



bajaj hindusthan ltd.

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
ACM	✓	✓	SU	✓
YE	✓	✓		✓

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ANNUAL REPORT

1997-98

Bajaj Hindusthan Limited

Board of Directors:

Rahul Bajaj, *Chairman*
Shishir Bajaj, *Vice - Chairman & Managing Director*
Ramnath A. Podar (Dr.)
Madhav L. Apte
Nirmalkumar Ramniwas Ruia
Dhirajlal S. Mehta
N. Ramamurthi (*Representing LIC*)
Uday S. Kotak
Mangal Singh (*Executive Director*)

Secretary:

R. Ramachandran

Auditors:

Dalal & Shah, Chartered Accountants

Bankers:

State Bank of India

Registered Office:

Bajaj Bhawan,
2nd Floor,
226, Nariman Point, Jamnalal Bajaj Marg,
Mumbai 400 021

Sugar Mills:

Golagokarannath & Palia Kalan
Dist. Kheri, Uttar Pradesh

Distillery:

Golagokarannath,
Dist. Kheri, Uttar Pradesh

A request:

The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing. You are, therefore, requested to bring your copy of the Annual Report to the Meeting.

67th Annual General Meeting on Monday, the 7th September, 1998 at 12.00 Noon at Kamalnayan Bajaj Auditorium, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021.

BAJAJ HINDUSTHAN LIMITED

Notice

NOTICE is hereby given that the Sixty-seventh Annual General Meeting of the Members of Bajaj Hindusthan Limited will be held at 12.00 Noon (S.T.) on Monday, the 7th September, 1998 at Kamalnayan Bajaj Auditorium, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021 to transact the following business:

1. To consider and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1998.
2. To declare dividend.
3. To appoint a Director in place of Shri Dhirajlal S. Mehta, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Nirmal Kumar Ramniwas Ruia, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Shri Rahul Bajaj, who retires by rotation and being eligible offers himself for reappointment.
6. To consider and, if thought fit, to pass with or without any modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Dalal & Shah, Chartered Accountants, the retiring Auditors of the Company, be and are, hereby reappointed as Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.4,50,000 (Rupees Four Lacs and Fifty Thousand only) plus reimbursement of travelling and other out-of-pocket expenses."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other relevant provisions of the Companies Act, 1956 and Schedule XIII thereto and subject to such sanctions as may be necessary, the Company hereby accords its approval and consent to the reappointment of Shri Shishir Bajaj as the Managing Director of the Company for a period of five years from 1.7.1998 to 30.6.2003 on the following terms and conditions with powers to the Board of Directors to alter and vary the terms and conditions of remuneration (including minimum remuneration in case of absence or inadequacy of profits) in such manner as the Board may deem fit and is acceptable to Shri Shishir Bajaj within the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modification or substitution thereof:

1. Salary : Rs. 50,000/- per month.

2. Perquisites :

- (A) i) Company's contribution to Provident Fund and Superannuation Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
- ii) Gratuity at the rate of one month's salary for each completed year of service.
- iii) Leave with full pay as per Rules of the Company, encashment of unavailed leave being allowed at the end of the tenure.
- (B) i) Free furnished residential accommodation with gas, electricity, water and furnishings or unfurnished accommodation with gas, electricity and water and furnishings and Company's furniture on rental basis as per the Scheme applicable to the Senior Executives of the Company.
- ii) Reimbursement of medical expenses including hospitalisation, nursing home and surgical charges for himself and family whether incurred in India or abroad.
- iii) Reimbursement of actual travelling expenses for proceeding on leave from Bombay to any place in India and return therefrom once in a year in respect of himself and family.
- iv) Reimbursement of membership fees for Clubs.
- v) Personal Accident Insurance: Premium not to exceed the limit as laid down in Schedule XIII to the Companies Act, 1956.
- vi) Free use of Company's car for Company's work as well as for personal purposes alongwith Driver.
- vii) Telephone at residence at Company's cost.

3. Commission : Upto the rate of 1% of the net profits of the Company for the Financial Year as may be decided by the Board of Directors from time to time."

