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Mahindra & Mahindra Ltd.
52nd Annual Report 1997-98

IMPLEMENTING ENTERPRISE RESOURCE PLANNING

At Mahindra & Mahindra, our I.T. strategy is fully integrated with our business strategy. Which is why, we were fully geared to take on the changes brought about by implementing Enterprise Resource Planning.

For example, we have moved on from the traditional office setup, to one that's technologically advanced. But these changes aren't just visible in the way we work. It has also changed the way we interact with our customers.

As a result, we are surging ahead in our efforts to give our customers the best quality at affordable prices. And at the same time be more responsive to the market.

And now that we have been able to integrate Information Technology with almost all aspects of our day-to-day working, we've made a smooth transition from the Indian Highways to the Information Superhighway.



Notice

THE FIFTYSECOND ANNUAL GENERAL MEETING OF MAHINDRA & MAHINDRA LIMITED will be held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai 400 020, on Thursday, the 20th day of August, 1998, at 3.00 p.m. to transact the following business:

1. To receive and adopt the Directors' Report and audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1998;
2. To declare a dividend on ordinary shares;
3. To appoint a Director in place of Mr. Keshub Mahindra who retires by rotation and, being eligible, offers himself for re-election;
4. To appoint a Director in place of Mr. Bharat Doshi who retires by rotation and, being eligible, offers himself for re-election;
5. To appoint a Director in place of Mr. Alan E. Durante who retires by rotation and, being eligible, offers himself for re-election;
6. To consider and, if thought fit, to pass, with or without modification, the following as a Special Resolution:

"RESOLVED that Messrs. A. F. Ferguson & Company be appointed Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that Messrs. Price Waterhouse be appointed Auditors of the Intertrade Division and the Instrumentation Division of the Company for the current year on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

7. To appoint a Director in place of Dr. A.S. Ganguly who holds office only up to this Annual General Meeting and in respect of whom a notice has been received by the Company from a member signifying his intention to propose Dr. A.S. Ganguly as a candidate for the office of a Director.
8. To appoint a Director in place of Mr. R.K. Kulkarni who holds office only up to this Annual

General Meeting and in respect of whom a notice has been received by the Company from a member signifying his intention to propose Mr. R.K. Kulkarni as a candidate for the office of a Director.

9. To consider and, if thought fit, to pass the following as an Ordinary Resolution:

"RESOLVED that consent of the Company be accorded to the Board of Directors of the Company to purchase, subject to the approval of the Central Government, not more than 78,04,010 equity shares of Rs.10/- each of Gujarat Tractors Corporation Limited at a price to be agreed upon between the Board of Directors of the Company and the Government of Gujarat notwithstanding that such investment may be in excess of the limits prescribed under Section 372 of the Companies Act, 1956.

FURTHER RESOLVED that the Board of Directors be authorised to accept any stipulations or conditions as may be imposed or prescribed by the Central Government at the time of granting its approval to the proposed investment.

FURTHER RESOLVED that the Board of Directors of the Company be authorised to take all such steps as may be necessary or desirable to give effect to this resolution."

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

"RESOLVED that the Company be authorised to give guarantees and/or provide securities from time to time on such terms and conditions as the Board of Directors may deem fit and expedient in connection with loans, advances or other financial assistance made or provided and/or to be made or provided by any other person to, or to any other person by, any body corporate provided that the aggregate of such guarantees and securities from time to time outstanding shall not at any time exceed Rs.100 crores, in addition to

guarantees and securities provided in respect of any loans, advances or other facilities to subsidiaries of the Company or to any co-operative societies or other bodies catering to the welfare of employees of the Company or of employees of any subsidiary of the Company."

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

"RESOLVED that pursuant to Section 31 and 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 is hereby altered as follows:

A. After sub-article (1) of Article 2 the following definitions be inserted at appropriate places in alphabetical order :

"Beneficial owner" means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act.

"Depositories Act" means The Depositories Act, 1996 or any statutory modification or re-enactment thereof for the time being in force.

"Depository" means a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act.

B. In Article 16 after the words '..... Except as required by law' the words "or in these Articles" be added.

C. The following Article be inserted after the existing Article 16 as Article 16A.

16A. The Company shall be entitled to treat the person whose name appears on the Register of Members

as the holder of any share or whose name appears as the Beneficial owner of shares in the records of the Depository, as the absolute owner thereof.

