

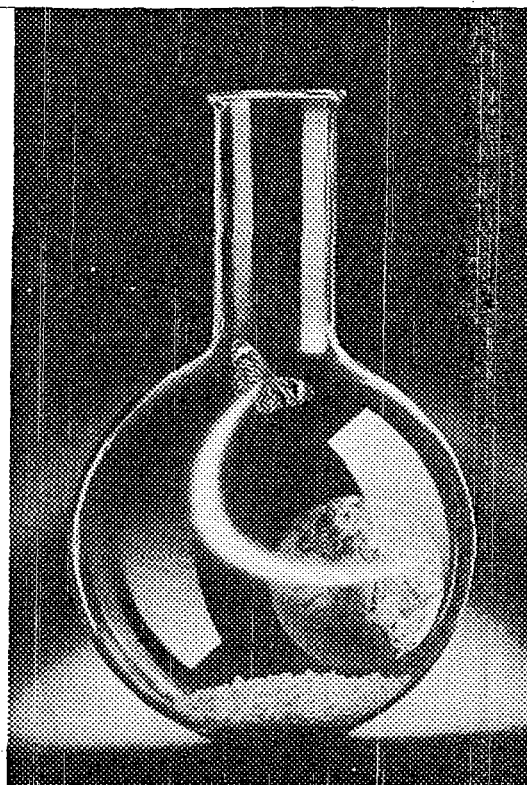
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***Alembic***

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91st  
ANNUAL REPORT  
1997

# Excellence Through Dedication...



Alembic – launched in 1907 in the green undulating landscape of Baroda, has become one of the largest pharmaceutical companies in India, based on philosophy of indigenous technology. Maintaining its leadership in fermentation technology, Alembic is the largest producer of Erythromycin and Penicillin in private sector. With its no.1 position, ALTHROCIN is the largest selling pharmaceutical product in India. Some of the milestones of Alembic are :

- ★ Largest manufacturer of Erythromycin in India and leading manufacturer and exporter of Penicillin formulations in the world.
- ★ First Indian company and second in the world to manufacture Roxithromycin, right from the basic stage.

- ★ One of the largest exporters of finished formulations to over 30 countries including Germany, U.K., France Spain, Switzerland, China, Belgium etc.
- ★ Winner of Certificate of Excellence in 1992 from Ministry of Science & Technology.
- ★ Winner of "First Award" by Chemexcil, for excellent performance in export from Ministry of Commerce for the year 1991-92.

Dedication to the nation and better health care for ailing humanity are the forte to keep us marching towards a ton.

## **Alembic**

Where the Pursuit of Progress is endless

**ALEMBIC CHEMICAL WORKS CO. LTD.**

REGD. OFFICE: ALEMBIC ROAD, VADODARA-390 003.

Promotion/ACW/1-95

## ALEMBIC CHEMICAL WORKS CO. LTD.

**NOTICE**

Notice is hereby given that the Ninety-first Annual General Meeting of the Members of Alembic Chemical Works Company Limited will be held at the Registered Office of the Company at Vadodara (Alembic Road), on Tuesday, the 21st April, 1998 at 3.30 p.m. to transact the following business :

**ORDINARY BUSINESS**

1. To receive and adopt the audited Balance Sheet and Profit & Loss Account of the Company for the year ended on 31st December, 1997 and the reports of the Directors and Auditors thereon.
2. To declare dividends on the Preference Shares (final) and on the Equity Shares.
3. To appoint a Director in place of Dr. B. R. Patel, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri H. B. Parikh, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.
6. To appoint Branch Auditors for conducting the audit of Neomer Division of the Company and to fix their remuneration.

