within the overall limit as specified above in exercise of the powers hereby conferred."

"RESOLVED FURTHER THAT, for the purpose of giving effect to the above resolution and any offer, issue and allotment of Equity Shares, the Board be and is hereby authorised to take such actions, give such directions and to do all such acts, deeds and things as may be necessary, desirable or incidental thereto and matters connected therewith and to settle all questions, and to give such directions that may be necessary or arise in regard to or in connection with any such offer, issue or allotment of Equity Shares and utilisation of the issue proceeds, as it may, in its absolute discretion, deem fit and any such action, decision or direction of the Board shall be binding on all members."

"RESOLVED FURTHER THAT the Equity Shares so issued and allotted shall rank pari-passu in all respects with the existing Equity Shares of the Company, except that they shall be entitled to dividend with effect from the date of allotment, on pro-rata basis, for the financial year in which they are allotted and on the capital for the time being paid up thereon."

9. "RESOLVED THAT, pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable, and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows:-

(i) Existing Articles 1(xv) and 60 be and are hereby deleted.

(ii) Following new Articles be and are hereby inserted after their respective preceding Articles:-

"4A. The Company may, subject to the provisions of Section 79A of the Act and guidelines as may be prescribed, issue Sweat Equity Shares of a class of shares already issued."

"15(c) Notwithstanding anything contained in these Articles and in accordance with the provisions of Sections 77A, 77AA and 77B of the Act, the Company may, when and if thought fit by the Board of Directors, buy-back Company's own shares or securities."

"60A Subject to the provisions of Sections 109A & 109B of the Act and rules framed thereunder, a holder of any security (including any debt, security or deposit) may nominate a person or persons in whose favour such security shall be vested in the event of the death of such holder. The Company may, on receipt of a notice in writing, signed by nominee of such deceased holder together with the death certificate and such other evidence of such holder as the Board may require, enter the name of the nominee(s) as the holder of such security."

(iii) (a) In existing Article 20(a), the word "four" be and is hereby substituted by the word "three".

(b) In existing Article 45, the words "Articles 12, 50 & 60 hereof" be and are hereby substituted by the words "Articles 12 & 50 hereof".

(c) In existing Article 121(b), the words "Joint Managing Director" be and is hereby substituted by the words "Joint/Deputy Managing Director".

(iv) Existing Articles 49, 106, 116(a) & (b), 118, 131, 132(a), 134, 147(c) and 177 be and are hereby substituted by the following:-

"49. The Board of Directors or any Committee thereof may, at any time, subject to the provisions of the Act, Securities Contracts (Regulation) Act, 1956, and all other applicable statutes, or any statutory modifications or re-enactments thereof, for the time being in force, decline to register or acknowledge any transfer, transmission, transposition, nomination, sub-division or consolidation of any Share(s)/Share Certificate(s) and, in particular, may so decline in any case, where such transfer, transmission, transposition, nomination, sub-division or consolidation is in contravention of the Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Listing Agreement(s) with Stock Exchange(s) or any other law, for the time being in force."

"106. Subject to the provisions of Section 252 of the Act, the Board shall, at all times, have not more than Six Directors representing the Indian Promoters and, so long as the Company owes money to Financial Institutions or Banks under any Term Loan Agreement or Working Capital Arrangement with them, not more than three Directors representing Financial Institutions and Banks.

The Management of the Company shall vest with the Indian Promoters. Managing Director, Joint/Deputy Managing Director and Whole-time Directors shall be nominated/appointed from out of the Directors representing the Indian Promoters."

"116(a). Indian Promoters shall have the right to appoint not more than three non-retiring Directors on the Board of Directors and to remove such Director(s) and shall also likewise be entitled to fill in any vacancy caused in such office, as a result of such person ceasing to be a Director for any reason whatsoever. The non-retiring Director shall not be liable to retire by rotation."

