

# 64TH ANNUAL REPORT

1999 - 2000



THE ASSOCIATED CEMENT COMPANIES LIMITED

## CORPORATE OFFICE

1. Cement House, Mumbai (Maharashtra)

## RESEARCH AND CONSULTANCY DIRECTORATE

2. Central Research Station, Thane, (Maharashtra) 1965
3. MRD Logistics Base, Nagpur (Maharashtra) 1996

## CEMENT PLANTS

4. Chaibasa (Bihar) 1947  
Capacity : 6.12 LT
5. Chanda (Maharashtra) 1970  
Capacity : 6.81 LT
6. Gagai I (Himachal Pradesh) 1984  
Capacity : 9.63 LT
7. Gagai II (Himachal Pradesh) 1994  
Capacity : 14.34 LT
8. Jamul (Madhya Pradesh) 1965  
Capacity : 15.84 LT
9. Kymore Mehgaon (M.P.) 1995  
Capacity : 17.00 LT
10. Lakheri (Rajasthan) 1917  
Capacity : 6.00 LT
11. Madukkarai (Tamil Nadu) 1934  
Capacity : 8.40 LT
12. Mancheril (Andhra Pradesh) 1958  
Capacity : 3.31 LT
13. Sindri (Bihar) 1955  
Capacity : 6.00 LT
14. Tikaria (U.P.) 1999  
Capacity : 6.00 LT
15. Wadi I (Karnataka) 1968 } Capacity :  
16. Wadi II (Karnataka) 1982 } 20.47 LT

## REFRACTORIES

17. Katni Refractories (M.P.) 1946
18. Kymore Refractories (M.P.) 1992
19. Nagpur Refractories (Maharashtra) 1995

## ADVANCED MATERIALS

20. Synthetic Ferric Oxide Plant, Falta (West Bengal) 1995
21. Dilyn Demonstration Centre Salt Lake City, Calcutta (W.B.) 1998
22. Advanced Microwave Materials Centre Salt Lake City, Calcutta (W.B.) 1999

## REGIONAL MARKETING OFFICES

23. Ahmedabad
24. Bangalore
25. Bhopal
26. Calcutta
27. Chandigarh
28. Coimbatore
29. Kanpur
30. Mumbai
31. New Delhi
32. Patna
33. Pune
34. Secunderabad

## TRAINING INSTITUTES

35. Sumant Moolgaokar Engineering Institute (Formerly Kymore Engineering Institute) Kymore (M.P.)
36. Technical and Management Training Centre, R.C.D., Thane (Maharashtra)
37. Regional Training Centre (World Bank/Danida) Jamul (M.P.)

## SUBSIDIARIES

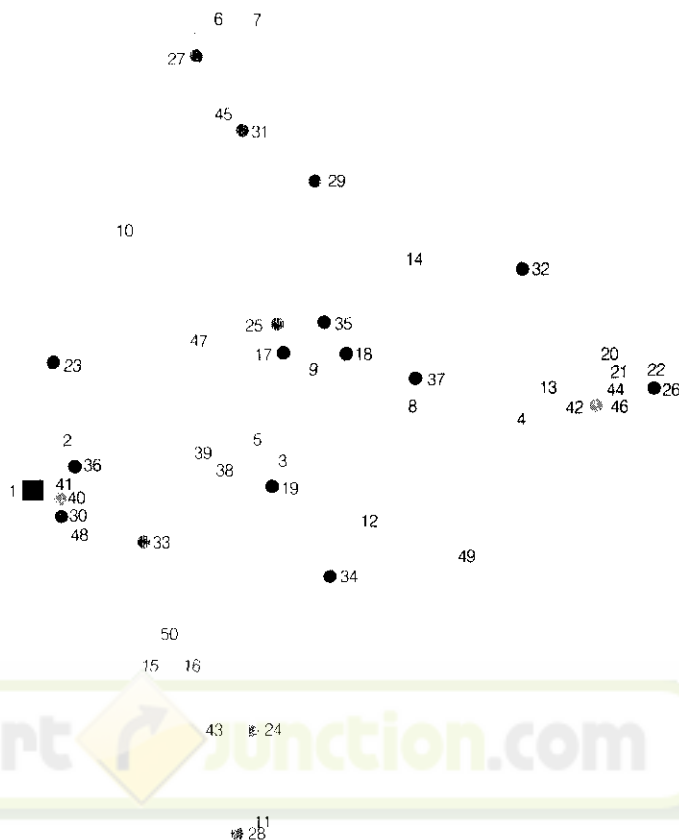
38. ACC Machinery Company Ltd Nagpur (Maharashtra)
39. ACC-Nihon Castings Ltd, (ANCL) Nagpur (Maharashtra)
40. The Cement Marketing Company of India Ltd, Mumbai (Maharashtra)
41. Bulk Cement Corporation (India) Ltd, Mumbai (Maharashtra)
42. Damodhar Cement and Slag Ltd, Madhukunda (W.B.)