**SPECIAL BUSINESS:**

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

**ORDINARY RESOLUTION**

"RESOLVED that subject to the provisions of Sections 198, 269, and 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) approval of the Company be and is hereby accorded to re-appointment of Shri Chirayu R. Amin as Managing Director of the Company for a further period of five years from 1st May, 1998, on the remuneration and on such terms and conditions as recommended by the Board of Directors in their meeting held on 23rd March, 1998 and set out in draft agreement submitted to this meeting and for identification initialled by Director Shri R. R. Patel, with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement from time to time within the scope of Schedule XIII of the Companies Act, 1956, or any amendments thereto or any re-enactment thereof and as may be agreed to between the Board of Directors and Shri Chirayu R. Amin.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

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

**ORDINARY RESOLUTION**

"RESOLVED that, subject to the provisions of Sections 198, 269, and 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) approval of the Company be and is hereby accorded to re-appointment of Smt. Malika C. Amin as Whole-time Director of the Company for a further period of five years from 2nd July, 1998, on the remuneration and on such terms and conditions as recommended by the Board of Directors in their meeting held on 23rd

**ALEMBIC CHEMICAL WORKS CO. LTD.**

March, 1998 and set out in the draft agreement submitted to this meeting and for identification initialled by Director Shri R. R. Patel, with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement from time to time within the scope of Schedule XIII of the Companies Act, 1956, or any amendments thereto or any re-enactment thereof and as may be agreed to between the Board of Directors and Smt. Malika C. Amin.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution".

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

**SPECIAL RESOLUTION**

"RESOLVED that in accordance with the provisions of the Memorandum and Articles of Association of the Company and Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and other applicable regulations, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board") and/or duly authorised Committee thereof for the time being exercising the powers conferred by the Board (hereinafter called "the Committee") and subject to such other consents and approvals, if any, including those of the Securities and Exchange Board of India (SEBI) and/or the Reserve Bank of India or any other authority as may be required, and/or such terms and conditions as may be prescribed while granting such consents and approvals and which may be agreed to by the Board/Committee, consent of the Company be and is hereby accorded to the Board/Committee :-

- (A) to offer, issue and allot, on preferential basis, to the Promoters/Promoter Group upto 1,25,000 Equity Shares of the Company of the face value of Rs.100/- each (the Equity Shares) at a price of Rs.550/- per share (comprising nominal value of Rs.100/- and premium of Rs.450/- per share) determined in accordance with the Securities and Exchange Board of India guidelines dated 4th August, 1994 and subsequent modifications, if any, thereto in force as on the date of the Notice convening this General Meeting:-

AND

- (B) to offer, issue and allot, on preferential basis, to the NRIs/OCBs upto 20,000 Equity Shares of the Company of the face value of Rs.100/- each (the Equity Shares) at a price of Rs.550/- per share (comprising nominal value of Rs.100/- and premium of Rs.450/- per share) determined in accordance with the guidelines of the Securities and Exchange Board of India dated 4th August, 1994 and guidelines of the Reserve Bank of India and subsequent modifications, if any, thereto in force as on the date of the Notice convening this General Meeting.

FURTHER RESOLVED that the Board/Committee of Directors be and is hereby authorised to agree to make/accept any request for modification in number of Equity Shares to be offered, issued and allotted to the Promoters/Promoter Group individually and/or inter-se within the overall limit as specified above in exercise of the powers hereby conferred.

FURTHER RESOLVED that for the purpose of giving effect to the above Resolution for any offer, issue and allotment of the Equity Shares, the Board/Committee be and is hereby authorised to agree to and accept any modifications in the said proposal as may be required by the Central Government and concerned Statutory Authorities for the said issue, determine the amount payable on application, allotment and further calls, if any, and, for the purpose of such offer, issue and allotment, to take such actions, give such directions and to do all such acts, deeds, things as may be necessary, desirable or incidental thereto and matters connected therewith including, but without limitation, entering into such arrangements and agreements as may be necessary and to finalise and issue any offer document(s) and sign all deeds, documents and pay and remunerate all agencies in relation thereto with power to the Board/Committee to settle all questions, and to give such directions that may be necessary in connection with any matter of such issue, offer or allotment of Equity Shares and utilisation of the issue proceeds, as it may, in its absolute discretion, deem fit and any such action, decision or direction of the Board/Committee shall be binding on all members.