"RESOLVED FURTHER THAT when in any financial year during the period from 1st July, 1998 to 30th June, 2003 the Company has made no profits or its profits are inadequate, it may pay remuneration to the Managing Director by way of salary/perquisites or any other allowances not exceeding Rs. 10,50,000/- per annum or Rs. 87,500/- per month and in addition thereto the Managing Director shall also be entitled to payment/enjoyment of the perquisites referred to in paragraph 2(A) (i), (ii) and (iii) above, which shall not be included in the computation of the ceiling of remuneration specified hereinabove: Provided that the

BAJAJ HINDUSTHAN LIMITED

gratuity in such event will be paid at the rate of half a month's salary for each completed year of service instead of what is stated in paragraph 2(A) (ii) above."

"FURTHER RESOLVED THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors, be and is, hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such limits or ceiling as may be prescribed by law."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other relevant provisions of the Companies Act, 1956 and Schedule XIII thereto, the Company doth hereby confirm and ratify the Ordinary Resolution passed by the Shareholders of the Company at the Sixty-sixth Annual General Meeting of the Company held on 23.7.1997, approving the appointment and remuneration payable to Shri Mangal Singh, the whole-time Executive Director of the Company for a period of five years with effect from 26.11.1996, with such modifications as are set out below:

1. Paragraph 1(i) of the above Resolution shall be deleted and substituted by the following:
 1. (i) Salary : Rs. 26,000/- (Rupees Twenty Six Thousand Only) per month in the scale of Rs. 26,000 - 2,000 - 50,000. Annual and/or accelerated increment/s, if any, may be given by the Board of Directors at its absolute discretion.'
2. The words 'Yearly Bonus: As applicable to Senior Executives of the Company' appearing in Paragraph 1(ii) of the said Resolution shall be deleted and substituted by the following :
 - 1(ii) Production Incentive not exceeding 15% of the annual salary.'
3. The words 'Company's contribution to Provident Fund @ 10% of the annual salary' appearing in Paragraph 2(i) of the said Resolution shall be deleted and substituted by the following :
 - 2(i) Company's contribution to Provident Fund to the extent the same is not taxable under the Income-tax Act, 1961.'
4. Paragraph 2(iii) of the said Resolution shall be deleted and substituted by the following :
 - 2(iii) The Executive Director will be paid House Rent Allowance as may be fixed by the Board of Directors of the Company from time to time subject to a limit of Rs. 20,000/- (Rupees Twenty Thousand Only) per month.'
5. In Paragraph 2(iv) of the said Resolution, the following words shall be added at the end:
 - 'In addition thereto the Company will also take out a suitable Medical Insurance Policy for the

Executive Director for which the requisite premium will be paid by the Company.'

6. Paragraph 2(v) of the said Resolution shall be deleted and substituted by the following :

'2(v) Leave with full pay as per Rules of the Company, encashment of unavailed leave being allowed at the end of the tenure.'

7. Penultimate Para of the said Resolution dealing with minimum remuneration payable to the whole-time Executive Director beginning with the words 'RESOLVED FURTHER THAT the remuneration aforesaid' and ending with the words 'during the above term.', be deleted and substituted by the following:

'RESOLVED FURTHER THAT when in any financial year during the period aforesaid, the Company has made no profits or its profits are inadequate, it may pay remuneration to the whole-time Executive Director by way of salary/perquisites or any other allowances not exceeding Rs. 10,50,000/- per annum or Rs. 87,500/- per month and in addition thereto the whole-time Executive Director shall also be entitled to payment/enjoyment of the perquisites referred to in Paragraph 2(i), (ii) and (v) of the said Resolution.'

"FURTHER RESOLVED THAT save as amended as aforesaid, the said Resolution dated 23.7.1997 shall remain in full force and effect in all other respects."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be altered in the following manner.

The following new Article 33A be inserted after the existing Article 33:

'33A Dematerialisation of Securities:

- I. For the purposes of this Article, unless the context otherwise requires:

Beneficial Owner: "Beneficial Owner" means a person whose name is recorded as such with a depository;

SEBI Board: "SEBI Board" means the Securities and Exchange Board of India;

Bye-laws: "Bye-laws means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

Depositories Act: "Depositories Act" means the Depositories Act, 1996 (22 of 1996) including any statutory modification or re-enactment thereof for the time being in force;

BAJAJ HINDUSTHAN LIMITED

Depository: "Depository" means a company formed and registered under the Companies Act, 1956 (1 of 1956) and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

Record: "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by the SEBI Board;

Regulations: "Regulations" means the regulations made by the SEBI Board;

Security: "Security" means such security as may be specified by the SEBI Board.

