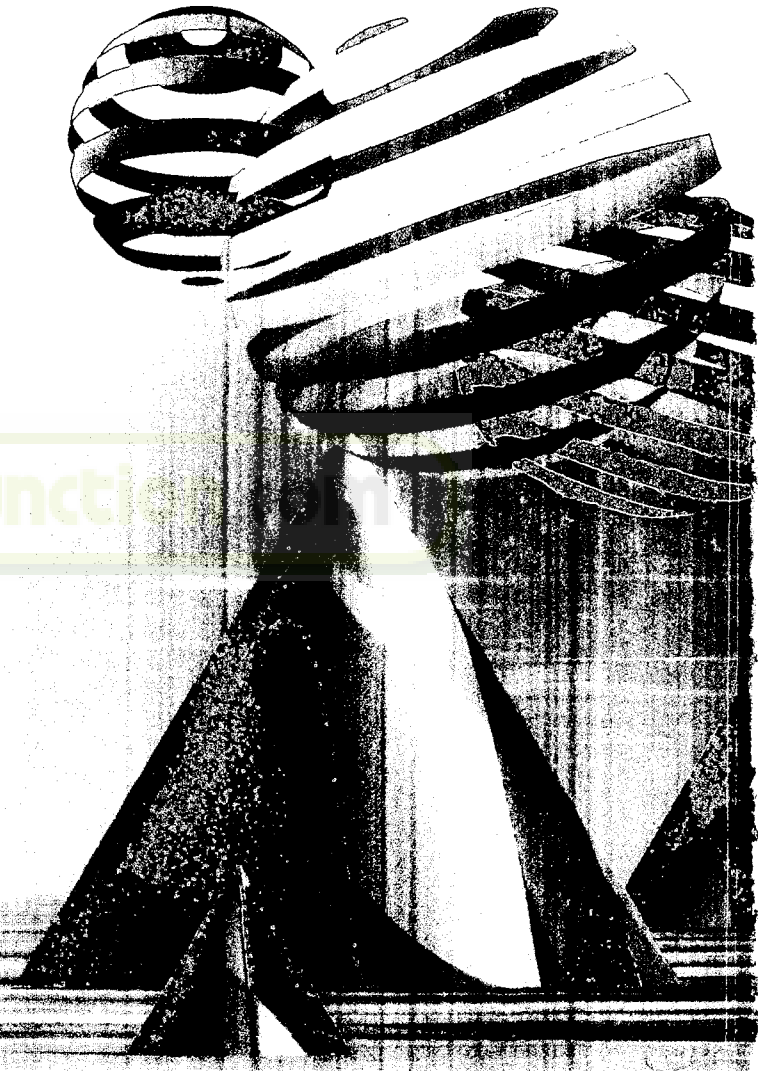


MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

annual report
1997-98

Report  Junction



asian paints
(India) Limited



NOTICE

NOTICE is hereby given that the Fifty-second **ANNUAL GENERAL MEETING** of **ASIAN PAINTS (INDIA) LIMITED** will be held at Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020 on **Thursday, the 6th of August, 1998 at 3.00 p.m.** to transact the following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the accounts for the year ended 31st March, 1998 together with the Reports of the Board of Directors and Auditors thereon.
- 2) To declare a dividend on Equity Shares.
- 3) To appoint a Director in place of Shri Abhay Arvind Vakil, who retires by rotation and, being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Shri Mahendra Chimanlal Choksi, who retires by rotation and, being eligible, offers himself for reappointment.
- 5) To appoint M/s. Shah & Company, Chartered Accountants, as Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS :

- 6) To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or substitution thereof and subject to the approval of the Central Government, if any, required, the Company hereby approves the reappointment of Shri Abhay Arvind Vakil, as a Wholetime Director of the Company for a period of five years from 1st March, 1998, upon the terms and conditions set out in the draft agreement submitted to this meeting and for identification signed by the Chairman thereof which agreement is hereby specifically sanctioned with authority to the Board of Directors to alter and/or vary the terms and conditions of the said appointment within the limits, if any, prescribed in the Act and/or any Schedules thereto."

"RESOLVED FURTHER THAT subject to the provisions of Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956 or any amendment or substitution thereof, the Company hereby accords its approval to the increase in the remuneration payable to Shri Abhay Arvind Vakil, Wholetime Director of the Company, from 1st July, 1998 for the remaining period of the tenure of his appointment i.e. upto 28th February, 2003, and which increase in the remuneration is detailed in the draft agreement to be entered into with him, placed before the meeting and signed by the Chairman for the purpose of identification."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company will pay Shri Abhay Arvind Vakil remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be decided by the Board of Directors."

