



31st Annual Report 2000
Porritts & Spencer (Asia) Ltd.



BOARD OF DIRECTORS

Ivan James Fearnhead, Chairman
 Kamallesh Chandra Tapadar, Associate Vice-Chairman
 Chandrakant Kahandas Thanawala
 Biren De
 Ravinder Nath
 Avinash Kumar Tiwari, Chief Executive Officer &
 Whole Time Director

FINANCIAL CONTROLLER & COMPANY SECRETARY

Manoj Kapoor

SENIOR MANAGEMENT TEAM

K. K. Philip, General Manager (Technical Sales)
 P. S. Choudhary, General Manager (Production)

AUDITORS

Price Waterhouse, New Delhi

BANKERS

Standard Chartered Grindlays Bank Ltd., New Delhi.
 State Bank of India, Faridabad.

REGISTERED OFFICE AND MILL

113/114A, Sector 24,
 Faridabad, Haryana-121 005

DELHI OFFICE

308, Kanchenjunga,
 18, Barakhamba Road,
 New Delhi-110 001.

CONTENTS

Notice	2
Directors' Report	9
Auditors' Report	12
Balance Sheet	14
Profit & Loss Account	15
Schedules	16
Balance Sheet Abstract	28
Cash Flow Statement	29

Porritts & Spencer (Asia) Ltd.

NOTICE

Notice is hereby given that the Thirty First Annual General Meeting of the Members of Porritts & Spencer (Asia) Limited will be held on Friday, 8th December, 2000 at 9.30 A.M. at Delite Banquet, 23A, Industrial Area, NIT, Faridabad to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 30th September, 2000 and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. K. C. Tapadar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Ravinder Nath who retires by rotation and being eligible offers himself for reappointment.
5. To consider and, if thought fit to pass, with or without modification(s), the following resolution as a special resolution :

"RESOLVED that M/s Lodha & Co., Chartered Accountants, having their office at 12, Bhagat Singh Marg, New Delhi - 110 001 be and are hereby appointed as Auditors of the Company to hold that office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, in place of the retiring Auditors of the Company M/s Price Waterhouse, Chartered Accountants, at a remuneration as may be mutually decided by the Board of Directors in negotiation with the said M/s Lodha & Co."

SPECIAL BUSINESS

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

"RESOLVED

- (a) That pursuant to section 269, 198, 309 and Schedule XIII of the Companies Act, 1956, read with article 109 of the Articles of Association of the Company Mr. Kamalesh Chandra Tapadar, Director who fulfills the conditions specified in Part-I and II of Schedule XIII of the Companies

Act, 1956 be and is hereby re-appointed as Managing Director of the Company for a further period of one year effective from 1st October, 1999 and that he be paid remuneration as set out in the explanatory statement annexed hereto, during his tenure of one year as Managing Director of the Company.

- (b) That the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of the appointment of Mr. Kamalesh Chandra Tapadar as it may, in its discretion, deem fit if necessitated by any amendment made hereafter under the relevant provisions of the Companies Act, 1956 or Schedule XIII thereto;
- (c) That in the event of loss or inadequacy of profits in any financial year during the aforesaid period, Mr. Kamalesh Chandra Tapadar shall be entitled to minimum remuneration as set out in explanatory statement."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as special resolution.

"RESOLVED that Mr. K. C. Tapadar, a Director of the Company, be and is hereby appointed as Non-Executive Associate Vice-Chairman of the Company with effect from 1st October, 2000."

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

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner set out below :

- (a) delete 11th sub para in Article 1 starting from "P&S means" and ending with "England, BB22SZ" and insert in its place the following sub para:

"Voith" means Voith Bspannungstechnik GmbH, a Company incorporated in Germany with its registered office at St. Pottener Str 43, D-89522 Heidenheim, Germany.

- (b) substitute the word 'Voith' by deleting the words 'P&S' in Article 92 wherever the same appear in the Articles and in the marginal notes, Article 110 and Article 112 or at any other place in the Articles of Association of the Company.



- (c) substitute the word 'J.M. Voith Aktiengesellschaft' in place of the words "Scapa Group Plc." appearing in clause (f) of Article 123.

- (d) delete article 161 and insert the following new Article 161 in its place :

"So long as Voith holds at least 51 percent of the equity share capital of the Company, the company shall, at any time, at the request of Voith Bespannungstechnik GmbH, Heidenheim, proceed to change the name of the Company subject to such approvals as may be necessary under the provisions of the Act or any other applicable laws."

