

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



Vikrant Tyres Limited

23RD ANNUAL REPORT 1996-97

J K Industries Limited join hands with Government of Karnataka



Syt. Raghupati Singhania, Managing Director of J K Industries Limited exchanging the documents with Hon'ble Chief Minister of Karnataka, Syt. J H Patel in token of taking over management control of Vikrant Tyres Limited on 30th May 1997. Also Seen in the photograph (from left to right) Shriyuths: Bharat Hari Singhania, Managing Director of J K Organisation, A K Bajoria, R V Deshpande, Hon'ble Minister for Large and Medium Industries, Gopal Reddy, IAS and K K Misra, IAS.

VIKRANT TYRES LIMITED

Regd. Office : "Vikrant House", No.54, I Main Road
V. V. Mohalla, MYSORE-570002

NOTICE

To all Shareholders

NOTICE is hereby given that the **TWENTYTHIRD ANNUAL GENERAL MEETING** of **VIKRANT TYRES LIMITED** will be held at **11.00 a.m. on Monday, the 29th December 1997** at Karnataka Kalamandira, Vinoba Road, Mysore-570005, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet and Profit and Loss Account for the year ended on 31st March 1997 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri K K Misra who retires by rotation.
3. To appoint a Director in place of Shri A Ramanna who retires by rotation.
4. To consider and, if thought fit, to pass with or without modifications the following Resolution as a Special Resolution :
"RESOLVED THAT M/s.K P Rao & Co., Chartered Accountants, Mysore, be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting to hold office upto conclusion of the next Annual General Meeting on a remuneration of Rs.50,000/- plus travelling and out of pocket expenses."

SPECIAL BUSINESS

5. To consider appointment of Shri Srawan Kumar Bagla as a Director for whose appointment the Company has received notice under Section 257 of the Companies Act, 1956.
6. To consider appointment of Shri Om Prakash Khaitan as a Director for whose appointment the Company has received notice under Section 257 of the Companies Act, 1956.
7. To consider appointment of Shri Karna Singh Mehta as a Director for whose appointment the Company has received notice under Section 257 of the Companies Act, 1956.
8. To consider appointment of Shri Swaroop Chand Sethi as a Director for whose appointment the Company has received notice under Section 257 of the Companies Act, 1956.
9. To consider appointment of Shri Narayanan Sankar as a Director for whose appointment the Company has received notice under Section 257 of the Companies Act, 1956.
10. To consider appointment of Shri Vikrampati Singhania as a Director for whose appointment the Company has received notice under Section 257 of the Companies Act, 1956.
11. To consider appointment of Shri Arun Kumar Bajoria as a Director for whose appointment the Company has received notice under Section 257 of the Companies Act, 1956.
12. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :
"RESOLVED that pursuant to and subject to the provisions of Sections 269, 309 and 198 and other applicable provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof, the appointment of Shri Arun Kumar Bajoria as President and Director of the Company, for a period of 3 years with effect from 30th May 1997, on the following terms of remuneration be and is hereby approved:
(A) Salary : Rs.30,000 per month with suitable increases as may be determined by the Board or a Committee thereof.
(B) Perquisites as may be agreed to between the Company and the President & Director, comprising provision of furnished residential accommodation or house rent allowance together with gas, electricity and water; reimbursement of medical expenses incurred and leave travel assistance for



self and family; club fees; premium on personal accident insurance; contribution to provident fund, superannuation fund or annuity fund and gratuity as specified at item (D) hereunder; encashment of leave at the end of the tenure; and other benefits and allowances.

The Company shall also provide car with driver to the President & Director for Company's business and also telephone at his residence. The perquisite value of these will be determined according to the Income-tax Rules 1962.

- (C) The remuneration comprising salary, perquisites and other benefits and allowances of the President & Director shall be subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956 or any modification or re-enactment thereof.
- (D) In the event of absence or inadequacy of profits, Shri Arun Kumar Bajoria would be paid the then existing remuneration subject to a ceiling of Rs.10,50,000 per annum which shall not include the following in computation of ceiling on remuneration:
 - (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
 - (b) Gratuity payable at the rate of half-a-month's salary for each completed year of service, and
 - (c) Encashment of leave at the end of the tenure."