"AND RESOLVED FURTHER THAT the Board of Directors be and they are hereby authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Shri Abhay Arvind Vakil in the light of the further progress of the Company which revision should be in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder and/or such guidelines as may be announced by the Central Government from time to time."

- 7) To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT subject to the provisions of Sections 198, 309, 310 and other provisions of the Companies Act, 1956 or any amendment or substitution thereof, the Company hereby accords its approval to the increase in the remuneration payable to Shri Ashwin Chimanlal Choksi, Chairman and Managing Director of the Company from 1st July, 1998 for the remaining period of the tenure of his appointment i.e. upto 14th April, 1999, and which increase in the remuneration is detailed in the draft of supplemental agreement to be entered into with him, placed before the meeting and signed by the Chairman for the purpose of identification."

- 8) To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT subject to the provisions of Sections 198, 309, 310 and other provisions of the Companies Act, 1956 or any amendment or substitution thereof, the Company hereby accords its approval to the increase in the remuneration payable to Shri Ashwin Suryakant Dani, Vice Chairman and Wholetime Director of the Company from 1st July, 1998 for the remaining period of the tenure of his appointment i.e. upto 30th September, 2001, and which increase in the remuneration is detailed in the draft of supplemental agreement to be entered into with him, placed before the meeting and signed by the Chairman for the purpose of identification."

- 9) To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT subject to the provisions of Sections 198, 309, 310 and other provisions of the Companies Act, 1956 or any amendment or substitution thereof, the Company hereby accords its approval to the increase in the remuneration payable to Shri K. Rajagopalachari, Wholetime Director of the Company from 1st July, 1998 for the remaining period of the tenure of his appointment i.e. upto 3rd

May, 1999, and which increase in the remuneration is detailed in the draft of supplemental agreement to be entered into with him, placed before the meeting and signed by the Chairman for the purpose of identification."

- 10) To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or substitution thereof and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to Shri Manish Mahendra Choksi (a relative of the Company's Director, Shri Mahendra Chimanlal Choksi) to hold and continue to hold office or place of profit under the Company upon a revised monthly salary of Rs. 14,000/- (Rupees fourteen thousand only) in the grade of Rs. 14,000 - Rs. 3,000 - Rs. 26,000 and other allowances, benefits and amenities as applicable to the Company's 'D' Grade Executives, with effect from 1st April, 1997 to 21st December, 1997."

- 11) To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or substitution thereof and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to Shri Manish Mahendra Choksi (a relative of Company's Director, Shri Mahendra Chimanlal Choksi) to hold and continue to hold office or place of profit under the Company upon a revised monthly salary of Rs. 14,000/- (Rupees fourteen thousand only) in the grade of Rs. 14,000 - Rs. 3,000 - Rs. 17,000 - Rs. 4,500 - Rs. 35,000 and other allowances, benefits and amenities as applicable to the Company's 'B' Grade Executives, with effect from 22nd December, 1997 and after the yearly revision upon a revised monthly salary of Rs. 17,000/- (Rupees seventeen thousand only) in the grade of Rs. 17,000 - Rs. 4,500 - Rs. 35,000 and other allowances, benefits and amenities as applicable to the Company's 'B' Grade Executives, with effect from 1st April, 1998."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and they are hereby authorised to promote him to higher cadres and/or to sanction him accelerated increments within the said cadre as and when they deem fit, subject, however, to the rules and regulations of the Company, in force, from time to time."

NOTES :

- 1) The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
- 2) **A member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, vote instead of himself/herself. A proxy need not be a member. Proxies in order to be effective must be received by the Company at its Registered Office not later than forty eight hours before the commencement of the meeting.**
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 17th July, 1998 to Thursday, the 6th August, 1998. (both days inclusive).
- 4) Dividend recommended by the Directors, if approved by the Members at the Annual General Meeting, will be paid on or after 6th of August, 1998 to those Members whose names appear on the Register of Members as on 6th August, 1998.
- 5) Members are requested to notify changes, if any, in their address to the Company's Registered Office at the earliest but not later than 24th July, 1998.
- 6) Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature registered with the Company for admission to the meeting hall.
- 7) Members are hereby informed that the Company has transferred to the Central Government all unclaimed dividends relating to the accounting years upto 31st March, 1994. Members who have not collected dividends for any accounting year upto and including 31st March, 1994 are requested to make an application to the Registrar of Companies, Maharashtra, Hakoba Compound, Mumbai Industrial Estate, Kalachowki, Chinchpokli (East), Mumbai 400 034 for an order for payment of such uncollected dividends. Such application has to be made in the prescribed Form No. II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.
- 8) Separate communications are forwarded with the Report to such shareholders whose dividend/s as above have been last transferred to the Central Government, under the aforesaid rules.
- 9) Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Assistant Company Secretary at least seven days in advance of the meeting so that the information required may be made readily available at the meeting.

