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AARTI INDUSTRIES LIMITED

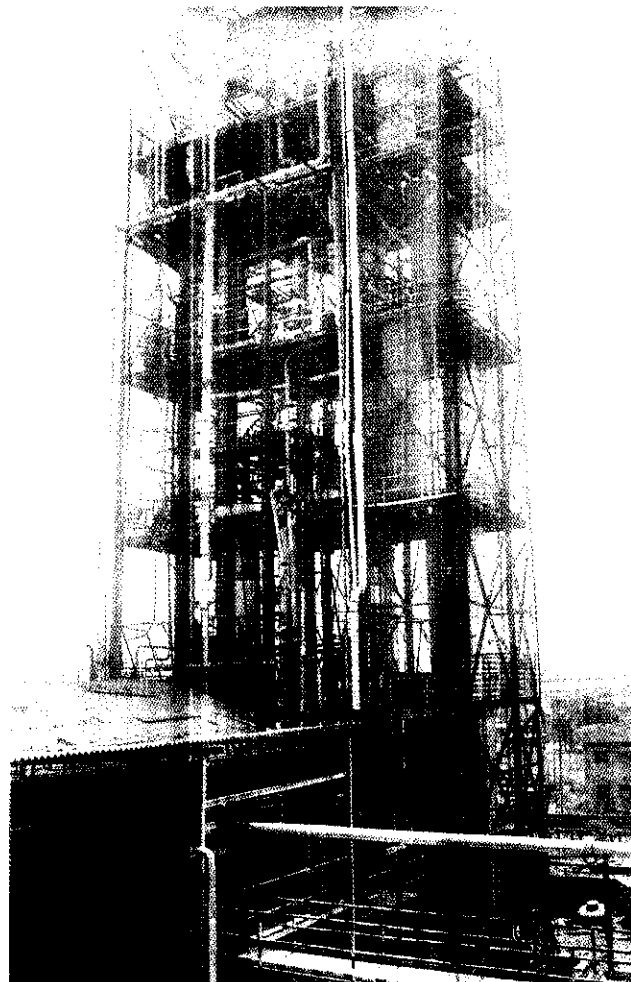
MEMBER **ALCHEMIE GROUP**

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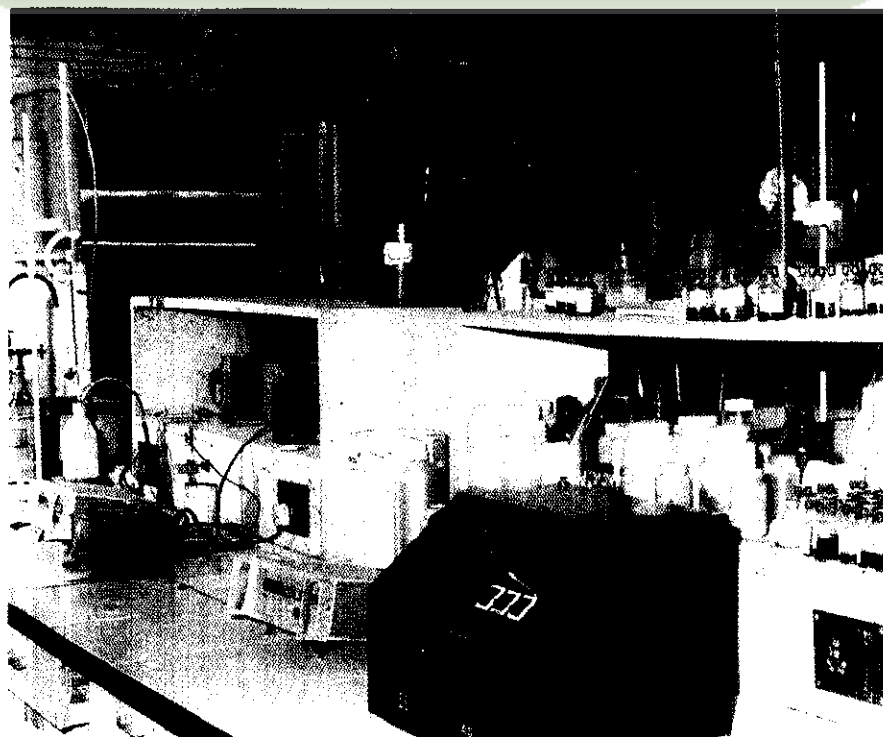


Sulphuric Acid Plant at Vapi Factory



PNCB & ONCB Plant at Vapi Factory

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Quality control lab. at Vapi Factory

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Attention Members

Secretarial Department of the Company has been shifted to Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, L.B.S. Marg, Mulund (W), Mumbai - 400 080.