- (e) After Article 49 insert the following article as article 49A alongwith its heading 'Dematerialisation of Securities' and marginal notes.

Dematerialisation of Securities 49A(1) for the purposes of this Article :

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository :

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such securities as may be specified by SEBI from time to time.

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and

within the time prescribed issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- (4) All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owners.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Porritts & Spencer (Asia) Ltd.

- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owner in the records of a depository.
 - (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.
 - (9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
 - (10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Securities holders for the purposes of these Articles.
- (f) After Article 60 the following new Article be inserted as Article 60A with heading and marginal note as 'Nomination' and be read as follows :

Nomination 60A Notwithstanding anything contained elsewhere in these Articles or in any other law for the time being in force, where a nomination has been made in the manner prescribed in Section 109A of the Act, purporting to confer on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company as the case may be, all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner and the provisions contained in Sections 109A and 109B of the Act, shall be applicable to such cases."

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

"RESOLVED that Mr. Avinash Kumar Tiwari who was appointed as an Additional Director with effect from 1st October, 2000 by the Board of Directors under section 260 of the Companies Act, 1956, and in respect of whom a notice has been received from a member of the Company under section 257 of the said Act alongwith a deposit of Rs. 500/-, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as special resolution:

"RESOLVED

- (a) That consent of the Company be and is hereby accorded under Sections 269, 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 to the appointment of Mr. Avinash Kumar Tiwari, who fulfills the conditions specified in Parts I and II of Schedule XIII of the Companies Act, 1956, as Whole Time Director (designated as Chief Executive Officer & Whole Time Director) of the Company for a period of three years with effect from 1st October, 2000, and he be paid remuneration as set out in the explanatory statement annexed hereto.
- (b) That the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of the appointment of Mr. Avinash Kumar Tiwari as it may, in its discretion, deem fit if necessitated by any amendment made hereafter under the relevant provisions of the Companies Act, 1956 or Schedule XIII thereto;
- (c) That in the event of loss or inadequacy of profits in any financial year during the aforesaid period, Mr. Avinash Kumar Tiwari shall be entitled to minimum remuneration as set out in explanatory statement."

New Delhi
4th November, 2000

By Order of the Board
for PORRITTS & SPENCER (ASIA) LTD.

Registered Office:
113/114A, Sector 24
Faridabad, Haryana - 121005

Manoj Kapoor
Financial Controller &
Company Secretary



NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote (on a poll only) instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The register of members and the share transfer books of the Company will remain closed from 28th November, 2000 to 8th December, 2000 (both days inclusive).
3. The dividend as recommended by the Board of Directors, if declared at the meeting will be paid on or after 31st December, 2000 to those members whose names appear in the register of members as on 8th December, 2000.
4. The Company has entered into a tripartite agreement with National Securities Depository Limited (NSDL), Central Depository Services (India) Ltd. (CDSL) & MCS Ltd. (RTA's) for dematerialisation of shares. The Securities & Exchange Board of India (SEBI) has indicated that delivery of shares of your company in dematerialised form is compulsory with effect from 27.11.2000. A brief write up regarding the procedure to be followed for dematerialisation of shares is enclosed herewith as Annexure I for information of members.
5. The amendment in the Companies Act, 1956 has introduced a facility whereby members can nominate some other person to whom the right of transmission of shares shall pass in the event of death of the member(s) holding the shares. A brief write up regarding the procedure to be followed for filing of Nomination form with the company together with a format of the nomination form is annexed herewith as annexure II for the information of members.
6. For the convenience of the shareholders, a format of request for updation of member's record is enclosed as annexure III. Those members who wish to get their records updated are requested to fill-up the proforma and send the same to the company for taking appropriate action in regard thereto.
7. Copies of Articles of Association of the Company and other documents referred to in the resolutions/ explanatory statement shall be open for inspection by the members between 10.00 a.m. to 1.00 p.m. on any working day at the registered office of the Company.
8. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto in respect of items 5 to 10 of the Notice.

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

ITEM NO. 5

M/s Price Waterhouse, Chartered Accountants, who retire at the conclusion of the Thirty First Annual General Meeting of the Company, have expressed their unwillingness to be re-appointed as Auditors of the Company at this Annual General Meeting. A Special notice under Section 225(1) of the Companies Act, 1956 within the meaning of Section 190 of the Companies Act, 1956, has been received from a shareholder of the Company for appointment of M/s Lodha & Co., Chartered Accountants, 12 Bhagat Singh Marg, New Delhi - 110 001 as Statutory Auditors of the Company in place of the retiring Auditors M/s Price Waterhouse, Chartered Accountants, from the conclusion of this Thirty First Annual General Meeting until the conclusion of the next Annual General Meeting. M/s Lodha & Co. have given their consent and confirmed their eligibility in terms of Section 224 (1B) of the Companies Act, 1956. The proposal is placed before the shareholders for approval.