BY ORDER OF THE BOARD
FOR ASIAN PAINTS (INDIA) LIMITED

Registered Office :
'Nirmal', 5th Floor,
Nariman Point,
Mumbai 400 021

R. J. JEYAMURUGAN
ASSISTANT COMPANY SECRETARY

Date : 16th June, 1998

**ANNEXURE TO NOTICE
EXPLANATORY STATEMENT**

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 6 :

The term of office of Shri Abhay Arvind Vakil expired on 28th February, 1998. The Board of Directors of the Company at their meeting held on 10th April, 1998 has subject to the approval of shareholders in the General Meeting, reappointed Shri Abhay Arvind Vakil as the Wholetime Director of the Company for a further period of five years from 1st March, 1998, on the same terms and conditions as earlier applicable.

Shri Abhay Arvind Vakil has been associated with the Company since 1974. A graduate in Chemistry from Syracuse University in USA, Shri Abhay Arvind Vakil has also completed several courses in various management disciplines. During his tenure as the Wholetime Director of the Company, Shri Abhay Arvind Vakil performed well in all areas of work entrusted to him by the Managing Directors.

Considering the knowledge and experience of Shri Abhay Arvind Vakil, your Directors are of the opinion that it is in the interest of the Company to reappoint him as the Wholetime Director.

In line with the contemporary emolument levels in the industry and the revision in emoluments accorded to company executives, the Board of Directors of the Company at their meeting held on 16th June, 1998 has, subject to the approval of the shareholders in the Annual General Meeting, increased the remuneration payable to Shri Abhay Arvind Vakil effective 1st July, 1998.

The terms and conditions of remuneration etc., applicable to Shri Abhay Arvind Vakil, as set out in the draft agreement for the period from 1st March, 1998 to 30th June, 1998 and effective 1st July, 1998 are as under.

(A) FOR THE PERIOD FROM 1st MARCH, 1998 TO 30th JUNE, 1998 :

Salary : Rs. 24,000/- per month in the grade of Rs. 21,000/- Rs. 1000 - Rs. 25,000

Commission : Commission on the net profits of the Company for each financial year not exceeding (a) 1% of the Company's profits, OR (b) 50% of his annual salary, whichever is less.

Perquisites : The perquisites shall be restricted to an annual salary or Rs. 2,52,800 per annum, whichever is less. Perquisites are classified in three categories, 'A', 'B' and 'C' as follows :

PART - A
Housing :

- In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Wholetime Director.
- In case accommodation owned by the Company is provided, 10% of the salary of the Wholetime Director shall be deducted by the Company.
- In case no accommodation is provided by the Company, the Wholetime Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 subject to a ceiling of 10% of the salary of the Wholetime Director.

Medical Expenses : Reimbursement of expenses incurred by the Wholetime Director for self and family.

Leave Travel Concession : Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.

Personal Accident Insurance of an amount the annual premium of which does not exceed Rs. 4,000/-.

Club Fees : Fees for clubs subject to a maximum of two clubs.

PART - B

Provident Fund : Company's contribution towards Provident Fund, subject to a ceiling of 12% of the salary.

Pension/Superannuation : Benefits in accordance with the rules and regulations in force in the Company from time to time.

Gratuity : Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed a half month's salary for each completed year of service.

PART - C

Car : Provision of Company's car for both official and personal purpose of the Wholetime Director.

Telephone : Provision of telephone at residence. Personal long distance calls on telephone shall be billed by the Company to the Wholetime Director.

Leave : Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of six months. Leave encashment for a maximum of six months accumulated leave to be permitted at the end of the term, after obtaining such approvals as may be necessary.

Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company, from time to time.

Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

Contributions to Provident Fund, Pension/Superannuation Fund to the extent not taxable under the Income Tax Act, Gratuity and encashment of leave at the end of the tenure shall not be included in the computation of the ceiling on perquisites.

(B) FOR THE PERIOD EFFECTIVE 1st JULY, 1998 :

- Salary : Rs. 90,000/- per month, in the grade of Rs. 90,000 - Rs. 9,000 - Rs. 1,35,000
- House Rent Allowance : 30% of the salary per month.

Housing :

- In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Wholetime Director.
- In case the Wholetime Director is provided accommodation owned by the Company, 10% of the salary of the Wholetime Director shall be deducted by the Company.
- In case no accommodation is provided by the Company, the Wholetime Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (II) above.

III. Provident Fund : 12% of the salary per month.

IV. Superannuation : 15% of the salary per month.

The contributions at (III) and (IV) above are subject to any changes effected in the schemes/rules of the respective funds.

V. Car : Provision of Company's car with driver for both official and personal purpose of the Wholetime Director.

VI. Telephone : Provision of telephone at residence. Personal long distance calls shall be billed by the Company to the Wholetime Director.

VII. Perquisites : The perquisites shall be with an overall limit of Rs. 1.25 lacs per annum. Such perquisites will include Leave Travel Assistance; Reimbursement of medical expenses; Club fees, subject to a maximum of two clubs; Personal accident insurance, subject to an annual premium being limited to Rs. 4,000, gas and electricity expenses. The perquisites shall be valued as per Income Tax Act, 1961.

VIII. Commission : Minimum commission of 50% of the annual salary, that may be revised from time to time at the discretion of the Board, subject to a maximum of 100% of the annual salary.

OTHER BENEFITS :

Gratuity : Benefits in accordance with the rules and regulations in force in the Company from time to time but shall not exceed a half month's salary for each completed year of service.

Pension : Benefits in accordance with the rules and regulations in force in the Company from time to time.

Leave : Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of six months. Leave encashment for a maximum of six months accumulated leave to be permitted at the end of the term, after obtaining such approvals as may be necessary.

Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company, from time to time.

Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

The above remuneration as aforesaid to be allowed to the Wholetime Director shall be subject to such limits for these remuneration as laid down by the Companies Act, 1956.

The scope and quantum of remuneration and perquisites specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder and/or such guidelines as may be announced by the Central Government from time to time.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay him a remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, and as may be decided by the Board of Directors of the Company.

The Company shall pay to or reimburse the Wholetime Director and he shall be entitled to be paid and/or to be reimbursed by the Company all costs, charges, and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

The draft agreement to be entered into by the Company with Shri Abhay Arvind Vakil is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing Annual General Meeting.

The above terms and conditions shall be deemed to be an abstract under Section 302 of the Companies Act, 1956.

The Board therefore recommends the Special Resolution at Item No. 6 for your approval. Excepting Shri Abhay Arvind Vakil and Shri Amar Arvind Vakil, no other Director is interested in the Resolution at Item No. 6.

Item No. 7 :

Shareholders will recall approving the reappointment of Shri Ashwin Chimanlal Choksi as Managing Director of the Company for a period of five years commencing from 15th April, 1994, at the Extra Ordinary General Meeting of the Company held on 10th June, 1994.

In line with the contemporary emolument levels in the industry and the revisions in emolument accorded to Company executives, the Board of Directors of the Company at their meeting held on 16th June, 1998 has subject to the approval of the shareholders in the Annual General Meeting revised the remuneration of the Managing Director for the remaining tenure of his appointment, i.e. upto 14th April, 1999. Increase in remuneration will come into effect from 1st July, 1998.

The Board, therefore recommends the Special Resolution at Item No. 7 for your approval.

The principal terms of revised remuneration proposed for Shri Ashwin Chimanlal Choksi, as set out in the draft agreement to be placed before the meeting are given hereunder :

I. Salary : Rs. 90,000/- per month, in the grade of Rs. 90,000 - Rs. 9,000 - Rs. 1,35,000

II. House Rent Allowance : 30% of the salary per month.

Housing :

a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Managing Director.

b) In case the Managing Director is provided accommodation owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.

c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (II) above.

III. Provident Fund : 12% of the salary per month.

IV. Superannuation : 15% of the salary per month.

The contributions at (III) and (IV) above are subject to any changes effected in the schemes/ rules of the respective funds.