## RMC PLANT LOCATIONS

43. Bangalore -2 Units Capacity 90 Cum/hr
44. Calcutta Capacity 60 Cum/hr
45. Delhi Capacity 80 Cum/hr
46. Haldia Capacity 60 Cum/hr
47. Indore Capacity 120 Cum/hr
48. Mumbai -5 Units Capacity 380 Cum/hr
49. Simhadri Capacity 30 Cum/hr
50. Wadi Capacity 80 Cum/hr

## OVERSEAS

- Yanbu Cement Co (KSA)  
Gandil Agricultural Co Ltd (Sudan)  
Iran and India Cement  
Engineering Consultants PJS Tehran, Iran





## ANNUAL REPORT 1999-2000

### BOARD OF DIRECTORS

**Mr. N. A. Palkhivala**

Chairman Emeritus

**Mr. Tarun Das**

Chairman

**Mr. N. S. Sekhsaria**

Deputy Chairman

**Mr. T.M.M. Nambiar**

Managing Director

**Mr. P. K. Mistry**

**Mr. P. J. Jagus**

**Mr. N. A. Soonawala**

**Mr. O. P. Dubey**

**Mr. A. L. Kapur**

**Dr. A. K. Chatterjee**

Wholtime Director

**Mr. M. L. Narula**

Wholtime Director

**Mr. P. K. Sinor**

Wholtime Director & Company Secretary

**Mr. J. N. Godbole**

Nominee Director of Industrial Development Bank of India

**Mr. Amitabha Ghosh**

Nominee Director of Unit Trust of India

**Mr. B. Ramakrishna**

Special Director nominated by State Government of Andhra Pradesh

**Mr. K. Jayabharath Reddy, IAS**

Special Director nominated by State Government of Andhra Pradesh

### BANKERS

STATE BANK OF INDIA

BANK OF BARODA

BANK OF INDIA

CENTRAL BANK OF INDIA

CANARA BANK

STATE BANK OF HYDERABAD

STATE BANK OF BIKANER & JAIPUR

ANZ GRINDLAYS BANK

BANK OF AMERICA

CITI BANK N.A.

THE HONGKONG & SHANGHAI

BANKING CORPORATION LIMITED

### AUDITORS

MESSRS A.F. FERGUSON & CO.

MESSRS K.S. AIYAR & CO.

### SOLICITORS

MESSRS PAYNE & CO.

MESSRS GAGRAT & CO.

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### REGISTERED OFFICE

CEMENT HOUSE

121, MAHARSHI KARVE ROAD,  
MUMBAI 400 020.

### ANNUAL REPORT OF SUBSIDIARY COMPANIES

ACC Machinery Company Limited

The Cement Marketing Company of India Limited

ACC-Nihon Castings Limited

Bulk Cement Corporation (India) Ltd.

Damodhar Cement and Slag Limited

### ANNUAL GENERAL MEETING

On Wednesday, July 19, 2000  
at 3.45 p.m.

at Nehru Centre Auditorium,  
Discovery of India Building,  
Dr Annie Besant Road,  
Worli, Mumbai - 400 018.

Members are requested to kindly  
bring their copies of the Annual  
Report to the Meeting.



## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE SIXTY-FOURTH ANNUAL GENERAL MEETING OF THE ASSOCIATED CEMENT COMPANIES, LIMITED** will be held at **Nehru Centre Auditorium, Discovery of India Building, Dr Annie Besant Road, Worli, Mumbai 400018 on Wednesday, July 19, 2000 at 3.45 p.m.** to transact the following business:-

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the financial year ended March 31, 2000 and the Balance Sheet as at that date.
2. To declare a dividend out of Reserves.
3. To appoint a Director in place of Mr. T.M.M. Nambiar who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. N.A. Soonawala who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. P.K. Sinor who retires by rotation and is eligible for reappointment.

### APPOINTMENT OF ADDITIONAL DIRECTOR

6. To appoint a Director in place of Mr. Tarun Das who was appointed by the Board of Directors an Additional Director of the Company with effect from April 26, 2000 and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received notices in writing under Section 257 of the Act from some Members proposing his candidature for the office of Director.

### APPOINTMENT OF ADDITIONAL DIRECTOR

7. To appoint a Director in place of Mr. N.S. Sekhsaria who was appointed by the Board of Directors an Additional Director of the Company with effect from December 27, 1999 and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received notices in writing under Section 257 of the Act from some Members proposing his candidature for the office of Director.

### APPOINTMENT OF ADDITIONAL DIRECTOR

8. To appoint a Director in place of Mr. A.L. Kapur who was appointed by the Board of Directors an Additional Director of the Company with effect from December 27, 1999 and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received notices in writing under Section 257 of the Act from some Members proposing his candidature for the office of Director.

### RATIFICATION OF PAYMENT OF REMUNERATION TO MANAGING/ WHOLETIME DIRECTORS

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

"RESOLVED that pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby ratifies and confirms the payment of remuneration amounting to Rs.25,77,754 to Mr. T.M.M. Nambiar, Managing Director, Rs.20,53,120 to Dr. A.K. Chatterjee, Rs.18,17,401 to Mr. M.L. Narula and Rs.18,29,726 to Mr. P.K. Sinor, Wholtime



**EMPLOYEES' STOCK  
OPTION SCHEME  
(ESOS)**

Directors, (inclusive of exempted perquisites viz. contribution to Provident Fund and Superannuation Fund) for the financial year ended March 31, 2000 and subject to the approval of the Central Government waives the recovery of the sum of Rs.11,49,421 from Mr. T.M.M. Nambiar, Rs.7,42,250 from Dr. A.K. Chatterjee, Rs.5,25,905 from Mr. M.L. Narula and Rs.5,37,217 from Mr. P.K. Sinor being the remuneration paid/payable to them in excess of the statutory limits laid down under the Act and approves of the consequential retention thereof by them."

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

"RESOLVED that in supersession of Resolution No.13 passed at the Annual General Meeting of the Company held on August 25, 1998, and in accordance with the provisions of Sections 79A, 81 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof) and in accordance with the provisions of the Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications 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), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to grant to such employees as are in the permanent employment of the Company in the management cadre, at such time the grant is made including the Directors of the Company, as may be decided solely by the Board, an option to subscribe to such number of Equity Shares of the Company of the face value of Rs.10/- each under the Employees' Stock Option Scheme(ESOS) and therefor to issue, allocate or allot, such number of Equity Shares of the Company, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions, as the Board may decide, as set out in the Explanatory Statement hereto, not exceeding 15,00,000 (Fifteen Lakhs) Equity Shares of the Company.

"RESOLVED FURTHER that the Board be and is hereby authorised to issue, allocate and allot such number of Equity Shares as may be required in pursuance of the above issue, and that the Equity Shares so issued, allocated or allotted shall rank in all respects *pari passu* with the existing Equity Shares of the Company.

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith, and to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary or desirable for such purpose, and to make and accept any modifications in the proposal, including to withdraw, suspend or revive the Scheme from time to time, as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the issue."