## ALEMBIC CHEMICAL WORKS CO. LTD.

FURTHER RESOLVED that the Equity Shares so issued and allotted shall rank pari-passu in all respects with the existing equity shares of the Company, except that they shall be entitled to dividend with effect from the date of allotment on pro-rata basis, for the financial year in which they are allotted and on the capital for the time being paid up thereon."

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

## SPECIAL RESOLUTION

"RESOLVED that in modification of Special Resolution passed by the Company at its Eighty-eighth Annual General Meeting held on 21st September, 1995, the Board of Directors be and is hereby authorised under Section 370 and all other applicable provisions of the Companies Act, 1956 (or any amendment thereto or re-enactment thereof) :-

- (a) to make loans to or deposit moneys with any body or bodies corporate, whether or not under the same management on such terms and conditions as the Board of Directors may deem fit and consider to be in the interest of the Company, PROVIDED that the aggregate of such loans and deposits including loans and deposits already made to or with all bodies corporate, shall not exceed, without the prior approval of the Central Government, the following limits, viz.
  - (i) in the case of bodies corporate not under the same management as the Company, 30% of the aggregate of the Subscribed Capital of the Company and its Free Reserves or such other percentage as the Central Government may prescribe from time to time pursuant to Clause (a) of the Second Proviso to Section 370(1);
  - (ii) in the case of bodies corporate under the same management as the Company, within the meaning of Section 370(1B) of the Companies Act, 1956, 30% of the aggregate of the Subscribed Capital of the Company and its Free Reserves or such other percentage as the Central Government may prescribe from time to time pursuant to Clause (b) of the Second Proviso to Section 370(1).

PROVIDED however that the aggregate of all such loans and deposits under (i) and (ii) above shall not exceed Rs. 25 crores.

- (b) to give any guarantee or guarantees and/or provide securities on behalf of the Company in connection with any loan made by any other person to or to any other person by any body corporate on such terms and conditions as the Board of Directors may deem fit and consider to be in the interest of the Company upto an amount not exceeding Rs. 75 crores in the aggregate."

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

## SPECIAL RESOLUTION

"RESOLVED that, pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and the same are hereby altered by insertion of the following new Article, after Article No. 104(d) and the same be numbered as Article No. 104(e):

- 104(e):** To pay remuneration, incur/reimburse expenses and to reimburse in any other manner (including but not limited to salary, medical expenses, telephone bills, conveyance, club fees, etc.) and to provide any other benefits and amenities free of charge within the meaning of remuneration, to/for any Director, subject to the applicable provisions of the Companies Act, 1956 and rules, guidelines framed/issued thereunder and amendments/re-enactments thereof, for the time being in force and as may be applicable from time to time."

## ALEMBIC CHEMICAL WORKS CO. LTD.

## NOTES:

1. The Meeting will be held as usual at the Registered Office of the Company in the building known as Canteen Hall.
2. The Register of Members of the Company will remain closed from Thursday, the 16th April, 1998 to Tuesday, the 21st April, 1998 (both days inclusive), for the purpose of payment of dividends.
3. The dividends (other than interim dividend on preference shares) when sanctioned will be made payable on or after Monday, the 25th May, 1998, to those members whose names stand on the Register of Members of the Company on 21st April, 1998. Members are requested to notify promptly any change in their registered addresses.
4. No tax at source will be deducted from the dividend amount as per the existing provisions of the Income-tax Act, 1961.
5. Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company.
6. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended on 30th June, 1994 have been transferred to the General Revenue Account of the Central Government.  
Shareholders who have not encashed the dividend warrant for the said period are requested to claim the amount from the Registrar of Companies (Gujarat), C.G.O. Complex, Opp. Rupal Park, Near Ankur Bus Stand, Naranpura, Ahmedabad 380013.
7. Explanatory Statement setting out all material facts concerning items 7 to 11 as required under Section 173 of the Companies Act, 1956 is annexed hereto.

Registered Office:  
Alembic Road,  
Vadodara 390 003.  
Dated: 23rd March, 1998.