None of the Directors of the Company is concerned or interested in the Resolution.

The Board Commends the resolution for approval by the shareholders.

ITEM NO. 6

At the meeting of the Board of Directors of the Company held on September 11, 1999, the Board of Directors have passed a resolution to re-appoint Mr. Kamallesh Chandra Tapadar who fulfills the conditions specified in Part I and Part II of Schedule XIII of the Companies Act, 1956 as Managing Director of the Company for a period of one year effective from October 1, 1999 at the following remuneration subject to approval of the members in general meeting :

1. Salary and Commission

- (a) Salary Rs. 75,000/- per month
- (b) Commission : At a rate to be determined by the Board of Directors each year.

Provided that the aggregate amount of remuneration payable to the appointee in a particular financial year will be subject to the overall ceiling limit laid down in Section 198 and 309 of the Companies Act, 1956.

2. Perquisites

- (a) Furnished residential accommodation. In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance at the rate of 60% of his salary.

Porritts & Spencer (Asia) Ltd.

In addition, he shall be entitled to facilities, such as house furnishing, electricity, water and gas.

- (b) Full reimbursement of all medical expenses for self and family.
- (c) Overseas travel facility for self and family once a year.
- (d) Fees of Clubs subject to a maximum of two clubs.
- (e) Personal accident and medical insurance.
- (f) Contributions to Provident Fund, Superannuation or Annuity Fund.
- (g) Gratuity not exceeding half a month's salary for each completed year of service.
- (h) Expenses on shifting of residence.
- (i) Encashment of leave at the end of tenure of office.
- (j) Free passage for self and family together with cost of transportation of household items at the end of tenure of office.
- (k) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Long distance telephone calls and use of car for personal purposes will be billed by the Company.
- (l) Reimbursement of entertainment, travelling and other expenses actually incurred for business of the Company.

3. Minimum Remuneration

If in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, he shall be entitled to minimum remuneration by way of salary, perquisites, allowances not exceeding the ceiling limit of Rs. 10,50,000/- per annum or Rs. 87,000/- per month. Provided further that the following perquisites which are also allowed to him shall not be included in the computation of this ceiling.

- i) Contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961.
- ii) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and

- iii) Encashment of leave at the end of the tenure.

No Director, except Mr. Kamallesh Chandra Tapadar, is concerned or interested in this resolution.

The Board commends the resolution for approval by the shareholders.

ITEM NO. 7

Mr. K. C. Tapadar who had been acting as Managing Director of the Company has retired from the services of the company with effect from 30th September, 2000. He will however continue to act as a Director of the Company liable to retire by rotation for which approval of the shareholders has been sought in item No. 3 of the above notice.

The Members are well aware that Sh. K. C. Tapadar has rendered meritorious services to the company during the period of his tenure as Director and Managing Director of the Company. It will be beneficial to the Company to continue to avail the benefit of his very wide experience of the industry in which the company is engaged, and it is with this view that the Board of Directors of the Company has appointed him as Non-Executive Associate Vice Chairman of the Company with effect from 1st October, 2000, in their meeting held on 30th September, 2000.

Mr. K. C. Tapadar shall preside over the meetings of the Board of Directors in the event of absence of the Chairman of the Company.

None of the directors except Mr. K. C. Tapadar is concerned or interested in the proposed resolution.

The Board commends the resolution for approval by the shareholders.

ITEM NO. 8

As the members are aware M/s Voith Besspannungstechnik GmbH, (hereafter referred as 'Voith') a company incorporated in Germany, has since acquired the shares which were earlier held by M/s Porritts & Spencer Limited, U.K. and also acquired some shares from Indian shareholders. Now, Voith has become the holding company of your company. Accordingly, changes have become necessary in the Articles of Association of the Company to substitute the words 'Voith Besspannungstechnik GmbH' wherever the words 'P&S' appear presently in the Articles of Association of the Company. Similarly, the words 'Scapa Group Plc.' to which 'P&S' belonged has to be replaced by the words 'J.M. Voith Aktiengesellschaft' to



which group the new holding company belongs. Sub-Clauses (a) to (d) of the proposed resolution are meant to give effect to these alterations in the Articles of Association of the Company.