V. Car : Provision of Company's car with driver for both official and personal purpose of the Managing Director.

VI. Telephone : Provision of telephone at residence. Personal long distance calls shall be billed by the Company to the Managing Director.

VII. Perquisites : The perquisites shall be with an overall limit of Rs. 1.25 lacs per annum. Such perquisites will include Leave Travel Assistance; Reimbursement of medical expenses; Club fees, subject to a maximum of two clubs; Personal accident insurance, subject to an annual premium being limited to Rs. 4,000, gas and electricity expenses. The perquisites shall be valued as per Income Tax Act, 1961.

VIII. Commission : Minimum commission of 50% of the annual salary, that may be revised from time to time at the discretion of the Board, subject to a maximum of 100% of the annual salary.

OTHER BENEFITS :

Gratuity : Benefits in accordance with the rules and regulations in force in the Company from time to time but shall not exceed a half month's salary for each completed year of service.

Pension : Benefits in accordance with the rules and regulations in force in the Company from time to time.

Leave : Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of six months. Leave encashment for a maximum of six months accumulated leave to be permitted at the end of the term, after obtaining such approvals as may be necessary.

Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company, from time to time.

Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

The above remuneration as aforesaid to be allowed to the Managing Director shall be subject to such limits for these remuneration as laid down by the Companies Act, 1956.

The scope and quantum of remuneration and perquisites specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, and/ or the rules and regulations made thereunder and/ or such guidelines as may be announced by the Central Government from time to time.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the company will pay him a remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, and as may be decided by the Board of Directors of the Company.

The Company shall pay to or reimburse the Managing Director and he shall be entitled to be paid and/ or to be reimbursed by the Company all costs, charges, and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

The draft agreement to be entered into by the Company with Shri Ashwin Chimanlal Choksi is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing Annual General Meeting.

The above terms and conditions shall be deemed to be an abstract under Section 302 of the Companies Act, 1956.

Excepting Shri Ashwin Chimanlal Choksi and Shri Mahendra Chimanlal Choksi, no other Director is interested in the resolution at item No. 7.

Item No. 8 :

Shareholders will recall approving the reappointment of Shri Ashwin Suryakant Dani as Wholtime Director of the Company for a period of five years commencing from 1st October, 1996, at the Annual General Meeting of the Company held on 5th August, 1996.

In line with the contemporary emolument levels in the industry and the revisions in emoluments accorded to Company executives, the Board of Directors of the Company at their meeting held on 16th June, 1998 has subject to the approval of the shareholders in the Annual General Meeting revised the remuneration of the Wholtime Director for the remaining tenure of his appointment, i.e. upto 30th September 2001. Increase in

remuneration will come into effect from 1st July, 1998.

The Board, therefore recommends the Special Resolution at Item No. 8 for your approval.

The principal terms of revised remuneration proposed for Shri Ashwin Suryakant Dani, as set out in the draft agreement to be placed before the meeting are given hereunder :

I. Salary : Rs. 90,000/- per month, in the grade of Rs. 90,000 - Rs. 9,000 - Rs. 1,35,000

II. House Rent Allowance : 30% of the salary per month.

Housing :

a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Wholtime Director.

b) In case the Wholtime Director is provided accommodation owned by the Company, 10% of the salary of the Wholtime Director shall be deducted by the Company.

c) In case no accommodation is provided by the Company, the Wholtime Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (II) above.

III. Provident Fund : 12% of the salary per month.

IV. Superannuation : 15% of the salary per month.

The contributions at (III) and (IV) above are subject to any changes effected in the schemes/ rules of the respective funds.

V. Car : Provision of Company's car with driver for both official and personal purpose of the Wholtime Director.

VI. Telephone : Provision of telephone at residence. Personal long distance calls shall be billed by the Company to the Wholtime Director.

VII. Perquisites : The perquisites shall be with an overall limit of Rs. 1.25 lacs per annum. Such perquisites will include Leave Travel Assistance; Reimbursement of medical expenses; Club fees, subject to a maximum of two clubs; Personal accident insurance, subject to an annual premium being limited to Rs. 4,000, gas and electricity expenses. The perquisites shall be valued as per Income Tax Act, 1961.

VIII. Commission : Minimum commission of 50% of the annual salary, that may be revised from time to time at the discretion of the Board, subject to a maximum of 100% of the annual salary.

OTHER BENEFITS :

Gratuity : Benefits in accordance with the rules and regulations in force in the Company from time to time but shall not exceed a half month's salary for each completed year of service.