13. To consider and if thought fit to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED that, in supersession of the Resolution passed by the Company with respect to borrowing powers of the Board of Directors at the Annual General Meeting held on 29th September 1988, consent of the Company be and is hereby accorded pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification or re-enactment thereof, to the Board of Directors borrowing monies (apart from temporary loans from time to time obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, as the Board may, from time to time, deem necessary for the purpose of the Company, provided that the sum or sums so borrowed and remaining outstanding at any one time on account of principal shall not exceed in the aggregate Rs.400 Crores (Rupees Four Hundred Crores only)".

14. To consider and if thought fit to pass, with or without modifications, the following as an Ordinary Resolution:

"RESOLVED that consent of the Company be and is hereby and shall always be deemed to have been accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, to mortgaging and/or charging by the Board of Directors of the Company (by way of first, second or other subservient charge as may be agreed to between the Company and the lenders and/or Trustees for Debentures/ Bonds) all the immovable and movable properties, present and future, wheresoever situate, with the right to enter upon and take possession of the assets of the Company in certain events and with a right to take over the management of any undertaking(s) of the Company, to or in favour of any Financial Institutions, Banks and other lending Institutions or Funds, Trustees for Debentures/Bonds to secure their respective Rupee and Foreign Currency Loans or other financial assistance lent, granted and advanced or agreed to be lent, granted and advanced to the Company or the Debentures/Bonds or other financial instruments issued and allotted or as may be issued by the Company and subscribed to or agreed to be subscribed to by such Institutions/Banks/Funds, or any other persons, of such amount or amounts outstanding at any time not exceeding Rs.400 crores (Rupees four hundred crores only) in the aggregate on account of principal, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment, remuneration of the Trustees, costs, charges and other monies payable by the Company to the respective Financial Institutions, Banks and other lending institutions and holders of Debentures/Bonds and/or Trustees under the Loan/Subsorption

VIKRANT TYRES LTD.

Agreement(s) entered into/to be entered into by the Company in respect of the said Term Loans, Debentures/Bonds or other financial instruments or assistance.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the Financial Institutions, Banks and other lending Institutions or Trustees for Debentures/Bonds, the documents for creating mortgage(s) and/or charge(s) as aforesaid and to do all such acts, deeds, matters and things as may be necessary for giving effect to the above resolution."

TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTIONS AS SPECIAL RESOLUTIONS:

15. "RESOLVED that the existing Article 90 be substituted in the Articles of Association of the Company with the following:
 - 90 (1) Unless otherwise determined by Special Resolution, the number of Directors shall not be less than three nor more than sixteen.
 - (2) Half plus one Directors of the total strength of the Board nominated by J.K. Industries Limited (JKI) and such number of Directors as may be nominated by Karnataka State Industrial Investment & Development Corporation Limited (KSIIDC) in proportion to its shareholding in the subscribed and paid-up Equity Share Capital of the Company shall be appointed by the Company/Board subject to the provisions of Section 256, 257 and 260 and other applicable provisions of the Act and Articles 92, 104, 124, 125 and 126.
 - (3) While calculating the number of Directors to be nominated by JKI and KSIIDC, fraction of 0.5 (zero point five) and above shall be rounded off to the next higher integer and fractions below 0.5 shall be ignored. Each of JKI and KSIIDC shall have the right to remove from Office their respective director(s) so nominated and on vacancy being caused in such office(s) from any cause (whether by retirement, death, removal or otherwise) to nominate and have appointed another to fill such vacancy. The nominee director(s) of JKI and KSIIDC shall cease to be director(s) and also cease to hold any other office in the Company including that of Managing Director/Chief Executive/Whole-time Director with effect from the day of receipt of the notice by the Company at its registered office from JKI or KSIIDC, as the case may be, withdrawing its nomination and/or desiring removal."
16. "RESOLVED that the existing Article 92 be substituted by the following in the Articles of Association of the Company:
 - 92 The Board shall have power, at any time and from time to time, to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. The Board shall make such appointment(s) of Directors in accordance with the norms for appointment as laid down in Article 90. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-appointment."
17. "RESOLVED that the existing Article 104 be substituted by the following in the Articles of Association of the Company:
 - 104(1) One-third of the total number of Directors shall be Directors not liable to retire by rotation; provided however that nominated Directors expressly exempted by statutes governing the nominating Institutions and Directors appointed under article 92 shall not retire by rotation; nor shall they be included in calculating the Directors liable to retire by rotation.
 - (2) Each of JKI and KSIIDC shall have the right by notice in writing addressed to the Company to appoint one or more of their respective nominees of their choice (upto the maximum permitted by law) as non-retiring Directors of the Company in proportion to their respective representation on the Board. JKI and KSIIDC shall also have the right to remove from office its non-retiring Directors and on vacancy being caused in such office from any cause (whether by resignation, death, removal or otherwise), to appoint another to fill such vacancy.