Working Days : Monday to Saturday
(Except Fourth Saturday)

Visiting Hours : 9.30 a.m. to 12.30 p.m.
2.00 p.m. to 4.00 p.m.

DIRECTORS-

CHANDRAKANT V. GOGRI, Chairman
RAJENDRA V. GOGRI, Managing Director
SHANTILAL T. SHAH, Joint Managing Director
PARIMAL H. DESAI, Wholetime Director
RAMDAS M. GANDHI
VIJAY H. PATIL
LAXMICHAND K. JAIN
MANOJ M. CHHEDA, Wholetime Director
RASHESH C. GOGRI, Wholetime Director
NEELA T. JAVERI, Nominee Director - ICICI

COMPANY SECRETARY

MOHAN P. SONAR

AUDITORS

MESSRS. PARIKH JOSHI & KOTHARE
49/2341, SHRI SAI KRIPA CO-OP. HSG. SOC.
M.H.B. COLONY, GANDHI NAGAR,
BANDRA (EAST), MUMBAI-400 051.

BANKERS

BANK OF BARODA
UNION BANK OF INDIA
STATE BANK OF INDIA

REGISTERED OFFICE

PLOT NOS. 801, 801/23,
GIDC ESTATE, PHASE III,
VAPI-396 195, DIST. VALSAD
GUJARAT

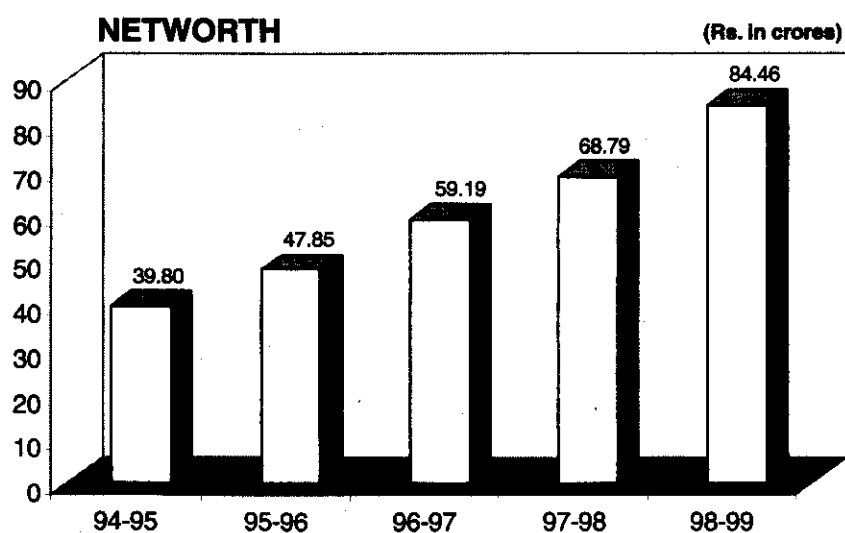
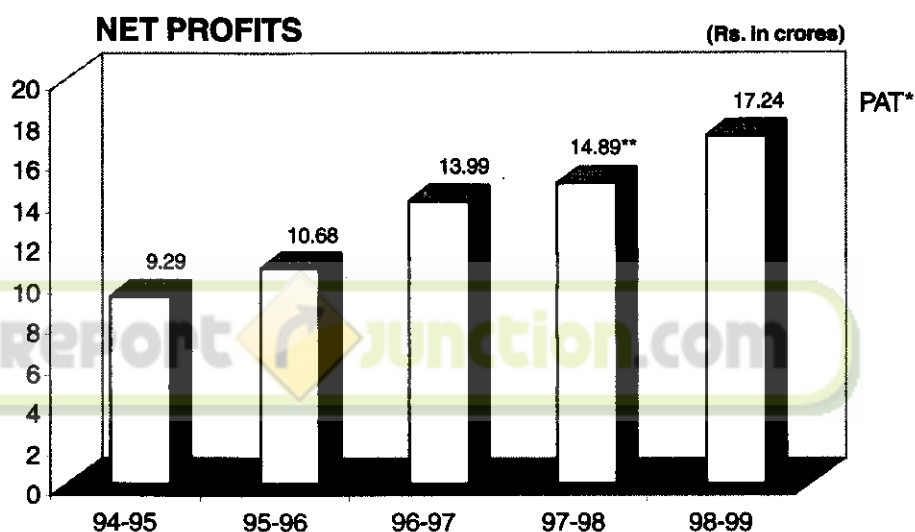
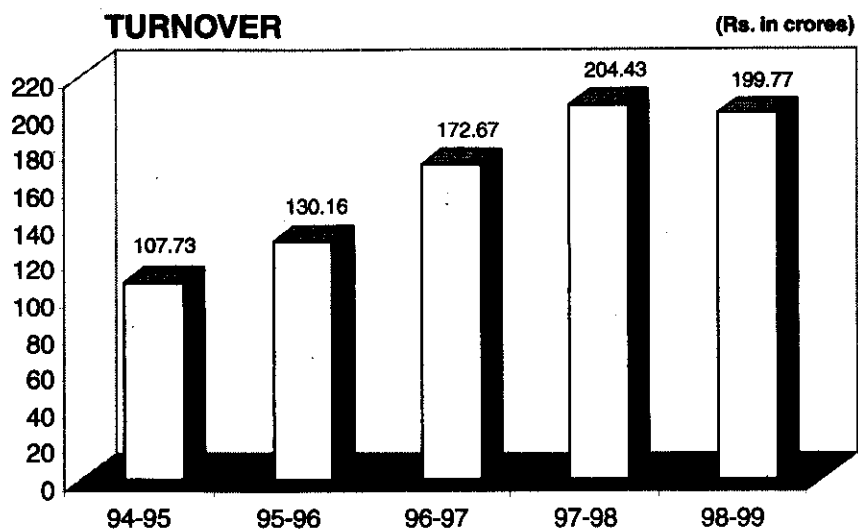
ADMINISTRATIVE / SECRETARIAL OFFICE