D. In Article 18 after the words '..... to their several denominations' the words "provided however that the provision relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised" be added.

E. After sub-article (c) of Article 22 the following sub-article be inserted :

(d) Nothing contained in the preceding sub-clauses (a), (b) and (c) of Article 22 of the Articles of Association of the Company would apply to shares issued in dematerialised form in any medium as permitted by law including any form of electronic medium.

F. The following Article be inserted after the existing Article 25A as Article 25B.

25B. Notwithstanding anything contained in Articles 25 and 25A of the Articles, there would be no stamp duty on shares or securities being held in the dematerialised form in any medium as permitted by law including any form of electronic medium.

G. The following Article be inserted after the existing Article 26 as Article 26A.

26A. Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act and to offer its shares, debentures and other securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of Members holding shares

SHAREHOLDER INFORMATION

Registered Office

Mahindra & Mahindra Limited
Gateway Building, Apollo Bunder,
Mumbai 400 001.

Stock Exchange

The Company's shares are listed and traded on Mumbai, Delhi, Pune, Madras, Calcutta, Bangalore and The National Stock Exchange. The Company's GDRs are listed on the Luxembourg Stock Exchange.

Shareholder Services

The Company's Share Department is situated at its headquarters in Mumbai and provides assistance to shareholders under the overall supervision of **Mr. M.H. Kapadia, Compliance Officer & Assistant Company Secretary**. Questions relating to shares and debentures and requests for transactions such as share transfers and transmissions, change of address, non-receipt of dividends, duplicate share certificates, odd-lots scheme may please be taken up with:

Mr. R.L. Narasimhan

Share Department
Eucharistic Congress Building No.2,
Ground Floor, Convent Street, Mumbai 400 001.
Telephone No. 202 5158/ 202 1180.

Shareholder information On-line

The Balance Sheet information is a part of the

Company's World Wide Web home page
<http://www.mahindraworld.com>.

Users can obtain information on Company products and services, Company background, Management and financial information and other major developments.

Securities Analysts for information may interact

with: **Mr Ulhas Yargop, Treasurer**

Mahindra & Mahindra Limited
Mahindra Towers, Road No. 13,
Worli, Mumbai 400018.
Telephone No. 493 1441.

Annual General Meeting

The 52nd AGM of the shareholders will be held at 3.00 p.m. on Thursday, the 20th August, 1998 at the Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, (New Marine Lines), Mumbai 400 020.

Dates of Book Closure

10th July, 1998 to 7th August, 1998, with both dates included.

Dividend Payment

Pursuant to a decision of the Board of the Company to pay 55% dividend for the year ending 31st March, 1998, a dividend of Rs. 5.50 per share will be paid on or before 14th September, 1998. This payment of dividend, is subject to the approval of the shareholders at the AGM. The dividend will be exempt from income-tax in the hands of the shareholders.

Odd Lots Scheme

The management of this scheme has been entrusted by the Company to Tata Share Registry Ltd. The scheme enables shareholders holding less than 50 shares, to sell their odd lots at the ruling market price without having to suffer any discounts.

Further details of the scheme can be had from:

Ms. Kashmira Kalwachwala, Manager

Tata Share Registry Ltd. 148, M.G. Road, Fort, Mumbai 400 001.

Telephone No. 287 3831.

its shareholders. Further, under the direction issued by Securities & Exchange Board of India (SEBI), M&M shares are amongst the list of securities in which the Institutional Investors are required to compulsorily trade only in the dematerialised segment, with effect from June 1, 1998. 24% of the equity share capital of M&M has already been dematerialised as on 15th July, 1998. Investors may contact Mr. N. Ramamoorthy or Ms. Shanthi Santhanam at the Registered Office in Mumbai for any assistance they may need in this regard. Telephone No. 202 1031 Extn. 476/448

Details on shareholders

Year	No. of shareholders
1995	102150
1996	102870
1997	98186

M&M share performance at BSE*

1998	Share price in Rs.	1997	Share price in Rs.
31 March	276.00	31 March	315.50
30 June	215.20	30 June	433.00
		30 Sept	390.00
		31 Dec	321.50

* These share prices are based on BSE closing quotation for one M&M share of Rs. 10 each.

Depository System

The Company has signed an agreement with National Securities Depository Ltd. (NSDL) to offer depository services to

resolution as set out in this item to the shareholders for their approval.