Pension : Benefits in accordance with the rules and regulations in force in the Company from time to time.

Leave : Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of six months. Leave encashment for a maximum of six months accumulated leave to be permitted at the end of the term, after obtaining such approvals as may be necessary.

Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company, from time to time.

Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

The above remuneration as aforesaid to be allowed to the Wholtime Director shall be subject to such limits for these remuneration as laid down by the Companies Act, 1956.

The scope and quantum of remuneration and perquisites specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, and/ or the rules and regulations made thereunder and/ or such guidelines as may be announced by the Central Government from time to time.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay him a remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, and as may be decided by the Board of Directors of the Company.

The Company shall pay to or reimburse the Wholtime Director and he shall be entitled to be paid and/ or to be reimbursed by the Company all costs, charges, and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

The draft agreement to be entered into by the Company with Shri Ashwin Suryakant Dani is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing Annual General Meeting.

The above terms and conditions shall be deemed to be an abstract under Section 302 of the Companies Act, 1956.

Excepting Shri Ashwin Suryakant Dani and Shri Jalaj Ashwin Dani, no other Director is interested in the Resolution at Item No. 8

Item No. 9 :

Shareholders will recall approving the reappointment of Shri K. Rajagopalachari as Wholtime Director of the Company for a period of five years commencing from 4th May, 1994, at the Extra Ordinary General Meeting of the Company held on 10th June, 1994.

In line with the contemporary emolument levels in the industry and the revisions in emoluments accorded to Company executives, the Board of Directors of the Company at


asian paints
(India) Limited

their meeting held on 16th June, 1998 has subject to the approval of the shareholders in the Annual General Meeting revised the remuneration of the Wholtime Director for the remaining tenure of his appointment, i.e. upto 3rd May, 1999. Increase in remuneration will come into effect from 1st July, 1998.

The Board, therefore recommends the Special Resolution at Item No. 9 for your approval. The principal terms of revised remuneration proposed for Shri K. Rajagopalachari, as set out in the draft agreement to be placed before the meeting are given hereunder:

I. Salary : Rs. 90,000/- per month, in the grade of Rs. 90,000 - Rs. 9,000 - Rs. 1,35,000

II. House Rent Allowance : 30% of the salary per month.

Housing :

a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Wholtime Director.

b) In case the Wholtime Director is provided accommodation owned by the Company, 10% of the salary of the Wholtime Director shall be deducted by the Company.

c) In case no accommodation is provided by the Company, the Wholtime Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (II) above.

III. Provident Fund : 12% of the salary per month.

IV. Superannuation : 15% of the salary per month.

The contributions at (III) and (IV) above are subject to any changes effected in the schemes/ rules of the respective funds.

V. Car : Provision of Company's car with driver for both official and personal purpose of the Wholtime Director.

VI. Telephone : Provision of telephone at residence. Personal long distance calls shall be billed by the Company to the Wholtime Director.

VII. Perquisites : The perquisites shall be with an overall limit of Rs. 1.25 lacs per annum. Such perquisites will include Leave Travel Assistance; Reimbursement of medical expenses; Club fees, subject to a maximum of two clubs; Personal accident insurance, subject to an annual premium being limited to Rs. 4,000, gas and electricity expenses. The perquisites shall be valued as per Income Tax Act, 1961.

VIII. Commission : Minimum commission of 50% of the annual salary, that may be revised from time to time at the discretion of the Board, subject to a maximum of 100% of the annual salary.

OTHER BENEFITS :

Gratuity : Benefits in accordance with the rules and regulations in force in the Company from time to time but shall not exceed a half month's salary for each completed year of service.

Pension : Benefits in accordance with the rules and regulations in force in the Company from time to time.

Leave : Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of six months. Leave encashment for a maximum of six months accumulated leave to be permitted at the end of the term, after obtaining such approvals as may be necessary.

Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company, from time to time.

Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

The above remuneration as aforesaid to be allowed to the Wholtime Director shall be subject to such limits for these remuneration as laid down by the Companies act, 1956.

The scope and quantum of remuneration and perquisites specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act and/ or the rules and regulations made thereunder and/or such guidelines as may be announced by the Central Government from time to time.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the company will pay him a remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, and as may be decided by the Board of Directors of the Company.