UDYOG KSHETRA
IIND FLOOR, L.B.S. MARG,
MULUND-GOREGAON LINK ROAD
MULUND (W), MUMBAI 400 080

NOTE:

Shareholders are requested to bring their copy of the Annual Report along with them as the same will not be distributed at the Meeting.

AARTI INDUSTRIES LIMITED



* Profit after Tax

** Profit after Tax but before adjustment of extra-ordinary loss of Rs. 2.53 crores due to accident

NOTICE

NOTICE is hereby given that an Extra-ordinary General Meeting of the Members of **AARTI INDUSTRIES LIMITED** will be held at Udyog Kshetra, 2nd floor, Mulund Goregaon Link Road, L.B.S. Marg, Mulund (W), Mumbai 400 080 on **Friday, 20th August, 1999** at 10.00 a.m. to transact the following special business :

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 Section 77A and other applicable provisions, if any, of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 (including any statutory modifications or re-enactment thereof, for the time being in force), the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 as amended upto date (hereinafter referred to as "the said Regulations") and the Foreign Exchange Regulations Act, 1973 as amended upto date and pursuant to Article 10A of the Articles of Association of the Company and subject to such approvals and sanctions as may be prescribed or imposed which may be agreed to by the Board of Directors

of the Company (hereinafter referred to as "the Board"), the consent of the Company be and is hereby accorded to the Board to buy-back 6,00,000/- (Six lakhs only) Equity Shares of Rs.10/- each fully paid-up from the Shareholders whose names stand on the Register of Members on 'Specified Date' to be fixed in accordance with the said Regulations, on apportionate basis through the tender offer method.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem necessary, proper, desirable or expedient to give effect to this resolution."

Registered Office:
Plot Nos.801, 801/23,
GIDC Estate, Phase-III,
Vapi - 396 195,
Dist. Valsad, Gujarat.

Place : Mumbai
Dated : 14th May, 1999.

**BY ORDER OF THE
BOARD OF DIRECTORS**

Sd/-

**MOHAN P. SONAR
COMPANY SECRETARY**

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
3. The Register of member and Share Transfer Books of the Company will remain closed from Thursday, 23rd September, 1999 to Thursday, 30th September, 1999 (both days inclusive) to ascertain the entitlement of buy back offer of shares and the persons whose names appear on the register of members of the Company on 30/09/99 i.e. Record date (Specified date) are entitled to receive the letter of offer for buyback of shares.

4. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of the Extra-ordinary General Meeting.
5. Members/Proxies should bring the admission slip duly filled in for attending the meeting.

Registered Office:
Plot Nos.801, 801/23,
GIDC Estate, Phase-III,
Vapi - 396 195,
Dist. Valsad, Gujarat.
Place : Mumbai
Dated : 14th May, 1999.

**BY ORDER OF THE
BOARD OF DIRECTORS**

Sd/-

**MOHAN P. SONAR
COMPANY SECRETARY**

ANNEXURE TO NOTICE

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts relating to the special business set out in the accompanying Notice.

ITEM NO.1

In accordance with the provisions of Sections 77A and 173(2) of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, the following details are furnished :

- (a) **Date of Board Meeting:** At the meeting of the Board of Directors of the Company held on 14th May, 1999(hereinafter referred to as "the Board Meeting Date"), the proposal for buy-back of equity shares of the Company was considered and approved;
- (b) **Necessity for buy-back:**

Ever since the maiden public issue of its equity shares made by the Company in February, 1992, there has been continuous growth in its turnover and profitability. Despite an average dividend of 22% during this period and the issue of bonus shares in the proportion of 1:1 in the year 1994-95, the equity share prices of the Company have been consistently quoted at a discount to the book value. In the opinion of the management, the market price of the equity shares of the Company is not a fair reflection of the value of the Company.