By Order of the Board,  
**R. M. KAPADIA**  
Secretary

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## ALEMBIC CHEMICAL WORKS CO. LTD.

EXPLANATORY STATEMENT AS REQUIRED UNDER  
SECTION 173 OF THE COMPANIES ACT, 1956.

## Item No. 7 :

Shri Chirayu R. Amin's tenure as Managing Director of the Company will expire on 30-4-1998. During his tenure as Managing Director, the Company has achieved and has been able to maintain the growth in sales despite very keen competition in pharmaceutical industry. Export sales, which has been identified as a major thrust area, have shown sizable growth. In addition to this, a lot of restructuring has been done in respect of man-power planning and business strategy of introducing new products and concentrating on some selected brands for achieving sustainable competitive edge. During his tenure, co-generation power plant with 8 M.W. capacity has been installed and commissioned for uninterrupted power supply.

It is mainly due to his skill, visionary approach and varied experience, that the Company has been able to achieve sustained growth. The Board of Directors of the Company has, therefore, in its meeting held on 23rd March, 1998 re-appointed Shri Chirayu R. Amin as Managing Director of the Company for a further period of five years with effect from 1-5-1998.

Shri Amin's appointment, terms and conditions and remuneration are within the scope of Schedule XIII of the Companies Act, 1956 and requires the approval of the members in the General Meeting and hence this resolution for your approval.

The terms and conditions contained in the agreement proposed to be made between the Company and Shri Chirayu R. Amin, upon his aforesaid re-appointment, inter alia, includes the following :

1. **Period of Agreement** : Five years from 1st May, 1998 to 30th April, 2003.

2. **Salary** :

Rs.80,000/- per month with an authority to the Board to increase the same from time to time in accordance with Schedule XIII of the Companies Act, 1956, as may be amended from time to time.

3. **Commission** :

The Managing Director shall be entitled to such remuneration by way of commission in addition to salary and perquisites calculated with reference to net profits of the Company in a particular financial year, as may be determined by the Board of Directors at the end of each financial year subject to the overall ceilings stipulated in Sections 198 and 309 of the Act.

4. **Perquisites and Allowances** :

(i) In addition to salary and commission payable, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, personal accident insurance, leave and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Managing Director; such perquisites and allowances will be subject to a maximum of 100% of the annual salary.

(ii) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either singly or together, are not taxable under the Income-tax Act, 1961; Gratuity payable, as per the rules of the Company and Encashment of Leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid, subject to Schedule XIII of the Companies Act, 1956.

(iii) The provision for use of Company's car with driver for official duties and Company's telephone at his residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

5. **Minimum Remuneration** :

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of Shri Chirayu R. Amin, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above subject to the restrictions set out in Section II of Part II of Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

**ALEMBIC CHEMICAL WORKS CO. LTD.**

The Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof and shall not be liable to retire by rotation. This may be treated as an abstract of the terms of appointment under Section 302 of the Companies Act, 1956.

The draft agreement between the Company and Shri Chirayu R. Amin is available for inspection by any member of the Company at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company.

Director Shri Chirayu R. Amin is concerned or interested in the said resolution as it relates to the terms and conditions of his re-appointment. Directors Shri R. B. Amin and Smt. Malika C. Amin are deemed to be concerned or interested in the resolution in so far as Shri Chirayu R. Amin is related to each of them. None of the other Directors is concerned or interested in the resolution.

**Item No. 8 :**

Smt. Malika C. Amin's tenure as Whole-time Director of the Company will expire on 1-7-1998.

Smt. Malika C. Amin is having extensive experience in corporate management and administration and, as the Whole-time Director, she has to shoulder the responsibilities of administration of the day-to-day affairs of the Company along with the Managing Director. In view of the fact that the business activities of the Company have increased manifold and looking to the future plans the Board of Directors of the Company in their meeting held on 23rd March, 1998 has re-appointed Smt. Malika C. Amin as Whole-time Director of the Company for a further period of five years with effect from 2-7-1998.