Dematerialisation of securities:

- II. 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, 1996.

Options to receive security certificates or hold securities with depository:

- III. Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository.

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

Securities in depositories to be in fungible form:

- IV. All securities held by a depository shall be dematerialised and shall be in a fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of depositories and beneficial owners:

- V. (a) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
- (c) Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.

Depository to furnish information:

- VI. Every depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

Option to opt out in respect of any security:

- VII. If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.

The depository shall on receipt of intimation as above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

Sections 83 and 108 of the Act not to apply:

- VIII. Notwithstanding anything to the contrary contained in the Articles -

- (a) Section 83 of the Companies Act, 1956 shall not apply to the shares held with a depository.
- (b) Section 108 of the Companies Act, 1956 shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

Register and Index of beneficial owners:

- IX. The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of the Companies Act, 1956.

Service of Documents:

- X. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities:

- XI. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with in a Depository:

- XII. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

BAJAJ HINDUSTHAN LIMITED**Distinctive number of securities held in a depository:**

XIII. Nothing contained in the Act or these Article regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial Owners:

XIV. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

NOTES:

1. THE RELATIVE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF ORDINARY BUSINESS AND SPECIAL BUSINESS SPECIFIED IN THE NOTICE UNDER ITEMS 6 to 9 IS ANNEXED HERETO.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 18th August, 1998 to Monday, the 7th September, 1998 (both days inclusive).
4. Payment of dividends, if sanctioned, will be made on or after 11th September, 1998 to those shareholders whose names stand on the Register of Members on 7th September, 1998.
5. Members are requested to notify the Company any change in address in full with the Postal Area Pin Code Number.
6. a) In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has, from time to time, transferred unclaimed dividends relating to the years upto 1993-94 to the General Revenue Account of the Central Government.
The Unclaimed Dividends for the years upto 1989-90 relating to erstwhile Sharda Sugar & Industries Limited (since amalgamated with the

Company) have also been transferred to the General Revenue Account of the Central Government.

Members who have a valid claim to any of the unclaimed dividends referred to above may claim the same from the Registrar of Companies, Maharashtra, Hakoba Mills Compound, 2nd Floor, Dattaram Lad Marg, Kalachowkie, Mumbai 400 033 in the prescribed manner.

b) **The Unclaimed Dividend in respect of the year 1994-95 relating to Bajaj Hindusthan Limited will be due for transfer to the Central Government on 9.11.1998. Members who have not encashed their dividend warrants may write to the Company at its Registered Office at Bajaj Bhawan, 2nd Floor, 226, Nariman Point, Jamnalal Bajaj Marg, Mumbai 400 021 for obtaining the Pay Orders/Demand Drafts for the said dividends, prior to transfer to Central Government.**

7. Members in their own interest are requested to furnish if not already done and in case of change/s, if any, to the particulars already furnished under the signature of Sole/First holder the following particulars viz. (i) the Bank Account No. (Savings/Current A/c.), (ii) the Name of the Bank, (iii) Name of Branch of the said Bank and (iv) Full address of the Branch of the said Bank to enable the Company to print the above particulars in the Dividend Warrant.

By Order of the Board of Directors

For BAJAJ HINDUSTHAN LIMITED

R. Ramachandran
Secretary

Mumbai, Dated: 22nd July, 1998

Registered Office:
Bajaj Bhawan, 2nd Floor,
226, Nariman Point,
Jamnalal Bajaj Marg,
Mumbai 400 021.

BAJAJ HINDUSTHAN LIMITED**Annexure to Notice****EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2)
OF THE COMPANIES ACT, 1956.****Re: Item No. 6**

Section 224A of the Companies Act, 1956 provides that in the case of a Company in which not less than 25% of the subscribed share capital is held whether singly or in any combination, by:

- (a) a public financial institution or a Government Company or Central Government or any State Government, or
- (b) any financial or other institution established by any Provincial or State Act in which a State Government holds not less than 51% of the subscribed share capital, or
- (c) a nationalised bank or any insurance Company carrying on general insurance business,

the appointment or re-appointment at each Annual General Meeting of an Auditor or Auditors shall be made by a Special Resolution.