With the introduction of enabling provisions for buy-back of shares, the Board of Directors have considered it appropriate to avail of the

opportunity to offer buy-back of shares. This will provide an exit route to the shareholders at a price higher than the market price, thereby improving the liquidity in the market for the shares of the Company. The proposed buy-back is expected to reinforce the value of the equity shares.

- (c) **Method of buy-back:** The Company will adopt 'Tender Offer method' to buy-back its equity shares;
- (d) **Size of buy-back offer:**
 - (i) It is proposed to buy-back not exceeding 6,00,000/- (Six Lakhs only) Equity Shares of Rs.10/- each fully paid-up being 5.16% of the total paid up capital of the Company;
 - (ii) Maximum price for buy-back of equity shares would be Rs. 42/- (Rupees Forty two only) per share;
 - (iii) Maximum amount required for this buy-back would, thus, be not exceeding Rs.2,52,00,000/- (Rupees Two crores and fifty two lakhs only);
 - (iv) **Resources for buy-back :** The resources required for the buy-back offer will be met out of the internal resources of the Company.
- (e) **Basis of arriving at buy-back price:** The Board of Directors at their meeting held for the purpose considered the average of weekly high and low of the closing prices of the equity shares of the Company, as quoted on the Stock Exchange, Mumbai, during the last 26 weeks, is Rs.27.26. The average price as determined above is the recommended minimum price under the SEBI (Substantial Acquisition



of Shares & Takeover) Regulations, 1997. These regulations have been used only as a guidelines. The buy-back offer price of Rs.42/- is at a premium of 54% to the above price.

The Company obtained an independent valuation report from its Auditors for the purpose of buy-back of shares. They recommended an offer price in the range of Rs.35/- to Rs.43/- per share.

(f) **Time limit for completion of buy-back:**

It is proposed to complete the buy-back of shares in terms of the proposed special resolution authorising the same within nine months from the date of passing thereof i.e. latest by 20th May, 2000.

(g) **Details of shareholdings of and transactions by the Promoters etc.:**

(i) The promoters and the Directors of the promoters, where the promoter is a company and of persons who are in control of the Company hold, in aggregate, 60,80,593 equity shares in the Company, being 52.26% to the total paid up capital, as on the date of the notice convening this Extra-ordinary General Meeting.

(ii) The promoters and the Directors of the promoters, where the promoter is a company and of persons who are in control of the Company have, in aggregate, purchased 1,26,240 equity shares and sold 52,580 equity shares during the period of six months preceding the Board Meeting Date till the date of the notice convening this Extra-ordinary General Meeting.

(iii) Maximum price at which the said shares were bought or sold during the said period is Rs.30/- per share on 16/12/98 and the minimum price at which the said shares were bought or sold during the said period is Rs. 22/- on 30/04/99.

(h) **Intention of the promoters to participate in the buy-back offer:**

The promoters and the persons in control of the Company intend to participate in the buy-back offer and intend to offer not exceeding 2,00,000 (Two Lakh Only) equity shares in aggregate in the buy-back offer.

Details of dates and prices of acquisitions of the said shares are as under:

No. of shares	Date of acquisition	Price paid per share (Rs.)
75000	06/07/91	14
40000	04/06/91	14
20000	01/10/91	14
12000	28/09/90	10
48000	26/08/91	14
5000	24/11/94	Nil (Bonus)
200000		

The post buy-back shareholdings of the promoters and the persons in control of the Company would be 55,78,742 (Fifty Five Lakhs Seventy Eight Thousand Seven hundred Forty Two Only) equity shares (50.56% to the total paid up capital), in aggregate, in case all of them offer the aforesaid shares in the buy-back offer.

(i) **Confirmations by the Board of Directors:**

(i) The Board of Directors of the Company confirms that there are no defaults subsisting in repayment of deposits, redemption of debentures or repayment of term loans to any financial institutions or banks. The Company has not issued any Preference Shares since the date of its incorporation.

(ii) The Board of Directors of the Company hereby confirms that it has made a full enquiry into the affairs and prospects of the Company and that they have formed the opinion that:

(a) immediately following the date on which this Annual General Meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts;

(b) as regards its prospects for the year immediately following the date of this Annual General Meeting, having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and

(c) in forming the above opinion, the Directors have taken into account the liabilities as if the Company were being wound

up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

(j) **Auditors' Report:**

To

The Board of Directors,
Aarti Industries Limited
Udyog Kshetra, 2nd Floor,
Mulund Goregaon Link Road,
L.B.S. Marg, Mulund(W),
Mumbai 400 080.