The Company shall pay to or reimburse the Wholtime Director and he shall be entitled to be paid and/or to be reimbursed by the Company all costs, charges, and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

The draft agreement to be entered into by the Company with Shri K. Rajagopalachari is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days except Saturdays Sundays, and Public Holidays, till the conclusion of the ensuing Annual General Meeting.

The above terms and conditions shall be deemed to be an abstract under Section 302 of the Companies Act, 1956.

Excepting Shri K. Rajagopalachari, no other Director is interested in the Resolution at Item No. 9.

Item Nos. 10 and 11 :

Shareholders will recall their approval of, through a Special Resolution, Shri Manish Mahendra Choksi, a relative of Company's Director, Shri Mahendra Chimanlal Choksi, to hold and continue to hold office or place of profit under the Company under Section 314

and other applicable provisions, if any, of the Companies Act, 1956, in the Annual General Meeting held on 13th August, 1993.

The said Resolution, inter alia, vested powers with the Board of Directors of the Company to place him suitably in any of the management cadres of the Company, to sanction to him increment/accelerated increments within the said cadre/s and/or to promote him to higher cadres, as they deem fit, subject however, to the rules and regulations of the Company in force from time to time and prior approval of the Central Government under Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 as and when the remuneration exceeds the monetary ceiling prescribed, if any, for such approval under the Act and the rules thereunder.

The Board of Directors of the Company in their meeting held on 16th June, 1997 approved the increase in salaries and perquisites of Shri Manish Mahendra Choksi with effect from 1st April, 1997, subject to the approval of the Central Government. Since the monthly remuneration was of more than Rs. 20,000/-, the Company preferred an application to the Central Government for their approval under Section 314(1B) of the Companies Act, 1956.

The Central Government vide their letter dated 5th March, 1998 rejected the Company's application on the ground that the Members' Resolution dated 13th August, 1993 does not envisage the appointment on a time scale and the powers of passing Special Resolution is a specific provision and cannot be delegated.

In line with the directions from the Government of India, a Special Resolution incorporating the salary of Shri Manish Mahendra Choksi on a time scale is placed before the shareholders for their consent under Section 314 and other applicable provisions, if any, of the Companies Act, 1956.

The details of salaries and perquisites proposed to be paid with effect from 1st April, 1997 are as under :

Basic salary	Rs. 14,000/- in the grade of Rs. 14,000 - Rs. 3,000 - Rs. 26,000
House Rent Allowance	Rs. 6,000 per month.
Provident Fund	10% of the salary upto 21.9.1997 and 12% of the salary with effect from 22.9.1997
Bonus	Rs. 4,000 per annum
Performance Incentive	Rs. 41,000 per annum
Leave Travel Assistance	Rs. 15,000 per annum
Medical Reimbursement	Rs. 10,000 per annum or Rs. 30,000 for a block of three years.

Considering the result oriented contributions he has made in the past, he was elevated to 'EB' grade with effect from 22nd December, 1997 on the salaries and allowances as applicable to the said grade executives in the Company. The Company's management have recently reviewed the salaries and allowances of all its executives in various management cadres and revised the remuneration upwards. In line with this revision, the Board of Directors of the Company in their meeting held on 16th June, 1998 have approved the increase in salary and allowances of Shri Manish Mahendra Choksi with effect from 1st April, 1998.

The revised salaries and allowances proposed to be paid to Shri Manish Mahendra Choksi on his elevation to 'EB' Grade with effect from 22nd December, 1997 and after yearly revision with effect from 1st April, 1998 are as under :

	On his elevation to EB Grade with effect from 22.12.1997	After the yearly revision with effect from 1.4.1998
Basic Salary	Rs. 14,000 per month in the grade of Rs. 14,000 - Rs. 3,000 - Rs. 17,000	Rs. 17,000 in the grade of Rs. 17,000 - Rs. 4,500 - Rs. 35,000
House Rent Allowance	Rs. 7,000 per month	Rs. 8,000 per month
Provident Fund	12% of the basic salary	12% of the basic salary
Bonus	Rs. 4,000 per annum	Nil
Superannuation	15% of the basic salary	15% of the basic salary
Performance Incentive	Rs. 1,56,000 per annum	Rs. 1,60,000 per annum
Leave Travel Assistance	Rs. 21,000 per annum	Rs. 30,000 per annum
Medical Reimbursement	Rs. 10,000 per annum or Rs. 30,000 for a block of three years	Rs. 15,000 per annum or Rs. 45,000 for a block of three years.
Car	Company maintained car	Company maintained car.