Smt. Amin's appointment, terms and conditions and remuneration are within the scope of Schedule XIII of the Companies Act, 1956 and requires the approval of the members in the General Meeting and hence this resolution for your approval.

The terms and conditions contained in the agreement proposed to be made between the Company and Smt. Malika C. Amin, upon her aforesaid re-appointment, inter alia includes, the following :

1. **Period of Agreement** : Five years from 2nd July, 1998 to 1st July, 2003.
2. **Salary** :  
Rs.75,000/- per month with an authority to the Board to increase the same from time to time in accordance with Schedule XIII of the Companies Act, 1956, as may be amended from time to time.
3. **Commission** :  
The Whole-time Director shall be entitled to such remuneration by way of commission in addition to salary and perquisites calculated with reference to net profits of the company in a particular financial year, as may be determined by the Board of Directors at the end of each financial year subject to the overall ceilings stipulated in Sections 198 and 309 of the Act.
4. **Perquisites & Allowances** :
  - (i) In addition to salary and commission payable, the Whole-time Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for herself and her family, club fees, medical insurance, personal accident insurance, leave and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Whole-time Director; such perquisites and allowances will be subject to a maximum of 100% of the annual salary.
  - (ii) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, 1961; Gratuity payable, as per the rules of the Company and Encashment of Leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid, subject to Schedule XIII of the Companies Act, 1956.
  - (iii) The provision for use of Company's car with driver for official duties and Company's telephone at her residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

## ALEMBIC CHEMICAL WORKS CO. LTD.

## 5. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of Smt. Malika C. Amin, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above subject to the restrictions set out in Section II of Part II of Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

The Whole-time Director, so long as she functions as such, shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof and shall not be liable to retire by rotation. This may be treated as an abstract of the terms of appointment under Section 302 of the Companies Act, 1956.

The draft agreement between the Company and Smt. Malika C. Amin is available for inspection by any member of the Company at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company.

Director Smt. Malika C. Amin is concerned or interested in the said resolution as it relates to the terms and conditions of her re-appointment. Directors Shri R. B. Amin and Shri Chirayu R. Amin are deemed to be concerned or interested in the resolution in so far as Smt. Malika C. Amin is related to each of them. None of the other Directors is concerned or interested in the resolution.

## Item No.9:

The Company is planning to raise the financial resources to meet the business requirements such as long term working capital requirements, to replace some of its high cost borrowings, to incur capital expenditure, etc. and to increase the Promoters' stake in the Company.

Accordingly, to raise such resources, it is proposed to authorise the Board/Committee of Directors to issue in aggregate 1,45,000 Equity Shares of Rs.100/- each to the Promoters/Promoter Group/NRIs/OCBs at a price of Rs.550/- per share (nominal value of Rs.100/- per share and the premium of Rs.450/- per share) calculated and determined as per the Securities and Exchange Board of India (SEBI) guidelines dated 4th August, 1994 and/or those of the Reserve Bank of India as in force on the date of this notice.

The present shareholding pattern of the Company and future shareholding pattern after the proposed preferential allotment of 1,45,000 shares are as under :

Sr. No.	Name	Present Holding		No. of Shares Proposed to be issued*	After proposed issue*	
		No. of shares	% of the present capital		No. of shares	% of the post-issue capital
(A)	<b>PROMOTERS/PROMOTER GROUP</b>					
1.	Nirayu Private Limited	44,986	7.80%	50,000	94,986	13.17%
2.	Sierra Investments Limited	26,735	4.64%	49,000	75,735	10.50%
3.	Shreno Investment & Finance Ltd.	45,444	7.88%	20,000	65,444	9.07%
4.	PSU Chemicals Pvt. Ltd.	1,497	0.26%	2,000	3,497	0.48%
5.	Whitefield Chemtech Private Ltd.	3,342	0.58%	-	3,342	0.46%
6.	Shreno Limited	7,942	1.38%	4,000	11,942	1.66%
7.	Light Publications Ltd.	5	Negligible	-	5	Negligible
8.	Aavarani Limited	1,050	0.18%	-	1,050	0.15%
9.	Others	1,32,055	22.92%	-	1,32,055	18.30%
10.	<b>Total</b>	<b>2,63,056</b>	<b>45.64%</b>	<b>1,25,000</b>	<b>3,88,056</b>	<b>53.79%</b>
(B)	<b>NRI/OCB GROUP</b>	13,122	2.28%	20,000	33,122	4.59%
(C)	<b>OTHERS</b>	3,00,208	52.08%	-	3,00,208	41.62%
(D)	<b>GRAND TOTAL</b>	<b>5,76,386</b>	<b>100.00%</b>	<b>1,45,000</b>	<b>7,21,386</b>	<b>100.00%</b>