Gentlemen,

Sub: Report under Regulation 5(1)(xi) of SEBI (buy-back of Securities) Regulation Act, 1998.

We have been requested by the Company vide letter dated 14th May, 1999 for the issuance of our report in accordance with Clause (xi) of Regulation 5(1) of the SEBI (Buy-back of Securities) Regulation Act, 1998.

on the basis of the audited balance sheet of your Company for the financial year ended 31st March, 1999 and in terms of our valuation report dated 7th May, 1999 for buy-back of shares, and on the basis of the information and explanation given to us and the records produced before us and on the basis of such test checks as we considered appropriate, we have to report that:

(a) we have made an enquiry into the state of affairs of the Company;

(b) in our view the amount of the permissible capital payment for the buy back of shares is properly determined at Rs.252 lakhs (Rupees Two hundred and fifty two lakhs only) equivalent to 6,00,000 (Six lakh) Equity Shares to be repurchased at Rs. 42 (Rupees Forty two only) per share;

(c) we are informed that as specified in Clause (X) of Regulation 5(1) of the SEBI (Buyback of Securities) Regulation Act, 1998 that the Company, having regards to its state of affairs, will not be rendered insolvent within a period of one year from the 21st August, 1999.

This report is restricted in use for the purpose of buyback of the Company's equity shares in terms of the resolution of the Board of Directors passed at their Board meeting held on 14th May, 1999 and may not relied for any other purpose.

For **PARIKH JOSHI & KOTHARE**
Chartered Accountants

sd/-

(B. R. RANADE)
PARTNER

Place : MUMBAI
Dated : 14th May, 1999

The resolution has been proposed to be passed as a special resolution in view of the requirements of Section 77A of the said Act. Your Directors, therefore, recommend the passing of the resolution as such.

All documents referred herein above are open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of Extra-ordinary General meeting.

The Directors of the Company are concerned or interested in this resolution to the extent of the equity shares intended to be offered by the companies controlled by them in the buy-back offer as aforesaid and any consequential increase in the percentage of their shareholdings in the post buy-back capital of the Company.

Registered Office:

Plot Nos. 801, 801/23,
GIDC Estate, Phase-III,
Vapi - 396 195,
Dist. Valsad Gujarat.

BY ORDER OF THE BOARD OF DIRECTORS

sd/-

MOHAN P. SONAR
COMPANY SECRETARY

Place : Mumbai
Dated : 14th May, 1999.

**AARTI INDUSTRIES LIMITED**

Registered Office: Plot Nos.801, 801/23, GIDC Estate, Phase-III, Vapi 396 195, Dist. Valsad, Gujarat

EXTRA-ORDINARY GENERAL MEETING 20TH AUGUST, 1999**ADMISSION SLIP**Folio No.

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the EXTRA-ORDINARY GENERAL MEETING of the Company being held at Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, L.B.S. Marg, Mulund (W), Mumbai-400 080 on Friday, 20th August 1999 at 10.00 a.m.

Name of the Member in BLOCK Letters

Member's Signature

Name of the Proxy in BLOCK Letters

Proxy's Signature

Note: Please fill this attendance slip and hand it over at the ENTRANCE OF THE HALL.

----- (Tear Here) -----

**AARTI INDUSTRIES LIMITED**

Registered Office: Plot Nos.801, 801/23, GIDC Estate, Phase-III, Vapi 396 195, Dist. Valsad, Gujarat

EXTRA-ORDINARY GENERAL MEETING 20TH AUGUST, 1999**FORM OF PROXY**Folio No.

I/We _____

of _____ in the district of _____

being a member/members of AARTI INDUSTRIES LIMITED, hereby appoint _____

of _____ in the district of _____

of failing him/her _____

of _____ in the district of _____

as my/our proxy to vote for me/us on my/our behalf at the EXTRA-ORDINARY GENERAL MEETING of the Company to be held on Friday, 20th August, 1999 and at any adjournment thereof.

Place _____

Date _____

Affix
30 Paise
Revenue
Stamp

Signed _____

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

Tear here

16th ANNUAL REPORT 1998-99

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of **AARTI INDUSTRIES LIMITED** will be held at the Registered Office of the Company at Plot Nos. 801, 801/23, GIDC Estate, Phase-III, Vapi-396 195, Dist. Valsad, Gujarat, on **Thursday, 30th September, 1999** at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri. Chandrakant V. Gogri, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Parimal H. Desai, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri. Rashesh C. Gogri, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

7. 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 Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications and re-enactment thereof, for the time being in force) and the provisions of other statutes as applicable and subject to such approvals and sanctions as may be necessary from the appropriate authorities, the Articles of Association of the Company be and are hereby altered as follows :

- (A) At the end of sub-clause (a) of Article 2, the following new definitions shall be inserted :

'Beneficial Owner' shall mean the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

'Depositories Act' means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force; and

'Depository' shall mean a Depository as defined under clause(e) of sub-section(1) of Section 2 of the Depositories Act, 1996.'