- (3) Subject to clauses (1) and (2) above all Directors shall be persons whose period of office is liable to determination by retirement by rotation."
18. "RESOLVED that the existing Article 113 be substituted by the following in the Articles of Association of the Company:
- 113 The Board may appoint a Chairman of its meetings and determine the period for which he is to hold office provided that so long as KSIIDC holds 26% of the subscribed and paid-up equity share capital of the Company, the Chairman so appointed shall be a serving Government Official from among the nominee Directors of KSIIDC only and such appointment shall be made only on the advice and approval in writing of KSIIDC. The positions of Chairman and Managing Director shall be held by two different individuals. If no Chairman is appointed as aforesaid or if at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present shall choose one of their number to be the Chairman of such meeting."
19. "RESOLVED that the existing Article 114 be substituted by the following in the Articles of Association of the company:
- 114 The quorum for a meeting of the Board shall be determined from time to time in accordance with provisions of Section 287 of the Act and shall include at least two nominee Directors of JKI and one nominee Director of KSIIDC. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint."
20. "RESOLVED that the existing Article 124 be substituted by the following in the Articles of Association of the company:
- 124 The Board shall, upon a notice from JKI addressed to the Company having been received at the Company's Registered Office -
- (1) appoint the Managing Director/Chief Executive from among JKI's nominee Directors who will be the Chief Executive of the Company (by whatever name called). Subject to the superintendence, control and direction of the Board of Directors, the day-to-day management of the affairs of the Company shall vest with the Managing Director/Chief Executive by whatever name called.
- (2) Further to sub-clause (1) above, the Board may appoint from time to time one or more Directors to be Whole-time Director(s) of the Company either for a fixed term or without any limitation as to the period for which he is or they are to hold such office."
21. "RESOLVED that the existing Article 125 be substituted by the following in the Articles of Association of the Company:
- 125 The Managing Director(s)/Chief Executive/Whole-time Director(s) shall, ipso facto and immediately, cease to be Managing Director(s) or Chief Executive or Whole-time Director(s) if he ceases to hold the Office of Director from any cause whatsoever except where he ceases to hold Office or retires by rotation at an Annual General Meeting and is re-appointed or elected a Director at that meeting."
22. "RESOLVED that the existing Article 126 be substituted by the following in the Articles of Association of the Company:
- 126 Subject to Article 124 and the provisions of the Act, Managing Director/Chief Executive/Whole-time Director shall receive such remuneration as may, from time to time, be sanctioned by the Company."

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23. "RESOLVED that the existing Article 127 be substituted by the following in the Articles of Association of the Company:

127 Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Section 292 thereof, the Board may, from time to time, entrust to and confer upon Managing Director(s)/Chief Executive/Whole-time Director(s) for the time being such of the powers exercisable under these presents by the Directors as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit, and it may confer such powers, either collaterally with or to the exclusion of, and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers."

By Order of the Board

Place: New Delhi

Date : 20.11.1997

DATTATRAY D BHAT
COMPANY SECRETARY

NOTES

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. 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 Transfer Books of the Company will remain closed from 26th December 1997 to 29th December 1997 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed.
4. All the Members are requested to bring their copy of Annual Report along with them to the General Meeting.



ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

Item No.5

Shri Srawan Kumar Bagla was co-opted and appointed as an Additional Director by your Board on 30.5.1997. He holds office upto this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, proposing appointment of Shri Srawan Kumar Bagla as a Director of the Company.

Shri Srawan Kumar Bagla is a Businessman based at Bangalore and his appointment as a Director would be of immense help to the Company.

None of the Directors, except Shri Srawan Kumar Bagla, is deemed to be interested or concerned in the Resolution.

Item No.6

Shri Om Prakash Khaitan was co-opted and appointed as an Additional Director by your Board on 30.5.1997. He holds office upto this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, proposing appointment of Shri Om Prakash Khaitan as a Director of the Company.

Shri Om Prakash Khaitan is an Advocate & Solicitor with rich experience and his appointment as a Director would be of immense help to the Company.

None of the Directors, except Shri Om Prakash Khaitan, is deemed to be interested or concerned in the Resolution.

Item No.7

Shri Karna Singh Mehta was co-opted and appointed as an Additional Director by your Board on 30.5.1997. He holds office upto this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, proposing appointment of Shri Karna Singh Mehta as a Director of the Company.

Shri Karna Singh Mehta is a Chartered Accountant with rich experience and his appointment as a Director would be of immense help to the Company.

None of the Directors, except Shri Karna Singh Mehta, is deemed to be interested or concerned in the Resolution.

Item No.8

Shri Narayanan Sankar was co-opted and appointed as an Additional Director by your Board on 30.5.1997. He holds office upto this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, proposing appointment of Shri Narayanan Sankar as a Director of the Company.

Shri Narayanan Sankar is an Industrialist heading Sanmarc Group of Companies, and his appointment as a Director would be of immense help to the Company.

None of the Directors, except Shri Narayanan Sankar, is deemed to be interested or concerned in the Resolution.

Item No.9

Shri Swaroop Chand Sethi was co-opted and appointed as an Additional Director by your Board on 30.5.1997. He holds office upto this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, proposing appointment of Shri Swaroop Chand Sethi as a Director of the Company.

Shri Swaroop Chand Sethi is a highly experienced Company Executive, presently working as Whole-time Director of J K Industries Ltd., and his appointment as a Director would be of immense help to the Company.

None of the Directors, except Shri Swaroop Chand Sethi, is deemed to be interested or concerned in the Resolution.

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Item No.10

Shri Vikrampati Singhania was co-opted and appointed as an Additional Director by your Board on 30.5.1997. He holds office upto this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, proposing appointment of Shri Vikrampati Singhania as a Director of the Company.

Shri Vikrampati Singhania is a leading Industrialist and his appointment as a Director would be of immense help to the Company.

None of the Directors, except Shri Bharat Hari Singhania and Shri Vikrampati Singhania, is deemed to be interested or concerned in the Resolution.

Item No.11

Shri Arun Kumar Bajoria was co-opted and appointed as an Additional Director by your Board on 30.5.1997. He holds office upto this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, proposing appointment of Shri Arun Kumar Bajoria as a Director of the Company.

Shri Arun Kumar Bajoria is an Engineer by qualification with about 32 years experience including experience in turning around loss making units and his appointment as a Director would be of immense help to the Company.

None of the Directors, except Shri Arun Kumar Bajoria, is deemed to be interested or concerned in the Resolution.

Item No.12

Shri Arun Kumar Bajoria, Director was appointed as President of the Company by the Board of Directors on 30th May 1997 for a period of 3 years. Shri Arun Kumar Bajoria, B.E, M.I.E, M I(P) E, has about 32 years experience in Engineering Industry. He was working as President & Chief Executive of CIMMCO Birla Ltd., from 1982. He was appointed as President of the Company to be the Chief Executive of the Company. Shri Arun Kumar Bajoria has rich experience in negotiating foreign collaborations and also in turning around loss making units. The appointment and terms of remuneration to Shri Arun Kumar Bajoria, as President are subject to the approval of the Company in General Meeting pursuant to Sections 269, 309, 198 and other applicable provisions, if any, of the Companies Act, 1956.

The Board recommends approval of appointment and terms of remuneration of Shri Arun Kumar Bajoria, President, as proposed in the Resolution.