"116(b). Any such appointment, removal / replacement of the Indian Promoters' Directors under this Article and Article 106 shall be effected by a notice in writing addressed to the Board of Directors of the Company and signed by a Director of Suryodaya Investment and Trading Company Limited or Gold Rock Investments Limited, as the case may be, duly supported by the resolution approved by the Shareholders of the respective Company and the



	Article No.	Words being substituted
	119	"Managing or Joint Managing Director" .
"118. The Board of Directors may appoint Managing Director, Joint/Deputy Managing Director and Whole-time Directors to manage the affairs of the Company from amongst the Directors representing the Indian promoters, a Secretary and other officers for such period and on such remuneration and on such terms and conditions with the sanction when so required by the Act, of the members in General Meeting and / or approval of the Central Government."	120(a)	"Managing Director or Joint Managing Director or any Whole-time Director" and "Managing Director or Joint Managing Director or Whole-time Director"
	121(c)	"Managing Director, Joint Managing Director or a Whole-time Director"
	130(b)	"Managing Director or Joint Managing Director"
"131. Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher, provided that, where, at any time, the number of interested Directors is equal to or exceeds two thirds of the total strength, the number of Directors, who are not interested, present at the meeting, being not less than two, shall be the quorum during such time.  PROVIDED THAT there shall be no quorum unless a Director (or his alternate), if any, appointed by Indian Promoters is present."	147(a)	"Managing Director, Joint Managing Director(s) and Whole-time Director"
	147(b)	"Managing Director or Joint Managing Director or Whole-time Director"
"132(a). If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned to the fifteenth day at the same time and place or if that day is a public holiday, till the next succeeding day, which is not a public holiday at the same time and place."	10.	"RESOLVED THAT, the Equity Shares of the Company be delisted from the Stock Exchange, Ahmedabad in accordance with the relevant laws, rules, regulations and guidelines (including any statutory modification(s) or re-enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions as may be necessary and compliance with such conditions and modifications as may be necessary for this purpose."  "RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board) be and is hereby authorised to seek voluntary delisting, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in regard to delisting of the Equity Shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient as may be deemed fit and for this purpose, to delegate the authority and the duty vested in it by virtue hereof to the Managing Director or the Company Secretary or any other person whom the Managing Director may consider suitable to do the various acts, deeds and things required to be done in this behalf."
"134. All decisions of the Board of the Company shall be taken by majority. Provided, however, in case of dissenting vote of any of the Directors representing Indian Promoters on any matter, the same shall be referred to the Board again at its next meeting and then, the said matter shall be decided by a simple majority."		By Order of the Board of Directors
"147(c). Subject to the provisions of the Act and these presents, Managing Director or Joint/Deputy Managing Director and/or Whole-time Director(s) shall have the management of the whole of the business of the Company and of its affairs and shall exercise such powers and perform such duties in relation to the management of the affairs and transactions of the Company, and such duties as are required by law or by these presents."		<b>K C AGARWAL</b> Executive Director (Comm.) & Company Secretary
"177. The Company shall keep and maintain such books of account as required by law."	Place : Kanpur Date : 24th July, 2000	
(v) The words "Managing Director, Joint/Deputy Managing Director and/or Whole-time Directors" be and are hereby substituted in the following Articles for the words mentioned thereagainst:-	<b>NOTES :</b> 1. A member entitled to attend and vote at the meeting is entitled to appoint a PROXY to attend and, on a poll, to vote instead of himself / herself. A blank form of proxy is enclosed and, if intended to be used, should be returned to the Registered Office of the Company not less than forty-eight hours before the scheduled time of the Meeting. A proxy so appointed need not be a member. 2. Explanatory Statement as required under Section 173(2) of	



the Companies Act, 1956 including Information under Clause 49 of the Listing Agreement is appended hereinbelow.