- (B) In Article 2 of the Articles of Association, the existing definition of 'Member' shall be substituted by the following:

'Member' means the duly registered holder from time to time of the shares of the Company and includes the subscriber to the Memorandum of the Company and the beneficial owner in the records of the Depository.'

- (C) Insert the following new Article as Article 15A after the existing Article 15 :

'15A. The Register and index of beneficial owners maintained by a depository under the Depositories Act, shall be deemed to be the Register and index of Members and Security holders for the purposes of these Articles.'

- (D) Insert the following new Article as Article 26A after the existing Article 26:

26A. DEMATERIALISATION OF SECURITIES

- (a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act.

- (b) Every person subscribing to the securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

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

- (c) Insert the following new Article as Article 76A after the existing Article 76 :

"76A. In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a depository, the provisions of the Depositories Act shall apply."

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

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force and hereinafter referred to as "the Act") and further subject to all such sanctions as may be necessary, the Company hereby approves the appointment of Shri Chandrakant V. Gogri, Chairman as the Wholetime Director for a period of five years with effect from 1st June, 1999 on the terms and conditions including remuneration as set out in the draft agreement to be entered into by the Company with him and submitted to this meeting, which agreement is hereby specifically sanctioned".

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force and hereinafter referred to as "the Act") and further subject to all such sanctions as may be necessary, the Company hereby approves the re-appointment of Shri. Shantilal T. Shah as the Joint Managing Director of the Company for a period of five years with effect from 12th October, 1999 on the terms and conditions including remuneration as set out in the draft agreement to be entered into by the Company with him and submitted to this meeting duly initialled by the Chairman, which agreement is hereby specifically sanctioned".

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force and hereinafter referred to as "the Act") and subject to all such sanctions as may be necessary, the Company hereby approves the variations of the terms of remuneration payable to each one of the following Directors, namely, Shri Rajendra V. Gogri, Managing Director, Shri Shantilal T. Shah, Joint Managing Director, Shri. Parimal H. Desai, Shri Manoj M. Chheda and Shri. Rashesh C. Gogri, Wholetime Directors of the Company, with effect from 1st April, 1999, for the remainder of the tenure of their respective terms as such as set out in the respective draft Supplemental Agreements entered into by the Company with each one of the said Directors and submitted to this meeting duly initialled by the Chairman, which Supplemental Agreements are hereby specifically sanctioned.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter or vary the said terms of remuneration, in any one or more cases and either at a time or at different times and in such manner as the Board in its absolute discretion deem fit within the limits specified in the Schedule XIII of the Act."

Registered Office:

Plot Nos.801, 801/23, **BY ORDER OF THE BOARD OF DIRECTORS**
GIDC Estate, Phase-III,
Vapi - 396 195,
Dist. Valsad, Gujarat.

Sd/-

Place: Mumbai
Dated: 14th May, 1999.

MOHAN P. SONAR
COMPANY SECRETARY

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business at Items Nos. 7 to 10 above is annexed hereto.
3. The Register of member and Share Transfer Books of the Company will remain closed from Thursday, 23rd September, 1999 to Thursday, 30th September, 1999 (both days inclusive).
4. The dividend when declared will be paid on or after 30th September, 1999.
5. Members are requested to promptly notify any change in their addresses and ECS Mandate/Bank Account Particulars/Share Nomination form(s) attached to this Annual Report to the Company's Secretarial Department at **Udyog Kshetra, 2nd Floor, L.B.S. Marg, Mulund-Goregaon Link Road, Mulund (West), Mumbai - 400 080.** Facility of electronic credit of dividend will be made available only subject to receipt of substantial number of requests from the members for the same.
6. All documents referred to in the accompanying Notice and the

Explanatory Statement are open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of the Annual General Meeting.

7. The unclaimed dividend for the financial year 1994-95 has been transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend for the said financial years may claim their dividend from the Registrar of Companies, Gujarat, submitting application in the prescribed form.
8. Members/Proxies should bring the admission slip duly filled in for attending the meeting.

Registered Office:

Plot Nos.801, 801/23, **BY ORDER OF THE BOARD OF DIRECTORS**
GIDC Estate, Phase-III,
Vapi - 396 195,
Dist. Valsad, Gujarat.

Sd/-

Place: Mumbai
Dated: 14th May, 1999.