**ESOS – EXTENSION OF  
THE SCHEME TO  
EMPLOYEES OF THE  
COMPANY'S  
SUBSIDIARIES**

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

“RESOLVED that in accordance with the provisions of Sections 79A, 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and in accordance with the provisions of the Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications 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), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to extend the benefits of the Employees’ Stock Option Scheme (ESOS) proposed in the Resolution under Item 10 of this Notice to such employees in the management cadre as are in the permanent employment of the Company's Subsidiaries including directors as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.

“RESOLVED FURTHER that the Board be and is hereby authorised to issue, allocate and allot such number of Equity Shares as may be required in pursuance of the above issue, and that the Equity Shares so issued, allocated or allotted shall rank in all respects pari passu with the existing Equity Shares of the Company.

“RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith, and to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary or desirable for such purpose, and to make and accept any modifications in the proposal, including to withdraw, suspend or revive the Scheme from time to time, as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the Issue.”

**CONTRIBUTIONS FOR  
CHARITABLE  
PURPOSES**

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

“RESOLVED that pursuant to Section 293 (1)(e) of the Companies Act, 1956, the Company hereby approves, ratifies and confirms the contributions made by the Board of Directors to charitable and other funds not directly relating to the business of the Company or the welfare of its employees aggregating Rs.34,50,000/- during the financial year ended March 31, 2000, notwithstanding that the said contributions exceed 5% of the average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding.

“RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956, and all other enabling provisions, if any, to contribute to charitable and other funds not directly related to the business of the Company or to the welfare of its employees such



#### REAPPOINTMENT OF AUDITORS

amounts from time to time which the Board of Directors in their discretion deem fit, in any financial year, to the extent of Rs. 30,00,000 or 5% of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater."

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

"RESOLVED that Messrs A.F. Ferguson & Co. and Messrs K.S. Aiyar & Co., Chartered Accountants, be and are hereby reappointed Auditors of the Company for the financial year 2000-2001 to hold office from the conclusion of the Sixty-Fourth Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.8.10 lakhs to each of them and that they also examine and audit the accounts of the factories and branch offices of the Company on a further remuneration to any one of them of Rs.72,000 for each factory and overseas projects, Rs.30,000 for each branch office, Rs.3,600 for each cement warehouse and Rs.10,000 for each Ready Mix Concrete Plant and that they be entitled to fees as agreed upon for any other consultation or certification work as may be required plus service tax, out-of-pocket, travelling and living expenses."

Notes : (a) 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.

(b) The Register of Members and Transfer Books of the Company will be closed from Tuesday, July 4, 2000 to Wednesday, July 19, 2000 both days inclusive.

(c) The Dividend when sanctioned will be paid on and from August 10, 2000 to those shareholders whose names stand on the Register of Members on July 19, 2000. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares as on July 4, 2000 as per details furnished by the Depositories for this purpose.

(d) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Items 6 to 13 as set out above are annexed hereto.

(e) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders, debentureholders and fixed deposit holders in respect of the shares, debentures and deposits held by them. Nomination forms can be obtained from the Share Department/ Fixed Deposit Section of the Company.

By Order of the Board,  
For THE ASSOCIATED CEMENT COMPANIES, LIMITED,

P. K. Sinor

Wholtime Director & Company Secretary

Mumbai, May 31, 2000

**Registered Office :**

"Cement House"

121, Maharshi Karve Road,

Mumbai 400 020.

## EXPLANATORY STATEMENTS

The following Explanatory Statements, as required by Section 173 of the Companies Act, 1956, set out all material facts relating to the business under Items 6 to 13 mentioned in the accompanying Notice dated May 31, 2000.

2. **Items 6 to 8 :** The Board of Directors appointed Mr Tarun Das as an Additional Director of the Company with effect from April 26, 2000. The Board has also appointed Mr N S Sekhsaria and Mr A L Kapur as Additional Directors of the Company with effect from December 27, 1999.

3. Mr Tarun Das graduated in Economics/ Commerce from Manchester University and was awarded an Honorary Doctorate in Science from the University of Warwick, U.K. As Director General of the Confederation of Indian Industry (C.I.I.), Mr Das is closely involved with major policy making groups concerned with Indian industry and in promoting business co-operation internationally. He has been conferred the title C.B.E. by Her Majesty, The Queen of England for his contribution to Indo-British Partnership.