3. The Register of Members and the Share Transfer Books will remain closed from Wednesday, the 16th August, 2000 to Tuesday, the 22nd August, 2000 (both days inclusive).
4. Company's shares are being compulsorily traded in Demat form w.e.f. 17th January, 2000. Members are requested to send Dematerialisation Request Form (DRF) alongwith Share Certificates/Option Letter through their Depository Participant for demat of shares to **LML Shares Registry**, C-3, Panki Industrial Estate, Kanpur - 208 022.
5. Members are requested to notify change in their address, if any, to the **LML Shares Registry**, quoting their folio number(s).
6. Members, who are holding Shares in identical order of names in more than one Folio, are requested to write to **LML Shares Registry**, enclosing their share certificates for consolidation in one Folio.
7. Company has established a Trust for easy marketability of its **odd lot shares**. Shareholders may dispose off their ODD

LOT SHARES through the Trust. Kindly send your ODD LOT SHARES alongwith duly signed Transfer Deed(s) at the following address for sale in the market:-

LML Limited - Odd Lot Shares Trust  
C-3, Panki Industrial Estate, Kanpur - 208022  
Tel : 0512-691181  
Fax : 0512-691985

8. Members seeking any information with regard to Annual Accounts are requested to write to the Company at least one week in advance so as to enable the Company to keep information ready.
9. Documents as referred to in the above Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 10.30 AM and 12.30 PM on all working days upto the conclusion of the Annual General Meeting.
10. Shareholders, who wish to **nominate** a person, may furnish us required details in the prescribed Form.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

##### Item No. 2

##### Information under Clause 49 of the Listing Agreement regarding re-appointment of Mr. S. K. Aggarwal as Director :

Mr. S.K. Aggarwal, aged 67 years is a Chartered and Cost Accountant and is a Director of the Company since 16th May, 1989. He has vast experience of 30 years in finance, accounting and general corporate management. He is one of the members of Audit Committee, Committee of Directors for shares and Shareholders / Investors' Grievance Committee of LML Limited.

##### Item No. 3

##### Information under Clause 49 of the Listing Agreement regarding re-appointment of Mr. Sanjeev Shriya as Director :

Mr. Sanjeev Shriya, aged 41 is a Chartered Accountant and has wide experience in two wheeler industry, Import - Export and IT Industry. He has widely travelled and is actively involved in day to day affairs of the Company since 09.10.1982 as Director and w.e.f. 18.7.1984 as Whole-time Director.

He is also Director in the following companies viz: Essar Steels Ltd., Gold Rock Investments Ltd., Gold Rock World Trade Ltd., Gold Rock Agro-Tech Ltd., Gold Rock Metals Ltd., Sugata Investments Ltd., Picanova Investments Pvt. Ltd., Saryu Investments and Trading Ltd., Gold Rock Card Co. Ltd., Smart Chip Ltd., Syscom Technologies Ltd., Tridhar Finance and Trading Ltd., Blue Point Leasings Ltd., Aircel Digilink India Ltd., Sterling Cellular Ltd. and Karthik Financial Services Ltd.

##### Item No. 4

M/s Parikh & Jain and M/s Lovelock & Lewes, Auditors of the Company, will retire at the ensuing Annual General Meeting of the Company and M/s Parikh & Jain being eligible, offer themselves for re-appointment. However, M/s. Lovelock & Lewes

have expressed their inability to be re-appointed as Auditors of the Company under Section 224 (1B) of the Companies Act, 1956, in view of termination of Joint Venture Agreement between Piaggio and the Company (under whose provisions they were appointed) and based on the special notices received from shareholders, the Directors propose to appoint in their place M/s. Bansi S. Mehta & Co., Chartered Accountants, who when approached by the Company have provided the Certificate in terms of the Proviso to Section 224(1) of the said Act.

Board commends the passing of resolution at Sl. No. 4.

None of the Directors is, in any way, concerned or interested in the said resolution.

##### Item No. 5

Mr. L.K. Singhanian was last appointed as Whole-time Director of the Company for a term of five years, which expired on 27.03.2000. The Board has re-appointed him for a further period of five years w.e.f. 28.03.2000. Mr. L. K. Singhanian, aged 56 years is a Post Graduate and has wide experience of 37 years in cotton / synthetic yarns and two wheeler industry. He has widely travelled and is actively involved in day to day affairs of the Company since 27th September, 1988 as Deputy Managing Director and w.e.f. 28.03.1995 as Whole-time Director.