The Resolution is proposed as an Ordinary Resolution.

None of the Directors, except Shri Arun Kumar Bajoria, is deemed to be interested or concerned in the Resolution.

Item No.13

The Company at its 14th Annual General Meeting held on 29th September 1988 had accorded its consent under Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors to borrow monies (apart from temporary loans obtained from time to time from the Company's Bankers in the ordinary course of business) in excess of the aggregate of paid up capital of the company and its free reserves, provided the sum or sums so borrowed remaining outstanding on account of principal shall not at any time exceed Rs.100 crores. However, in view of the proposed expansion and modernisation programme and other correlated projects the Company will need to obtain additional loans to meet the cost of the same. It is necessary to increase the authorised borrowing limits from Rs.100 crores to Rs.400 crores. Therefore, the Resolution at item 13 of the notice is proposed.

None of the Directors except Shri B.P.Singh, Shri B R Sethi & Shri K Venkatarama Ayyar, who are Directors nominated by IDBI, LIC & Indian Bank, respectively, is deemed to be interested or concerned in the proposed, Ordinary Resolution.

Item No.14

Section 293(1)(a) of the Companies Act, 1956 provides inter alia that the Board of Directors of a public company shall not, without the consent of such company in general meeting, sell, lease or otherwise dispose of



the whole, or substantially the whole, of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

The operations of the Company have increased significantly and the Company has further expansion and modernisation plans. The Company may have to resort to further borrowings from Financial and other lending Institutions. As security for such borrowings, the immovable and movable properties of the Company pertaining to any one or more of its divisions will have to be mortgaged/charged in favour of the Financial and other lending Institutions/ Trustees for Debentures with a right to take over the management and concern of the Company in certain events.

Since the creation of mortgage/charge by the Company of its immovable and movable properties in favour of the Institutions/Trustees for Debentures as aforesaid may be regarded as disposal of the whole or substantially the whole of the undertaking(s), consent of the members of the Company thereof under Section 293(1)(a) is required.

It is considered desirable to obtain an omnibus authority from the shareholders of the Company under the said section upto a limit of Rs.400 crores, by means of an Ordinary Resolution.

None of the Directors except Shri B.P.Singh, Shri B R Sethi and Shri K Venkatarama Ayyar, who are Directors nominated by IDBI, LIC and Indian Bank, respectively, is deemed to be interested or concerned in the proposed Resolution.

Item Nos.15, 16, 17, 18, 19, 20, 21, 22, and 23

Pursuant to the Strategic Alliance and the Special Resolution passed by the Company in its Extra-ordinary General Meeting held on 29th May 1997, 90,00,000 equity shares of Rs.10/- each were allotted at a price of Rs.76/- per share, on preferential basis, to J K Industries Limited (JKI) and the Board of Directors of the Company re-constituted and control vested with JKI upon completion of such preferential allotment and acquisition by JKI of 4,82,298 equity shares from Karnataka State Industrial Investment & Development Corporation Limited (KSIIDC) upon dis-investment at a price of Rs.76/- per share. Further, the process of acquisition of 38,48,000 equity shares of the Company at a price of Rs.76/- per share from the shareholders as per SEBI Takeover Code has also been completed so as to take JKI's shareholding to 52% in the Company. Now the Articles of Association of the Company need alterations to reflect the respective rights of JKI and KSIIDC and the consequential changes required therefor & the same are recommended for approval of the shareholders by means of a special resolution.

Shri Bharat Hari Singhania, Shri Raghupati Singhania, Shri Vikrampati Singhania, Shri Swaroop Chand Sethi, Shri Srawan Kumar Bagla, Shri Om Prakash Khaitan, Shri Karna Singh Mehta, Shri Narayanan Sankar and Shri Arun Kumar Bajoria, nominee Directors of JKI and Shri K K Misra, IAS and Shri C Gopal Reddy, IAS nominee Directors of KSIIDC shall be deemed to be concerned or interested in the resolution. None of the other Directors shall be deemed to be interested therein.

By Order of the Board

Place : New Delhi
Date : 20.11.1997

DATTATRAY D BHAT
COMPANY SECRETARY