The Directors may be deemed to be interested in this item of business to the extent to which guarantees/securities are provided to those companies in which they hold directorships.

Item No. 11

Consequent to the enactment of the Depositories Act, 1996 and introduction of the Depository system, some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer and dealing in shares and other securities as also certificates thereof have been amended so as to facilitate dematerialisation of shares with a view to such shares being placed in the Depository system. A few regulations contained in the Articles of Association of the Company, pertaining to issue, holding, transfer and dealing in shares and securities need to be amended so as to bring the Company's Articles of Association in consonance with the amended provisions of the Companies Act, 1956 and the provisions of the Depositories Act. The amendments proposed under this item seek to achieve this objective.

The Board of Directors accordingly commends the special resolution as set out in this item to the shareholders for their approval.

Item Nos. 12 & 13

The Companies Act, 1956 presently prohibits the Company from purchasing its own shares. However, it is anticipated that the law may in future permit the Company to buy-back its shares and other specified securities.

Subject to the buy-back of shares and securities being legally permissible, it is proposed to authorise the Board of Directors of the Company to buy-back the Company's ordinary shares or such other permissible securities, from the holders of shares and other securities of the Company in

such manner and subject to such limitations, stipulations and conditions as may be prescribed by law. The buy-back of shares or other securities would be at such price and from such funds as may be permitted by law as set out in the special resolution, under Item No. 12.

Article 75 of the existing Articles of Association of the Company permits the Company to reduce its capital subject to the provisions of the Companies Act, 1956.

In anticipation of the amendment of the Companies Act, 1956, it is proposed to insert a new Article 75A after the existing Article 75, to provide for purchase by the Company of its shares or securities.

The Board of Directors accordingly commends the resolutions as set out in Item Nos. 12 and 13 to the shareholders for their approval.

Mr. Keshub Mahindra, Mr. Harish Mahindra, Mr. R. K. Pitamber, Mr. Anand G. Mahindra, Mr. Deepak S. Parekh, Mr. S. K. Bhatnagar, Mr. K. J. Davasia, Mr. Bharat Doshi, Mr. Alan E. Durante, Mr. R. K. Kulkarni and Mr. A. K. Nanda being members of the Company may be deemed to be interested or concerned in Item Nos. 11, 12 and 13.

By Order of the Board

A. K. NANDA

Executive Director & Secretary

Registered Office:

Gateway Building,
Apollo Bunder,
Mumbai 400 001.

14th July, 1998.

both in material and dematerialised form in any medium as permitted by law including any form of electronic medium.

- H. The following Article be inserted after the existing Article 38 as Article 38A.

38A. In the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

- I. In Article 40 after the words '..... and the registration thereof'. the words "However the provisions relating to instrument of transfer shall not apply to the shares of the Company which have been dematerialised." be added.

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

"RESOLVED that if and when permitted by law and subject to all applicable provisions of law and subject to such other approvals, permissions and sanctions, as may be required and subject to such limitations, stipulations and conditions as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), including such of the limitations, stipulations and conditions prescribed or imposed while granting such approvals, as are acceptable to the Board, the consent of the Company be accorded to the Board to purchase from the holders of the Ordinary Shares and other Securities of the Company, such number of Ordinary Shares or other Securities as the Government may specify, in such proportion and manner as the Board may deem fit, from such funds of the Company as are permitted to be used for this

purpose or out of the proceeds of any issue made by the Company.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the purchase of Ordinary Shares or other Securities.

FURTHER RESOLVED that nothing herein contained shall confer any right on any shareholder or holder of other Securities to offer to buy-back or any obligation on the Company or the Board to buy-back any Ordinary Shares or other Securities."

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

"RESOLVED that the Articles of Association of the Company be and are hereby altered by insertion of a new Article 75A after the existing Article 75 as follows :

75A. Notwithstanding anything contained in these Articles and if permitted by law, the Board of Directors may at its absolute discretion buy-back, upon such terms and conditions as it may consider appropriate, such of the Company's Shares or Securities in such manner as may be prescribed and subject to such approvals as may be required by law.