(\* This is subject to any modification in terms of second part of the Resolution regarding inter-se changes. However, the overall percentage of the Promoters/Promoter Group will not change.)

**ALEMBIC CHEMICAL WORKS CO. LTD.**

Pursuant to the proposed preferential allotment:

1. there will be no change in the Board of Directors of the Company;
2. there will be a change in the voting rights of the Promoters/Promoter Group/ NRIs/OCBs as indicated above;
3. there will be no change in the control of the Company.

The Directors recommend the Resolution for Members' approval.

The certificate of the Statutory Auditors of the Company, certifying that the preferential issue of shares is being made in accordance with prevailing guidelines, will be available for inspection by the Members at the place of the meeting.

All other documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day.

The Directors are deemed to be concerned or interested in the said Resolution to the extent the Equity Shares which may be offered to the above referred companies in which they, together with their relatives, if any, are holding the equity shares and/or they are directors of any of the aforesaid companies.

**Item No.10 :**

In the course of its business it is envisaged that the Company may from time to time be required to advance loan/loans to other bodies corporate, whether under the same management as the Company or not. It may also be in the interest of the Company that any surplus funds not immediately required be productively deployed by placing the same in deposit with other bodies corporate. The Company may also be required to give guarantee or provide security in connection with any loan made by any other person to or to any other person by bodies corporate.

The limits upto which loans may be granted to other bodies corporate without the prior approval of the Central Government are prescribed under the Second Proviso to Section 370(1) of the Companies Act, 1956. The consent of the General Body is required for (a) granting loans/deposits in excess of 30% of the Subscribed Capital and Free Reserves of the Company to the bodies corporate not under the same management (b) granting loans/deposits in excess of 30% of the Subscribed Capital and Free Reserves of the Company to the bodies corporate under the same management and (c) giving guarantee or providing security in connection with a loan made by any other person to or to any other person by any body corporate. Hence, the necessary Special Resolution is proposed for taking the sanction of the General Meeting and the Resolution is an enabling resolution intended to give the Board of Directors the power to deal with the matter as and when occasion arises, subject to an overall limit of Rs. 25 crores for loans or deposits and Rs. 75 crores for guarantee/ security.

The Directors recommend the resolution for the approval of the members.

The Directors are deemed to be concerned or interested in the said Resolution to the extent loans/ guarantees/securities which may be granted to/offered for such bodies corporate in which they, together with their relatives, if any, are holding the equity shares and/or they are directors of such bodies corporate.

**Item No.11**

The existing provisions on remuneration to the Directors in the Articles of Association are somewhat restrictive in nature. The Company may be required to pay remuneration and/or incur/reimburse expenses and/or remunerate in any other manner. As per the applicable legal provisions, the Articles of Association of the Company should authorise the Board of Directors to pay remuneration and/or incur/reimburse expenses and/or remunerate in any other manner; and hence the resolution.

The Directors recommend the Resolution for Members' approval.

The Directors are deemed to be concerned or interested in the said Resolution to the extent the remuneration/reimbursement of expenses which may be paid/made to the Directors.

Registered Office:

Alembic Road,

Vadodara 390 003.

Dated: 23rd March, 1998.

By Order of the Board,

**R. M. KAPADIA**

Secretary