MOHAN P. SONAR
COMPANY SECRETARY

ANNEXURE TO NOTICE

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts relating to the business under Item Nos. 7 to 10 set out in the accompanying Notice.

Item No. 7

The Depositories Act, 1996 has amended some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer and dealing in shares and other securities as also issue of relevant certificates so as to facilitate the introduction and implementation of the Depository System. In order to bring the Articles of Association of the Company in line with the Act, it is now proposed to add/alter relevant Articles as set out in the draft resolution proposed at Item No. 7 in the accompanying Notice.

All documents referred to hereinabove are open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of the Annual General Meeting.

Your Directors recommend the resolution for approval of the members.

None of the Directors is, in any way, concerned or interested in the resolution.

Item No. 8

Shri. Chandrakant V. Gogri, Chairman of the Company has been devoting substantial time and efforts to the business of the Company. In view of this, the Board of Directors decided to appoint him as a Wholtime Director (WTD) of the Company with effect from 1st June, 1999 upon terms of remuneration and other terms and conditions set out in the draft Agreement to be entered into by the Company with him subject to the approval of the Company in General Meeting.

The said agreement, inter-alia, contains the following material terms and conditions:

1. **Period of Agreement:** From 01/06/1999 to 31/05/2004.
2. **Remuneration:**
 - (a) **Salary:** Rs.25,000/- per month with power to the Board to make annual increment subject to a ceiling of Rs.50,000/- per month.
 - b. **Commission**
In addition to the salary as above, the Wholtime Director shall also be entitled to be paid share in aggregate Commission calculated at the rate of 1% of net profit of the Company computed under section 349 of the Companies Act, 1956 payable to all the Managing/Joint Managing/Wholtime Directors of the Company

subject to ceiling of maximum of Rs.18,00,000/-per annum. The share of such Commission payable to the Wholtime director shall be determined by the Board of Directors of the Company. Such Commission shall be payable annually after the annual accounts have been adopted by the shareholder.

- (c) **Perquisites :** The following perquisites shall be allowed in addition to salary and commission and shall be restricted to an amount not exceeding 75% of the Annual Salary:
 - (i) Bonus/ex-gratia of an amount not exceeding one month's Basic Salary;
 - (ii) Reimbursement of Electricity and Gas Expenses subject to maximum of Rs.40,000/- per annum.
 - (iii) Leave Travel Concession for self and family once in a year subject to maximum of Rs.48,000/- per annum.
 - (iv) Reimbursement of Soft Furnishing expenses subject to maximum of Rs.25000/- per annum.
 - (v) Helper allowance up to Rs. 5,000/- per month.
 - (vi) The following perquisite shall not be included in computation of ceiling on perquisite.
 - (a) Reimbursement of Medical Expenses and/or Medical Insurance Premium(s) for self and family subject to maximum of Rs.2,50,000/- per annum.
 - (b) Personal Accident Insurance premium of an amount not exceeding Rs. 10,000/- per annum.
 - (c) Contribution to Provident Fund. Contributions to super annuation fund or annuity fund as per the rules of the Company. These will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - (d) Gratuity payable at rate not exceeding half a month's salary for each completed year of service and
 - (e) Encashment of leave at the end of the tenure.

3. **Annual Privilege Leave :** On full salary for a period of thirty days and shall be entitled to accumulate such leave for not more than ninety days. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
4. WTD shall not be paid any sitting fees for attending the Meetings of the Board of Directors and/or Committee thereof.
5. The above salary/prequisites/allowances shall be paid by the Company, notwithstanding the inadequacy of profits or no profits in any financial year during the tenure of his office as such. Provided further that in case he is also appointed as managerial person in any other company and also draws remuneration from such company

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then total remuneration drawn by him shall not exceed the higher maximum limit admissible from any one of the companies of which he is a managerial person.

6. Either party shall be entitled to terminate the Agreement by giving to the other party 180 days notice in writing without showing any cause provided that the same may be waived mutually.
7. The terms and conditions of the said appointments and/or Agreements may be altered and varied from time to time, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in that regard.
8. The other terms and conditions of the Agreement are such as are customarily contained in agreements of similar nature.
9. The said appointment/agreement including the remuneration payable to him shall be subject to the approval of the Company and all such sanctions as may be necessary and shall be given effect to as per the modifications, if any, made/approved as aforesaid.
10. The draft Agreement to be entered into between the Company and Shri. Chandrakant V. Gogri is available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of Annual General Meeting.
11. Your Directors recommend the resolutions at Item No. 8 of the accompanying Notice for your approval.
12. The above may also be treated as an abstract of the draft Agreement to be made between the Company and Shri. Chandrakant V. Gogri pursuant to Section 302 of the Companies Act, 1956.
13. Shri. Chandrakant V. Gogri is interested in the said resolution pertaining to his appointment as *Wholtime Director of the Company*. Shri. Rajendra V. Gogri and Shri. Rashesh C. Gogri are deemed to be concerned or interested in the said resolution as they are related to him as brother and son respectively. None of the other Directors is, in any way, concerned or interested in the resolution.