Nota Bene:

- A. A statement of material facts in respect of the special business under Item Nos. 7 to 13 above is annexed hereto.
- B. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

-
- C. The Register of Members and Transfer Books of the Company will be closed from 10th July, 1998 to 7th August, 1998 both days inclusive.
- D. The dividend on ordinary shares for the year ended 31st March, 1998 if sanctioned at the Meeting, will be payable to those holders of ordinary shares whose names are on the Company's Register of Members on 7th August, 1998. The dividend warrants will be sent to them on or before 14th September, 1998.
- E. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends up to the financial year ended 31st March, 1994 to the General Revenue Account of the Central Government. The members concerned may, therefore, submit their claims in the prescribed form to the Registrar of Companies, Maharashtra, 2nd Floor, Hakoba Compound, Dattaram Lad Marg, Mumbai - 400 033.
- F. Members are requested to:
- intimate to the Company changes, if any, in their registered addresses at an early date.
 - quote folio numbers in all their correspondence.
- G. In order to provide protection against fraudulent encashment of dividend warrants, members are requested to provide, if not provided earlier, their bank account numbers, names and addresses of the bank branches, quoting their folio numbers, so as to reach the Company by 3rd August, 1998 to enable the Company to incorporate the same in the dividend warrants.
- H. Members who have multiple folios in the same order of names are requested to consolidate their folios.

By Order of the Board

A. K. NANDA

Executive Director & Secretary

Registered Office:

Gateway Building,
Apollo Bunder,
Mumbai 400 001.

14th July, 1998.

Statement of material facts annexed to the Notice dated 14th July, 1998

Item No.7

Dr. A.S. Ganguly was appointed a Director of the Company by the Board of Directors on 21st August, 1997 in the casual vacancy caused by the resignation of Mr. B.R. Sule. He holds office up to this Annual General Meeting pursuant to Article 120 of the Articles of Association of the Company.

Dr. A.S. Ganguly was formerly the Chairman of Hindustan Lever Limited and Director, Research & Technology, Unilever PLC. He is presently the Non-Executive Chairman of ICI India Limited. The Board is of the view that his knowledge and experience will be of benefit and value to the Company and, therefore recommends his appointment to the shareholders.

Apart from Dr. A.S. Ganguly no Director is interested or concerned in this item of business.

Item No.8

Mr. R.K. Kulkarni was appointed a Director of the Company by the Board of Directors on 21st August, 1997 in the casual vacancy caused by the resignation of Mr. M. Narasimham. He holds office up to this Annual General Meeting pursuant to Article 120 of the Articles of Association of the Company.

Mr. R.K. Kulkarni is a practising advocate and solicitor. He is a partner of Little & Co., the Company's solicitors, and as such, has been associated in that capacity with the Company for over 25 years. The Board is of the view that his knowledge and experience will be of benefit and value to the Company and, therefore, recommends his appointment to the shareholders.

Apart from Mr. R.K. Kulkarni no Director is interested or concerned in this item of business.

Item No. 9

The Company has submitted a bid to the Government of Gujarat (GOG) for investment in the Equity Share Capital of Gujarat Tractors Corporation Ltd. (GTCL), a wholly owned company of GOG. GOG is in the process of disinvesting its

shareholding in GTCL upto 51% of its holding at present and for this purpose had invited bids from interested parties.

The Company has submitted its bid for acquiring 78,04,010 equity shares of Rs.10/- each representing 51% shareholding in GTCL. Based on the negotiations, the Company proposes to acquire these shares in one or more tranches at a price to be agreed upon between the Board of Directors of the Company and the Government of Gujarat.

The Board of Directors believes that the Company has a very good chance of winning this bid and commends the resolution as set out in this item to the shareholders for their approval as it will be beneficial to the Company.

None of the Directors has any particular interest or concern in this item of business.

Item No.10

By a special resolution passed by the Company in its 47th Annual General Meeting held on 24th August, 1993, the Board of Directors was authorised on behalf of the Company to execute guarantees and provide securities in the course of business, on behalf of any body or bodies corporate promoted by or associated with the Company upto a limit of Rs.25 crores, excluding guarantees and securities furnished on behalf of subsidiaries of the Company or co-operative societies catering to the welfare of employees of the Company or of any of its associated companies.

There has been a substantial increase in the activities of the bodies corporate promoted by or associated with the Company since the limit on guarantees and securities was laid down way back in 1993. Hence it is considered expedient to increase the limit of Rs.25 crores to Rs.100 crores.

The Board of Directors is of the view that the proposed revised limit will enable the Company to promote or protect its varied interests in various bodies corporate promoted or associated with the Company and accordingly commends the