Apart from the above, the Companies (Amendment) Act 1999, and the Depositories Act, 1996 have introduced certain changes providing facilities for the shareholders of listed companies for dematerialisation of shares and nomination facility to the holders of shares and debentures.

Sub-Clauses (e) & (f) of the proposed resolution are meant to give effect to the above changes brought out in the Companies Act, 1956 and the Depositories Act, 1996 and to bring the Articles of Association of your Company in line with the amended provisions of law.

None of the directors is concerned or interested in the proposed resolution.

The Board commends the resolution for approval by the shareholders.

ITEM NO. 9

Mr. A. K. Tiwari has been appointed as an Additional Director by the Board of Directors in their meeting held on 30th September, 2000, and pursuant to section 260 of the Companies Act, 1956, he holds that office upto date of this Annual General Meeting. Mr. A. K. Tiwari holds the degrees of B.Sc. and B.E. (Electrical). He joined the company in the year 1991 and by his hard work and good performance he had been promoted to the position of the Chief Operating Officer in 1998. Since then he has exhibited excellent performance and the Board has considered it advisable to appoint him as an Additional Director on the Board of the Company. Under Section 260 of the Companies Act, 1956, he holds that office only upto this Annual General Meeting and therefore it is necessary to appoint him as a regular Director on the Board of the Company so that the work in the company may continue in a smooth and efficient manner.

None of the directors, except Mr. A. K. Tiwari is concerned or interested in this resolution.

The Board commends the resolution for approval by the shareholders.

ITEM NO. 10

At the meeting of the Board of Directors of the Company held on September 30, 2000, the Board of Directors have passed a resolution to appoint Mr. Avinash Kumar Tiwari

who fulfills the conditions specified in Parts I and II of Schedule XIII of the Companies Act, 1956, as Chief Executive Officer & Whole Time Director of the Company for a period of three years effective from October 1, 2000, at the following remuneration subject to approval of the members in general meeting.

1. Salary and Commission :

- (a) Salary : Rs. 70,000/- per month.
- (b) Commission : At a rate to be determined by the Board of Directors each year.

Provided that the aggregate of remuneration payable to the appointee in a particular financial year will be subject to the overall ceiling limit laid down in Sections 198 and 309 of the Companies Act, 1956.

2. Perquisites :

- (a) The Appointee shall be entitled to House Rent Allowance at the rate of 60% of his salary.
In addition, he shall be entitled to facilities, such as house furnishing, electricity, water and gas.
- (b) Full reimbursement of all medical expenses for self and family.
- (c) Leave travel facility for self and family once a year.
- (d) Fees of Clubs subject to a maximum of two clubs.
- (e) Personal accident and medical insurance.
- (f) Contributions to Provident Fund, Superannuation or Annuity Fund.
- (g) Gratuity not exceeding half a month's salary for each completed year of Service.
- (h) Encashment of leave at the end of tenure of office.
- (i) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Long distance telephone calls and use of car for personal purposes will be billed by the Company.
- (j) Reimbursement of entertainment, travelling and other expenses actually incurred for business of the Company.

Porritts & Spencer (Asia) Ltd.

3. Minimum Remuneration :

If in any financial year during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, he shall be entitled to minimum remuneration by way of salary, perquisites, allowances not exceeding the ceiling limit of Rs. 18,00,000/- per annum or Rs. 1,50,000/- per month. Provided further that the following perquisites which are also allowed to him shall not be included in the computation of this ceiling :

- i) Contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961.
- ii) Gratuity payable at a rate not exceeding half month's salary for each completed year of service; and
- iii) Encashment of leave at the end of the tenure.

Mr. K. C. Tapadar has retired from the service of the Company with effect from 30th September, 2000. Therefore, it was deemed necessary to appoint some suitable person as Whole Time Director to manage the affairs of the company in a smooth and efficient manner. Mr. Avinash Kumar Tiwari fulfills the qualifications and experience for the said post and on account of his good performance and devoted services to the company it would be beneficial to appoint him as Whole Time Director and Chief Executive Officer.

None of the Directors, except Mr. Avinash Kumar Tiwari is concerned or interested in the resolution.

The Board commends the resolution for approval by the shareholders.

New Delhi
4th November, 2000

By Order of the Board
for PORRITTS & SPENCER (ASIA) LTD.

Registered Office:
113/114A, Sector 24
Faridabad, Haryana - 121005

Manoj Kapoor
Financial Controller &
Company Secretary

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