4. Mr N S Sekhsaria is a Bachelor of Chemical Engineering and passed with Honours and Distinction and secured second rank from the University of Bombay. He is a technocrat and an entrepreneur par excellence. He is the Managing Director of Gujarat Ambuja Cements Limited which is one of the best managed cement companies in India.

5. Mr A L Kapur is a Fellow of the Institute of Chartered Accountants of India, New Delhi (F.C.A.) and the Institute of Cost & Works Accountants of India (F.I.C.W.A.). He has considerable experience in the cement industry and has served in various key positions as Executive Director and Chief Executive Officer, Birla Corporation Limited, President and Chief Executive, Cement Manufacturers' Association, Director (Finance), Cement Corporation of India Ltd. Mr Kapur was with ACC as Director (Finance) from March 30, 1984 to July 16, 1985 and thereafter as Wholtime Director from July 17, 1985 to March 19, 1989. Mr Kapur is presently the Wholtime Director of Gujarat Ambuja Cements Limited.

6. Under Section 260 of the Companies Act, 1956, Mr Tarun Das, Mr N S Sekhsaria and Mr A L Kapur hold office as Directors upto the date of the forthcoming Annual General Meeting.

7. Notices under Section 257 of the Companies Act, 1956, have been received from some members signifying their intention to propose the appointment of Mr Tarun Das, Mr N S Sekhsaria and Mr A L Kapur as Directors of the Company. In view of Mr Tarun Das having vast experience of the Indian Industry and Mr Sekhsaria and Mr Kapur's vast experience and in-depth knowledge of the cement industry, it is eminently desirable to appoint them as Directors of the Company.

8. **Item 9 :** The Managing/Wholtime Directors are being paid remuneration as per the respective Agreements entered into between them and the Company and approved by the shareholders. The said Agreements inter alia provide under the Minimum Remuneration clause that where in any financial year the Company had no profits or its profits were inadequate, the Company would pay remuneration by way of salary, perquisites and allowances as specified in the respective Agreements as "Minimum Remuneration". No commission would however become payable to the Directors.

9. During the current financial year 1999-2000, whilst the Operating Profits amounted to Rs.227.43 crore, the Company recorded a loss of Rs.58.85 crore mainly on account of decline in net sales realisation as a result of competitive business conditions. The overall decline in selling prices was over 4%. Further the profitability was adversely impacted due to increases in cost of major inputs. As against this, the Company was able to effect improvements in operational efficiencies and also significant savings in distribution costs. Depreciation was higher at Rs.124.51 crore as compared to the previous year's figure of Rs.103.76 crore on account of





commissioning of various projects including Captive Power Plants of 25MW each at Jamul and Kymore Works. The above factors coupled with the higher depreciation under Section 350 due to major investments has resulted in a loss under Section 309(5) of the Companies Act, 1956.

10. Under Section 309 of the Companies Act, 1956 the payment of remuneration to the Managing/Wholtime Directors cannot exceed 10% of the net profits of a company as computed under Section 349 of the Act. The total managerial remuneration cannot exceed, under Section 198 of the Act, 11% of the net profits of a company. As per Section 198(4) of the Companies Act, 1956, if in any financial year there is an absence or inadequacy of profits, the Company cannot pay its Directors, remuneration, in excess of the limits specified in Schedule XIII, Part II, Section II of the Act without the express approval of the Central Government. Under Section 309(5A) of the Act, any sums paid in excess of these statutory limits become refundable to the Company unless the Company waives the recovery of the amount paid in excess of the limits and such waiver is approved by the Central Government.

11. Despite the best efforts of the Management and for reasons beyond its control, there was a loss under Section 349 of the Companies Act, 1956, caused mainly on account of the factors indicated in paragraph 9 above. The Board is of the view that the Directors should therefore be permitted to retain the salary, perquisites and allowances as per their respective Agreements approved by the Members and paid/payable to them during the financial year ended March 31, 2000 though these are in excess of the statutory limits.