The remuneration payable to Mr. L.K. Singhanian would be as follows:-

**Salary :** Rs. 8,500/- per month

##### Perquisites :

In addition to aforesaid salary, he shall also be entitled to perquisites, such as, Furnished Residential Accommodation or House Rent Allowance in lieu thereof, benefits of gas, fuel, water, electricity, furnishings, servants, telephones, maintenance and





security of such accommodation, car(s) with driver(s), for official as well as personal use, reimbursement of actual medical expenses incurred in India and / or abroad for self and family including travelling of attendant, if required, on medical advice, Personal Accident Insurance and Medical Insurance Premium, Leave Travel Assistance for self and family, Club Membership, Company's contribution towards Provident Fund and Superannuation Fund, Gratuity/Encashment of Leave and any other perquisites as per the policy/rules of the Company in force or as may be approved by the Board from time to time. The monetary value of such perquisites shall be determined as per Income-tax Rules, wherever applicable, and, in the absence of any such Rules, shall be valued at actual cost.

The aforesaid remuneration shall also be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the provisions of Schedule XIII to the Companies Act, 1956.

Board commends the passing of resolution at Sl. No. 5.

None of the Directors, except Mr. L.K. Singhania himself and Mr. Deepak Singhania (his brother) is concerned or interested in the said resolution.

#### Item No. 6

Mr. Deepak Singhania was last appointed as Managing Director of the Company for a term of five years, which is expiring on 05.10.2000. The Board has re-appointed him for a further period of five years w.e.f. 06.10.2000. Mr. Deepak Singhania, aged 48 years is a Graduate and has wide experience of 26 years in two wheeler, textile machines, exports and synthetic yarn industry. He has widely travelled and has substantial exposure in all facets of two wheeler industry including production, commercial, financial and marketing. He is actively involved in day to day affairs of the Company since 18.07.1984 as Whole-time Director and w.e.f. 6.10.1990 as Managing Director.

He is also a Director in VCCL Limited and one of the Members of its Committee of Directors for Shares.

The remuneration payable to Mr. Deepak Singhania would be as follows :-

**Salary :** Rs. 7,500/- per month

#### Perquisites :

In addition to aforesaid salary, he shall also be entitled to perquisites, such as, Furnished Residential Accommodation or House Rent Allowance in lieu thereof, benefits of gas, fuel, water, electricity, furnishings, servants, telephones, maintenance and security of such accommodation, car(s) with driver(s), for official as well as personal use, reimbursement of actual medical expenses incurred in India and / or abroad for self and family including travelling of attendant, if required, on medical advice, Personal Accident Insurance and Medical Insurance Premium, Leave Travel Assistance for self and family, Club Membership, Educational support to dependant children including their travel, hostel fee and tuition fee, etc. in India and abroad, Company's contribution towards Provident Fund and Superannuation Fund, Gratuity/Encashment of Leave and any other perquisites as per the policy/rules of the Company in force or as may be approved

by the Board from time to time. The monetary value of such perquisites shall be determined as per Income-tax Rules, wherever applicable, and, in the absence of any such Rules, shall be valued at actual cost.

The aforesaid remuneration shall also be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the provisions of Schedule XIII to the Companies Act, 1956.

Board commends the passing of resolution at Sl. No. 6.

None of the Directors, except Mr. Deepak Singhania himself and Mr. L.K. Singhania (his brother) is concerned or interested in the said resolution.

#### Item No. 7

With a view to make best use of / further development of present infrastructure available in the Information Technology ("IT") Department including Computer Aided Design ("CAD") activities of the Company, it is proposed to transfer all hardwares, softwares and manpower resources of IT Department including CAD activities to its subsidiary Company(ies) or any corporate body for consideration based on valuation from an independent valuer. The Transferee Company would inter-alia be able to concentrate on its core areas of IT related activities including Vendor/Dealer networking requirements/other needs of your Company/others.