As not less than 25% of the Subscribed Share Capital of the Company is held by Financial Institutions, Banks, etc., the re-appointment of Auditors on the terms as set out in the Resolution under Item No. 6 of the accompanying Notice is proposed by a Special Resolution.

For Audit of the Accounts of the Company for the last four financial years from 1994-95, the Auditors are paid a remuneration of Rs.3,00,000/- plus reimbursement of travelling and other out-of-pocket expenses.

In view of stiff increases in the establishment and other costs, the auditors have requested increase in their remuneration. The Board recommends for consideration by the Shareholders of increase in remuneration of Auditors from Rs. 3,00,000 to Rs. 4,50,000 and reimbursement of travelling and other out-of-pocket expenses for audit of Accounts of the Company for the year 1998-99.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors of the Company is in any way concerned or interested in this Resolution.

Re: Item No. 7.

The term of office of Shri Shishir Bajaj as the Managing Director of the Company expired on 30th June, 1998. The Board of Directors of the Company at its meeting held on 13.5.1998 have, subject to the approval of the shareholders of the Company, approved the reappointment of Shri Shishir Bajaj as the Managing Director of the Company for a period of 5 years from 1.7.1998 on terms and conditions as set out in the Resolution under Item No. 7 of the accompanying Notice.

The approval of the shareholders is sought for the

reappointment of Shri Shishir Bajaj as the Managing Director of the Company and the remuneration payable to him. The Board recommends passing of this Resolution as set out in Item No. 7.

Shri Shishir Bajaj is a relative of Shri Rahul Bajaj, the Chairman of the Company and they are therefore deemed to be interested or concerned in the passing of the above Resolution. Except Shri Rahul Bajaj and Shri Shishir Bajaj, none of the Directors of the Company is interested or concerned in the said Resolution.

The above may also be deemed to be an abstract of the terms of appointment of Managing Director and the nature of the concern or interest of the Directors therein as required by Section 302 of the Companies Act, 1956.

Re: Item No. 8

At the meeting of the Board of Directors of the Company held on 26.11.1996, Shri Mangal Singh was appointed as the Executive Director of the Company for a period of five years with effect from 26.11.1996 on the terms and conditions as set out in the Resolution passed at the said meeting. The said appointment and the remuneration payable to him were approved by the shareholders of the Company at the Sixty-sixth Annual General Meeting of the shareholders of the Company held on 23.7.1997. The remuneration payable to Shri Mangal Singh on his appointment as Executive Director was on the same basis as drawn by him as Chief Executive, prior to his appointment as Executive Director.

In the Resolution passed at the 66th Annual General Meeting of the Company held on 23.7.1997, while approving the payment of remuneration to Shri Mangal Singh, Executive Director, it is mentioned that Bonus will be payable to him as applicable to Senior Executives of the Company. The Board thought it advisable that instead of Bonus, Mr. Mangal Singh be paid production incentive not exceeding 15% of the annual salary drawn by him. Accordingly, instead of bonus, the Company has already paid production incentive @ 15% of his annual salary for the year ended 31.3.1998. Hence, this change in payment of remuneration requires ratification from the shareholders.

By the Resolution as set out in Item No. 8 of the accompanying Notice it is proposed to modify the Resolution passed by the shareholders of the Company to the extent set out in the said Resolution as also it is proposed to obtain ratification and confirmation to the payment of production incentive to Mr. Mangal Singh as stated hereinabove.

Certain other modifications are also proposed to the Resolution dated 23.7.1997 relating to the remuneration payable to Shri Mangal Singh as set out in the Resolution

BAJAJ HINDUSTHAN LIMITED

under Item No. 8 of the accompanying Notice. The remuneration payable as per the Resolution dated 23.7.1997 and as per the Resolution proposed above is set out below for the sake of comparison :

Remuneration as per the Resolution approved by the shareholders on 23.7.1997

Remuneration as per the Resolution proposed to be passed at the ensuing 67th Annual General Meeting to be held on 7.9.1998