A Special Resolution incorporating the revised salary of Shri Manish Mahendra Choksi on a time scale is placed before the shareholders for their consent under Section 314 and other applicable provisions, if any, of the Companies Act, 1956.

Necessary application(s) under Section 314(1B) and other applicable provisions, if any of the Companies Act, 1956 for obtaining the approval of the Central Government will be preferred after obtaining the consent of the shareholders.

The Board therefore recommends the Special Resolutions at Items No. 10 and 11 for your approval.

Excepting Shri Mahendra Chimanlal Choksi, no other Director is interested in the Resolutions under Items Nos. 10 and 11.

BY ORDER OF THE BOARD
FOR ASIAN PAINTS (INDIA) LIMITED

R. Jeyamurugan

R. J. JEYAMURUGAN
ASSISTANT COMPANY SECRETARY

Registered Office :
'Nirmal', 5th Floor,
Nariman Point,
Mumbai 400 021

Date : 16th June, 1998

Dear Shareholder,

31st July, 1997, marks a watershed in the history of our Company. On that date occurred the sad demise of the last of our great four-founders, the end of the founders era. Yet, the date is not to be looked upon as a historical disjunction but as the date interlocking the trajectory of the Company's future.

Institutions are essentially large sized blueprints for human behaviour. They represent and impart coherence to ways we act in our diverse roles as promoters, shareholders, suppliers, clients, customers or professional managers. This, our ability to think of ourselves and others in abstract and interlinked "roles" in "the institution", brings coherence and stability to our relationships.

Companies and their blueprints mirror to a great extent the men who are at the helm. It is, therefore, unwise for a generation to follow another uncritically and without creativity. Stressing personal leadership qualities without reference to contextual differences is often interesting exposition but not an insightful analysis. Continued accent on market liberalisation and globalisation demand that we pursue a drastically different strategy.

I am a believer in change but change with continuity. The blueprint of our Company has ever reflected the symbiosis of the agenda between entrepreneurs and professional managers for value generation and for governance. There can be no change in this. Information and communication are emerging in their own to serve and challenge corporate leadership. These must occupy appropriate place in our new blueprint.

Our vision is sharper now as we embark on our transformation into a large but focussed organisation in the world of coatings. An organisation's future is as certain as its ability to continue the 'kayakalp' or replacement process.

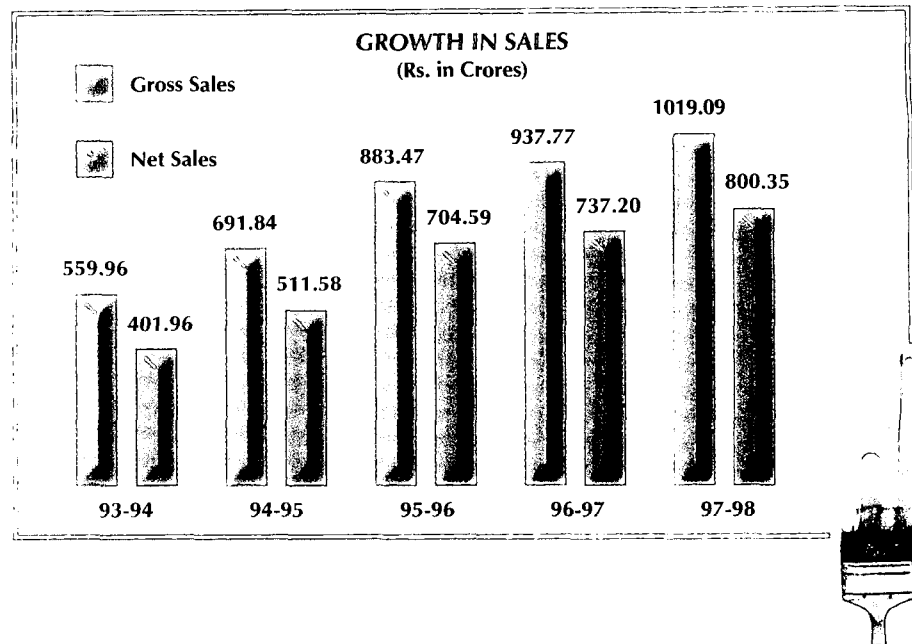
The coverpage is the artist's vision of movements in change based on solid foundation.

With regards,

Yours Sincerely

Ashwin Choksi





DISTRIBUTION OF INCOME