The resolution set out at Sl. No. 7 of the accompanying Notice seeks to obtain the consent of the members u/s 293 (1) (a) of the Companies Act, 1956 for sale of the Company's said IT Department including CAD activities. The Directors commend the resolution for members' approval.

None of the Directors is, in any way, concerned or interested in the said resolution.

#### Item No. 8

Indian Promoters had brought in Rs. 886.43 lakhs as interest free unsecured loan/ advance share application money in 1996 towards allotment of shares for the implementation of Expansion-cum-Diversification Project of the Company.

Accordingly, it is proposed to authorise the Board of Directors to issue 2216067 Equity Shares of Rs. 10/- each to the Indian Promoters and/or their nominees at a price of Rs. 40/- (nominal value of Rs.10/- per share and premium of Rs. 30/-per share) determined as per the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as in force on the date of this Notice and as certified by the Auditors of the Company.

Presently, Indian Promoters hold 47.21% Equity Shares in the issued and paid up Equity Share Capital of the Company directly or through their subsidiaries, group companies and associates.

After the issue and allotment of the Equity Shares pursuant to the proposed preferential issue and allotment as aforesaid, to Indian Promoters and/or their nominees, shareholding will increase to 49.89% in the issued and paid up Equity Share Capital of the Company. The shareholding of the individual allottees comprising Indian Promoters and/or their nominees, before and after the proposed allotment, is/will be as follows :-



Sl. No.	Name	Shareholding			
		Present		Subsequent to the proposed issue*	
		No.	% of the Existing Capital	No.	% of the Expanded Capital
01.	Suryodaya Investment and Trading Co. Ltd.	786128	1.90	786128	1.80
02.	Akchay Investments Ltd.	236012	0.57	236012	0.54
03.	Saurabh Commercial Ltd.	260000	0.63	260000	0.60
04.	Saraswati Holdings Ltd.	260000	0.63	260000	0.60
05.	Udichi Investments Ltd.	260000	0.63	260000	0.60
06.	Udit Investments Ltd.	260000	0.63	260000	0.60
07.	Vradhi Investments Ltd.	260000	0.63	260000	0.60
08.	Mahalaxmi Holdings Ltd.	4493030	10.84	4493030	10.29
09.	Payal Investment and Trading Ltd.	2847094	6.87	2847094	6.52
10.	Mimosa Finance and Trading Ltd.	3318890	8.00	3408890	7.81
11.	Ms. Gayatri Singhania	60502	0.14	60502	0.14
12.	Shri Deepak Kumar Singhania	34	-	34	-
13.	Bina Fininvest Pvt. Ltd.	-	-	693890	1.59
14.	Ginideep Finance and Investments Pvt. Ltd.	-	-	693689	1.59
15.	Gold Rock Investments Ltd.	2116334	5.11	2500598	5.73
16.	Gold Rock Metals Ltd.	670000	1.62	670000	1.53
17.	Gold Rock World Trade Ltd.	400000	0.96	445312	1.02
18.	Blue Point Leasings Ltd.	786000	1.90	786000	1.80
19.	Gold Rock Agro-Tech Ltd.	780000	1.88	780000	1.78
20.	Tridhar Finance and Trading Ltd.	1668510	4.03	1857521	4.25
21.	Ms. Vidushie Shriya UNG of Shri Sanjeev Shriya	100000	0.24	111328	0.25
22.	Picanova Investments Pvt. Ltd.	-	-	108773	0.25
	<b>Total</b>	<b>19562534</b>	<b>47.21</b>	<b>21778601</b>	<b>49.89</b>

\*This is subject to any modification in terms of second paragraph of the Resolution.