(1)	(2)
1. i) Salary : Rs. 26,000/- per month (Rupees Twenty Six Thousand only) (all inclusive) in the scale of Rs. 26,000 - 2,000 - 40,000. Annual and/or accelerated increment/s, if any, may be given by the Board of Directors at its absolute discretion.	1. i) Salary : Rs. 26,000/- (Rupees Twenty Six Thousand only) per month in the scale of Rs. 26,000 - 2,000 - Rs. 50,000. Annual and/or accelerated increment/s, if any, may be given by the Board of Directors at its absolute discretion.
ii) Yearly Bonus : As applicable to Senior Executives of the Company.	ii) Production incentive not exceeding 15% of the Annual Salary.
2. Perquisites : i) Company's contribution to Provident Fund @ 10% of the annual salary.	2. Perquisites : i) Company's contribution to the Provident Fund to the extent the same is not taxable under the Income-tax Act, 1961.
ii) Gratuity at the rate of half a month's salary for each completed year of service.	ii) No change.
iii) House rent allowance @ Rs. 8,000/- per month.	iii) The Executive Director will be paid House Rent Allowance as may be fixed by the Board of Directors of the Company from time to time subject to a

(1)	(2)
	limit of Rs. 20,000/- (Rupees Twenty Thousand only) per month.
iv) Reimbursement of medical expenses for the whole - time Executive Director and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.	iv) In addition to reimbursement of medical expenses as referred to in col. (1) of this table, the Company will also take out a suitable Medical Insurance Policy for the Executive Director for which the requisite premium will be paid by the Company.
v) Leave with full pay as per the Rules of the Company	v) Leave with full pay as per the Rules of the Company, encashment of unavailed leave being allowed at the end of the tenure.
vi) Leave Travel concession for the whole-time Executive Director and his family once in a year subject to a ceiling of one month's salary.	vi) No change.
vii) Free use of Company's car for Company's work and for personal purposes alongwith Driver.	vii) No change.
viii) Telephone at residence at Company's cost.	viii) No change.
ix) Reimbursement of membership fees of one club.	ix) No change.
Minimum Remuneration : The remuneration aforesaid including expressly the perquisites, benefits and amenities shall nevertheless be	When in any financial year during the period aforesaid, the Company has made no profits or its profits are inadequate, it

BAJAJ HINDUSTHAN LIMITED

(1)	(2)
paid and allowed to the whole-time Executive Director as the minimum remuneration for any year in case of absence or inadequacy of profits for such year during the above term.	may pay remuneration to the whole-time Executive Director by way of salary / perquisites or any other allowances not exceeding Rs. 10,50,000/- per annum or Rs. 87,500/- per month and in addition thereto the whole-time Executive Director shall also be entitled to payment / enjoyment of the perquisites referred to in paragraph 2(i), (ii) and (v) referred to above.

The Resolution passed at the 66th Annual General Meeting of the Members of the Company held on 23.7.1997, which is sought to be modified is available for inspection of the Members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days of the Company excepting Saturdays upto and including the day of the Meeting.

The Board recommends passing of the Resolution.

None of the Directors of the Company other than Shri Mangal Singh is concerned or interested in this Resolution.

The above may also be deemed to be an abstract of the terms of variation of appointment of the Executive Director and the nature of the concern or interest of the Director therein as required by Section 302 of the Companies Act, 1956.

Re: Item No. 9

With the enactment of the Depositories Act, 1996 and amendments to certain provisions of the Companies Act,

1956 a new Article is proposed to be introduced, briefly stating the framework of the system of depository as per the provisions of the Depositories Act, 1996 with a view to facilitating the operation of the Depository system. In view of this, consequent changes are required to be incorporated in the Articles of Association of the Company in terms of the Resolution at Item No. 9 so as to be in line with the amended provisions of the Companies Act, 1956 read with the provisions of the Depositories Act, 1996. The Special Resolution at item No. 9 is, therefore, proposed pursuant to Section 31 of the Companies Act, 1956. The Directors recommend the Resolution for approval of the shareholders.

As of now, the equity shares of the Company have become an eligible security under the Depositories Act, 1996 but have not been inducted into the Depository system of the National Securities Depository Limited. The amendments proposed to the Articles of Association of the Company would enable the Company to join the Depository system at a future date.

None of the Directors of the Company is concerned or interested in the Resolution.

The Articles of Association of the Company referred to in the Resolution at Item No. 9 together with the proposed alteration is available for inspection of the members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days, excepting Saturdays upto and including the day of the meeting.

By Order of the Board of Directors
For BAJAJ HINDUSTHAN LIMITED

R. Ramachandran
Secretary

Mumbai, Dated: 22nd July, 1998

Registered Office:
Bajaj Bhawan, 2nd Floor,
226, Nariman Point,
Jamnalal Bajaj Marg,
Mumbai 400 021.