Item No. 9

At the meeting of the Board of Directors (Board) of the Company held on 14th May, 1999, Shri. Shantilal T. Shah has been reappointed as the Joint Managing Director (JMD) of the Company upon the terms and conditions set out in the draft Agreement to be entered into by the Company with him subject to the approval of the Company in General Meeting. The said agreement, inter-alia, contains the following material terms and conditions:

1. **Period of Agreement:** From 12/10/1999 to 11/10/2004.

2. Remuneration:

- (a) **Salary:** Rs. 40,000/- per month with power to the Board to make annual increment subject to a ceiling of Rs. 80,000/- per month.
- (b) **Commission**
In addition to the salary as above, the Joint Managing Director shall also be entitled to be paid share in aggregate Commission calculated at the rate of 1% of net profit of the Company computed under section 349 of the Companies Act, 1956 payable to all the Managing/Joint Managing/Wholtime Directors of the Company subject to ceiling of maximum of Rs. 18,00,000/-. The share of such Commission payable to the Joint Managing director shall be determined by the Board of Directors of the Company. Such Commission shall be payable annually after the annual accounts adopted by the shareholders.
- (c) **Perquisites :** Perquisites shall be in addition to salary and commission. The perquisites shall be restricted to an amount equivalent to 75% of the annual salary. The following perquisites/allowances will be allowed to him as the JMD. The said perquisites are classified into following three parts :

PART A

- (i) House rent allowance subject to ceiling of 50% of the basic salary per month.
- (ii) Reimbursement of Electricity and Gas Expenses subject to maximum of Rs. 50,000/- Per Annum.
- (iii) Leave travel concession for self and family once in a year subject to maximum of Rs. 48,000 per annum.
- (iv) Reimbursement of Soft Furnishing Expenses subject to maximum of Rs. 25,000/- per Annum.

- (v) Bonus/ex-gratia of an amount not exceeding one month's Basic Salary;
- (vi) Helper allowance upto Rs. 5,000/- per month;
- (vii) Reimbursement of fees of club subject to maximum of two clubs.

PART B

JMD shall also be entitled to following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein:

- (i) Contribution to Provident Fund. Contributions to super annuation fund or annuity fund as per the rules of the Company. These will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service and
- (iii) Encashment of leave at the end of the tenure.
- (iv) Reimbursement medical expenses and/or medical insurance premium(s) for self and family subject to maximum of Rs. 2,50,000/- per annum.
- (v) Personal Accident Insurance premium of an amount not exceeding Rs. 10,000/- per annum.

PART C

Provision of car for business of the Company and telephone at residence shall not be treated as perquisites. Use of car for personal purpose and personal long distance calls on telephone shall be billed by the Company.

3. Annual Privilege Leave : On full salary for a period of thirty days and shall be entitled to accumulate such leave for not more than ninety days. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
4. JMD shall not be paid any sitting fees for attending the Meetings of the Board of Directors and/or Committee thereof.
5. The above salary/perquisites/allowances shall be paid by the Company, notwithstanding the inadequacy of profits or no profits in any financial year during the tenure of his office as such.
6. Either party shall be entitled to terminate the Agreement by giving to the other party 180 days notice in writing without showing any cause provided that the same may be waived mutually.
7. The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in that regard.
8. The other terms and conditions of the Agreement are such as are customarily contained in agreements of similar nature.
9. The said appointment/agreement including the remuneration payable to the JMD of the Company shall be subject to the approval of the Company and all such sanctions as may be necessary and shall be given effect to as per the modifications, if any, made/approved as aforesaid.
10. The draft Agreement to be entered into between the Company and Shri. Shantilal T. Shah is available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of Annual General Meeting.
11. Your Directors recommend the resolutions at Item No. 9 of the accompanying Notice for your approval.
12. The above may also be treated as an abstract of the draft Agreement to be made between the Company and Shri. Shantilal T. Shah pursuant to Section 302 of the Companies Act, 1956.
13. Except Shri. Shantilal T. Shah, none of the Directors Company is, in any way, concerned or interested in the resolution.

Item No. 10

1. Shri. Rajendra V. Gogri, Shri. Shantilal T. Shah, Shri. Parimal H. Desai, Shri. Manoj M. Chheda and Shri. Rashesh C. Gogri are respectively holding offices as the Managing Director (MD), Joint Managing