12. Since the remuneration paid/payable (which includes exempted perquisites viz. Contributions to Provident Fund and Superannuation Fund) to the Managing/Wholtime Directors as per the Members' approval is higher than the limit prescribed under Schedule XIII as mentioned above, the specific approval of the Central Government and the Members is necessary for the amounts paid in excess of the above limits as set out in Resolution at Item 9. The Central Government's approval is being sought to the retention by the Directors of the excess remuneration paid/payable to them and being treated by the Department of Company Affairs as increased remuneration.

13. Members' ratification, and confirmation of the payment of remuneration made to these Directors as set out in the Resolution at Item 9 and the approval for the retention of remuneration in excess of the statutory limits laid down in Sections 198, 309 and 310 of the Act is requested. The Board commends the Resolution for acceptance by the Members.

14. Mr. T.M.M. Nambiar, Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, Directors of the Company are concerned or interested in the Resolution.

15. **Items 10 & 11 :** With a view to further strengthening the employee bonds with the company and creating a common sense of ownership, it is proposed to introduce Employees' Stock Option Scheme (ESOS) as detailed hereinafter. It is expected that this Scheme would help in securing sustained competitive advantage and in motivating and retaining talented employees by providing an opportunity to identify their own interest with that of the Company and share in its growth. Through the above Scheme, permanent employees in the management cadre will be rewarded on the basis of their performance which will be evaluated as per criteria laid down by the Compensation Committee.

16. The guidelines formulated by the Securities and Exchange Board of India (SEBI) viz. (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the "said guidelines") as also

various clarifications issued by the Income Tax Authorities now provide an appropriate framework for introduction of an ESOS. It is therefore proposed to launch an ESOS as per which those permanent employees of the Company and the Company's Subsidiaries in the management cadre as may be decided by the Compensation Committee and directors (present and future) of the Company and the Company's Subsidiaries as may be decided by the Board/Compensation Committee (hereinafter referred to as "employees") would be given options to subscribe to a specific number of equity shares offered to them at a price to be determined by the Board/Compensation Committee. The Stock Options would be granted in addition to the existing compensation payable to the employees.

17. The existing Compensation Committee of Directors which decides the remuneration of Wholtime directors has been empowered to also formulate details of the scheme, administer and supervise the same as also ensure that the provisions of various guidelines including the SEBI disclosures in the investor protection guidelines are complied with and that there is no violation of the Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.

18. The salient features of the Scheme are given hereunder :

(a) The total number of options to be granted would not exceed 15,00,000 Equity shares i.e. about 0.9% of the Subscribed Equity Share Capital of the Company as on March 31, 2000.

(b) Those employees of the Company and Company's Subsidiaries as may be decided by the Compensation Committee and the Directors of the Company and Company's Subsidiaries as may be decided by the Board/Compensation Committee are entitled to participate in the ESOS.

(c) The vesting period is one year from the date of the grant. No employee can exercise his/her right during this vesting period.

(d) The exercise price for the purpose of grant of options will be computed on the average of the daily closing price of the Company's shares on Bombay Stock Exchange from March 1, 2000 to May 31, 2000. The Compensation Committee would be authorised to decide the amount of discount, not exceeding 20% on the above price, if any.

(e) The employee may exercise the option from the date of expiry of the vesting period but within four years from the date of vesting or as may be decided by the Compensation Committee from time to time.

(f) The Compensation Committee will determine the eligibility of employees for the ESOS based on the Company's requirements.

(g) The maximum number of options granted per eligible individual will not exceed 20,000 Equity shares and the aggregate of all such grants shall not exceed 15,00,000 Equity shares.

19. The Company shall conform to the accounting policies specified in the said Guidelines, as may be applicable.

20. Section 81 of the Companies Act, 1956, provides, inter alia that whenever it is proposed to increase the Subscribed Capital of a company by the allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the Equity Shares of the company in proportion to the paid-up capital unless the members in general meeting decide otherwise. The consent of the Members is, therefore, sought to authorise the Board of Directors to issue the Equity Shares in the manner set out in the Resolution at Items 10 & 11. The Special