There will be no change in the Board of Directors or control of the Company as a consequence of allotment of the aforesaid shares. Further, there will be a change in the voting rights, i.e. increase in voting percentage on account of increase in the number of Equity Shares held by the Indian Promoters. The shareholding pattern after the proposed preferential issue and allotment would be as follows :-

Sl. No.	Particulars	Existing %	Proposed %
1.	Indian Promoters & their Nominees	47.21	49.89
2.	Financial Institutions/Mutual Funds/Banks	0.13	0.12
3.	NRIs/FIIs/OCBs/FCs	6.72	6.38
4.	Indian Companies*	22.82	21.66
5.	Resident Individuals	23.12	21.95
	<b>Total</b>	<b>100.00</b>	<b>100.00</b>

\* Includes 22.16% (Existing) and 21.04% (Proposed) dematerialised shares held by NSDL and CDSL on behalf of beneficiary holders.

The Directors recommend the Resolution mentioned at Sl. No. 8 of the Notice for Members' approval.

Mr L.K. Singhania, Mr Deepak Singhania and Mr. Sanjeev Shriya may be deemed to be concerned or interested in the resolution, being the Indian Promoters of the Company.

None of the other Directors of the Company is, in any way, concerned or interested in the said Resolution.

#### Item No. 9

Piaggio & C.S.p.A., Piaggio Vespa B.V. (hereinafter collectively or severally referred to as "Piaggio"), Vespa Car Company Limited (now VCCL Limited), your Company and the Indian Promoters have settled all of their disputes and differences out of court and, in view of the same, the Joint Venture Agreement (JVA) between Piaggio, your Company and Indian Promoters has been terminated and Piaggio has transferred its shareholding in the Company to Indian Promoters. Therefore, all references to Piaggio are to be removed from the Articles of Association of your Company. Consequential and certain other amendments about number of Directors, decisions of the Board, Sweat Equity, Buy-back of Shares, Nomination facility etc. are proposed to be made in the Articles of Association of your Company.

The special resolution mentioned at Sl. No. 9 of the notice is commended by your Directors for Members' approval.

None of the Directors of the Company is concerned or interested in this resolution, except Mr. L. K. Singhania, Mr. Deepak Singhania and Mr. Sanjeev Shriya, who may be deemed to be interested in the said resolution in their capacity as Managing / Wholtime Directors and Indian Promoters / Shareholders.

#### Item No. 10

Presently, the Equity Shares of the Company are listed on the Stock Exchanges at Kanpur, Delhi, Ahmedabad, Mumbai and the National Stock Exchange. Consequent to the recent rapid changes in the capital market in relation to the manner of dealing in shares/securities of companies, the volume of trading in Company's Equity Shares on the Ahmedabad Stock Exchange has reduced to negligible level. The Board of Directors of the Company at their meeting held on 29.06.2000 has, therefore, decided to get the shares of the Company voluntarily delisted from the Stock Exchange, Ahmedabad in accordance with the applicable laws, rules, regulations and guidelines.

As required under the Listing Agreement entered into by the Company with the said stock exchange, your approval for the proposal is sought by way of a Special Resolution for delisting the shares of the Company from the said stock exchange.

The special resolution mentioned at Sl. No. 10 of the Notice is commended by your Directors for Members' approval.

None of the directors is, in any way, concerned or interested, in the above resolution.

By Order of the Board of Directors

**K C AGARWAL**

Place : Kanpur

*Executive Director (Comm.) &  
Company Secretary*

Date : 24th July, 2000

**BOARD OF DIRECTORS**

M R B PUNJA, *Chairman*  
 NARINDER KUMAR, *IFCI Nominee*  
 M CHITTARANJAN KUMAR, *IDBI Nominee*  
 S K AGGARWAL  
 LALIT KUMAR SINGHANIA, *Whole-time Director*  
 SANJEEV SHRIYA, *Whole-time Director*  
 DEEPAK SINGHANIA, *Managing Director*

**EXECUTIVE DIRECTOR (COMMERCIAL) & COMPANY SECRETARY**

K C AGARWAL

**AUDITORS**

LOVELOCK & LEWES, Chartered Accountants, New Delhi  
 PARIKH & JAIN, Chartered Accountants, Kanpur