BAJAJ HINDUSTHAN LIMITED

Directors' Report

The Directors present their Sixty-seventh Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1998.

Financial Results:

	1997-98	1996-97
	(Rs. in Lacs)	
Sales and other Income	25332.10	20750.88
Gross Profit before interest and depreciation	5144.93	1768.19
Interest	2527.50	2312.60
Depreciation	1113.61	993.22
Provision for Taxation	161.00	0.75
Balance Profit/(Loss) for the year	1342.82	(1538.38)
Extra-ordinary items & other adjustments relating to the earlier years	53.98	(222.06)
Adjusted net Disposable Profit/(Loss)	1288.84	(1760.44)
Proposed Dividend	218.32	—
Provision for Dividend Tax	21.83	—
Transfer to/(from)		
General Reserve	184.47	(1775.03)
Transfer to Debenture Redemption Reserve	488.00	—
Transfer to Investment Allowance Reserve	265.00	—
Balance Carried to Balance Sheet	92.43	—

Dividend:

The Directors recommend for consideration of shareholders at the Annual General Meeting payment of a Dividend of Rs. 2.50 per Equity Share of the face value of Rs. 10 each amounting to Rs. 218.32 Lacs for the year ended 31st March, 1998. The proposed dividend of Rs. 2.50 per Equity Share is subject to the approval of the financial institutions who have granted loans to the Company.

Operations:

SUGAR MILLS:	1997-98		1996-97	
a) Gola Unit:	Account- ing Year	Season 20.11.97 to 14.4.98	Account- ing Year	Season 20.11.96 to 12.5.97
Sugarcane crushed (Lac tonnes)	12.09	10.57	13.05	11.25
Recovery (%)	9.94	10.05	9.00	9.71
Sugar Production (Lac tonnes)	1.20	1.08	1.17	1.09

b) Palia Unit:	1997-98		1996-97	
	Account- ing Year	Season 27.11.97 to 21.4.98	Account- ing Year	Season 1.12.96 to 7.5.97
Sugarcane crushed (Lac tonnes)	8.46	8.04	7.45	7.14
Recovery (%)	9.64	9.79	9.10	9.18
Sugar Production (Lac tonnes)	0.82	0.79	0.67	0.65
DISTILLERY:	1997-98		1996-97	
Industrial Alcohol Production (Kilo Litres)	10855		12285	

Sugar Division:

With All India production of 12.9 million tonnes of sugar in 1996-97, the year 1997-98 started with carry-over stocks of 6.5 million tonnes of sugar. During the current year, the production is expected to further decrease to about 12.1 million tonnes. In addition 0.65 million tonnes of sugar have already been contracted for imports and registered with Agricultural Products Export Development Agency (APEDA) out of which approximately 0.5 million tonnes have already arrived in the country. The Government of India will be maintaining a buffer stock of 0.5 million tonnes upto July 1998. In this scenario, the year is expected to close with a carry forward stock of about 5 million tonnes of sugar after accounting for imports.

For the year 1997-98, the Government of India increased the minimum statutory cane price from Rs. 45.90 per quintal to Rs. 48.45 per quintal linked to the base of 8.5% recovery. The levy sugar price is yet to be refixed.

For the season 1997-98, the Government of Uttar Pradesh announced an increase in the State advised cane price from Rs. 72 per quintal of last season to Rs. 75 per quintal for the units owned by the Cooperatives and Government Companies. Moreover the private sector sugar factories increased the cane price from Rs. 70 to Rs. 75 per quintal.

In accordance with the direction of the Hon'ble High Court, Allahabad, on writ Petition of the U.P. Sugar Mills Association, last year, the Govt. of India had constituted the High Power Committee under the Chairmanship of Shri Mahajan. This Committee has examined indepth the prevailing laws relating to sugar and sugarcane and other aspects like deregulation etc. and has submitted its report to the Government. Besides the other recommendations, it has recommended complete decontrol of the industry in phases with the proviso that the incentives being realised by the sugar factories should be continued to be given from the Sugar Development Fund. If not, a special cess should be imposed on the industry to create a fund for this purpose. However no new factories would be given any kind of incentives.

The Committee has further recommended an imposition of 20% Customs Duty on imported sugar. The 1500 page exhaustive report is in fact a landmark for sugar