**BANKERS**

STATE BANK OF INDIA  
 BANK OF INDIA  
 BANK OF BARODA

**REGISTERED OFFICE**

C-3, Panki Industrial Estate,  
 Kanpur-208 022

**WORKS**

- Site Nos. I, II & III  
 Panki Industrial Estate, Kanpur
- Co-operative Industrial Estate, Kanpur
- 895, Udyog Vihar, Phase I,  
 Gurgaon (Haryana)

**ADMINISTRATIVE OFFICE**

MUMBAI  
 714, Raheja Chambers, Nariman Point,

**REGIONAL OFFICE**

NEW DELHI  
 B-17, Greater Kailash Part-I,

**SALES OFFICES**

MUMBAI  
 103-A, Kalpita Enclave,  
 Swami Nityanand Marg,  
 Andheri (East),

BANGALORE  
 56, Mission Road,

CALCUTTA  
 5A, Hazra Road,

AHMEDABAD  
 61, Geekini House, Parkland Apts.,  
 Law Garden, Ellis Bridge,

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## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

The capacity for two-wheelers at present is 52.5 lakh nos. per annum including scooters (20.0 lakh nos.), motorcycles (20.8 lakh nos.) and mopeds (11.7 lakh nos.). Against this, the sales for 1999-2000 was 37.8 lakh nos. consisting of scooters (12.5 lakh nos.), motorcycles (18.0 lakh nos.) and mopeds (7.3 lakh nos.). This resulted in capacity utilisation of 63% for scooters, 87% for motorcycles and 62% for mopeds.

Upto 1990, the two-wheeler market was dominated by metal body geared scooters (MBGS) with their sales equaling the combined sales of motorcycles and mopeds. The scooters attained a predominant position largely due to public perception of motorcycles being an unsafe vehicle. The unwieldy size of the earlier motorcycles in 175-350 cc engines also contributed to this scenario. With the launch of lighter 100cc motorcycles in the late eighties, well supported by sustained advertising, the late nineties witnessed a significant inter-segment shift. As a result, the demand for motorcycles zoomed past scooters for the first time in second half of 1998-99. The sales during 1999-2000 confirmed the change in customer preference for motorcycles, with its sales exceeding sales of MBGS with a margin of more than 8 lakh nos. The nineties also witnessed the entry of plastic body gearless scooters, whose sales also rose significantly during the period.

As per the data of Society of Indian Automobiles Manufacturers (SIAM) and other secondary sources, the total sales (nos.) of metal body geared scooters increased from 8.4 lakhs in 1990-91 to 11.4 lakhs in 1996-97 but declined to 9.7 lakhs in 1999-2000. Geared scooter sales in 1999-2000 were lowest in the last 5 years and recorded a decline of 12% over the previous year. As against this, the total sales of motorcycles increased from 4.7 lakhs in 1990-91 to 9.8 lakhs in 1996-97 and further increased to an impressive no. of 18.0 lakhs in 1999-2000, recording a growth of 29% over the previous year. The gearless scooters also recorded impressive growth from 0.8 lakh in 1990-91 to 1.6 lakhs in 1996-97. During 1999-2000, the plastic body gearless scooters touched 2.8 lakhs nos., recording a significant growth of 30% over the previous year - the highest in a single year since 1996.

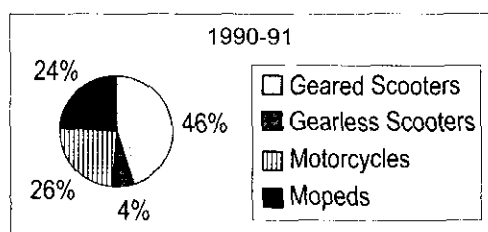
The changing profile of the two-wheeler industry can be gauged from the following Table and Chart 1 and 2:

**Table 1: Changing Customer Preferences**

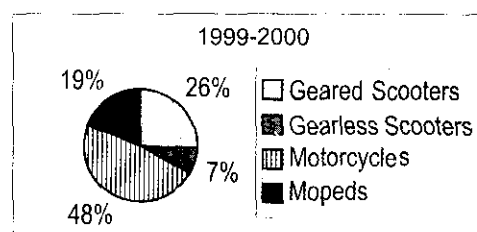
Product	1990-91		1996-97		1999-2000	
	Nos	% share	Nos	% share	Nos	% share
Geared Scooters (Metal body)	8.35	46.2	11.37	38.4	9.73	25.8
Gearless Scooters (Plastic body)	0.77	4.3	1.64	5.5	2.81	7.4
Motorcycles	4.68	25.9	9.79	33.0	17.97	47.6
Mopeds	4.26	23.6	6.84	23.1	7.26	19.2
Total	18.06	100.0	29.64	100.0	37.77	100.0

(Source: SIAM and other secondary sources)

**Chart - 1 Market Scenario (1990-91)**



**Chart - 2 Market Scenario (1999-2000)**





There were also significant swings in the market for the metal body geared scooters during the 18 month period from October, 1998 to March, 2000 as can be seen from the Chart 3.

Chart 3

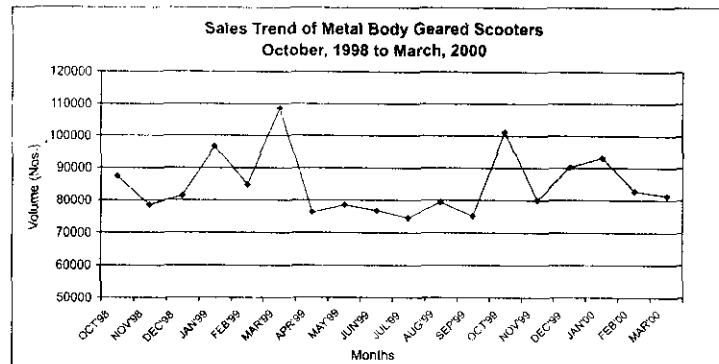
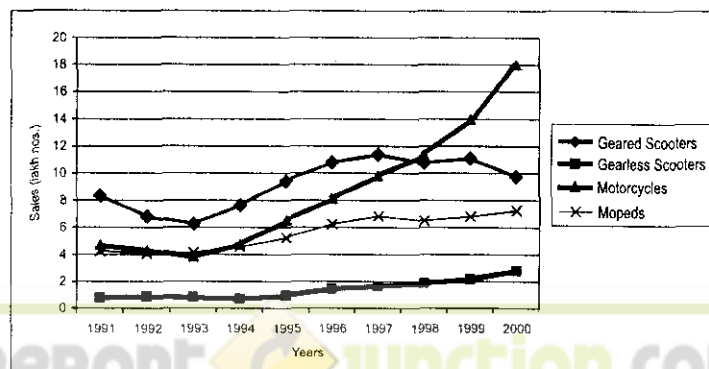


Chart 4 depicts the trends in sales of various two-wheelers over a period of past 10 years.

Chart 4



The Company's share in the scooter market accounted for 24.8 % in 1998-99, which declined to 22.6% during 1999-2000. In absolute terms, the sales volume for the Company declined by 14% (YoY) during 1999-2000, as compared to the decline of 11% for the largest player in the segment. The Company had a higher decline rate as some of its models in the top-end hit the price line of lower-end models of motorcycles, consequent to reduction in their prices. The Company expects the declining trend to continue in metal body geared scooters in the coming years.

Market research conducted by the Company shows that while affordability and durability of two-wheelers continue to be significant criteria in the mind of the consumer, there is also a perceptible shift now towards better styling and on vehicles offering an optimum blend of fuel efficiency and acceleration. The latter is driven both by attitude and rising concern for safety due to traffic conditions.

The Company is the second largest producer of metal body geared scooters in the country with a strong brand image, built on the platform of Style, Power and Performance. Conscious of the ground realities and the opportunities available today to transform itself into a producer of a wide range of two wheelers to fit into various consumer segments, the Company has taken several strategic initiatives, the benefit of which will start becoming visible from the current year.