SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

ESTABLISHED 1879

ReportJunction.com

ANNUAL REPORT AND ACCOUNTS
1999-2000

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

DIRECTORS
Nusli N. Wadia, *Chairman*
Keshub Mahindra
Shantanu N. Desai
R. N. Tata
R. A. Shah
K. F. Rustamji
Dr. H. N. Sethna
H. R. Thanawalla
A. Sarin, *Managing Director*
P. V. Kuppuswamy, *Jt. Managing Director*
S. S. Kelkar, *Executive Director*
P. Malik, *Executive Director*
Venu Srinivasan
S. Ragothaman, *Nominee Director*

Contents:

	Page
Board of Directors	1
Notice	2-15
10 Years' Financial Review	16
Summarised Balance Sheet and Profit and Loss Account	17
Distribution of Income	18
Directors' Report	19-26
Auditors' Report	27-29
Balance Sheet	30
Profit and Loss Account	31
Schedules to Accounts	32-50
Statement pursuant to Section 212 of the Companies Act, 1956	51-52
Cash Flow	53
Subsidiary Companies	
Archway Investment Company Limited	54-63
Scal Investments Limited	64-72
Scal Services Limited	73-82
Pentafil Investments Limited	83-88
General Shareholder Information	89-92

SENIOR VICE-PRESIDENT
N. Santhanam, *Senior Vice-President (Corporate Affairs)*

VICE-PRESIDENTS
R. Bhargava, *Vice-President (Exports)*
P. V. Bhide, *Vice-President — HR*
S. K. Chakrabarti, *Vice-President (Manufacturing)*
T. A. Krishnan, *Vice-President (Materials)*
P. K. Mukherjee, *Vice-President (Production, Planning and Product Development)*
P. R. Parthasarthy, *Vice-President & Chief Executive (Group Security)*
G. S. Shrikhande, *Vice-President Marketing — Retail Division*

GENERAL MANAGERS/CHIEF EXECUTIVES
S. K. Gupta, *General Manager (Commercial)*
R. Kalaignanam, *General Manager (Projects)*
M. H. Kulkarni, *Comptroller*
V. K. Maheshwari, *General Manager (Spring Mills)*
P. V. Nadgonde, *Chief Executive (Properties)*
R. L. Patil, *General Manager (Manufacturing)*
N. Rajagopalan, *General Manager — Apparels*
S. V. Pillai, *General Manager — Marketing & Sales*
N. S. Rao, *General Manager (Textile Mills)*
R. V. Sarma, *General Manager (Finance)*
K. K. Thakur, *General Manager — Processing*

SECRETARY
P. Govindan

BANKERS
ABN Amro Bank N.V.
ANZ Grindlays Bank Ltd.
Banque Nationale De Paris
Canara Bank
Centurion Bank Limited
Citi Bank N.A.
Credit Lyonnais
The Hongkong and Shanghai Banking Corporation Ltd.
Standard Chartered Bank
State Bank of India

ADVOCATES & SOLICITORS
Messrs. Desai & Diwanji
Messrs. Crawford Bayley & Co.
Messrs. Mulla & Mulla and Craigie Blunt & Caroe

AUDITORS
Messrs. A. F. Ferguson & Co.

REGISTERED OFFICE
Neville House, J. N. Heredia Marg,
Ballard Estate, Mumbai-400 001.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NOTICE

The 120th Annual General Meeting of the Members of The Bombay Dyeing & Manufacturing Company Limited will be held at the Birla Matushri Sabhagar, 19 Marine Lines, Mumbai 400020, on Tuesday, the 8th August, 2000 at 3.45 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2000, and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. S. N. Desai, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Mr. R. N. Tata, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. S. S. Kelkar, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in the place of Mr. P. Malik who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint Messrs. A. F. Ferguson & Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Special Business:

To consider and, if thought fit, to pass with or without modification the following Resolutions:

7. As an Ordinary Resolution:

   "RESOLVED THAT Mr. Adhiraj Sarin be and is hereby appointed a Director of the Company."

8. As an Ordinary Resolution:

   "RESOLVED THAT

   A. Pursuant to Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, (hereinafter referred to as "the Act") (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves the appointment of and the terms of remuneration payable to Mr. A. Sarin as Managing Director of the Company for a period of five years with effect from 1st March, 2000, as set out in the Agreement to be entered into between the Company and Mr. A. Sarin, a draft whereof duly initialled by the Chairman for purposes of identification is submitted to this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which expression shall also include a Committee thereof) to alter and vary the said terms of appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. A. Sarin but so that his remuneration shall not exceed the limits specified in Schedule XIII to the Act (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments and/or modifications that may hereafter from time to time be made thereto by the Central Government.

   B. Where in any financial year during the currency of the tenure of Mr. A. Sarin as Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to Mr. A. Sarin all the remuneration by way of salary (including incentive) and allowances, and perquisites not exceeding the limits stipulated in the aforesaid Agreement within the overall ceiling specified in Schedule XIII to the Act, or subject to the approval of the Central Government notwithstanding that the same is in excess of the maximum remuneration

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

permitted to be paid to him under the applicable provisions of the Act for the time being and from time to time in force.

C. The Board be and is hereby authorised at its discretion from time to time to fix the remuneration and/or perquisites of Mr. A. Sarin and revise such remuneration and/or perquisites from time to time within the maximum limits specified in the aforesaid draft Agreement. The Board be and is hereby further authorised to vary/modify/amend any of the aforesaid terms and conditions provided such variation/modification/amendment is in conformity with the applicable provisions of the Act as amended from time to time.

D. The Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution."

9. As an Ordinary Resolution:

"RESOLVED THAT

A. Pursuant to Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, (hereinafter referred to as "the Act") (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves the reappointment of Mr. P. V. Kuppuswamy as a Whole-time Director of the Company designated as Executive Director with effect from 29th August, 1999 up to 29th February, 2000 and his appointment as Joint Managing Director with effect from 1st March, 2000 up to and including 28th August, 2004 on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company and Mr. P. V. Kuppuswamy, a draft whereof duly initialled by the Chairman for purposes of identification is submitted to this Meeting, with liberty to the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a Committee thereof) to alter and vary the said terms of reappointment and remuneration and/ or Agreement in such manner as may be agreed to between the Board and Mr. P. V. Kuppuswamy but so that his remuneration shall not exceed the limits specified in Schedule XIII to the Act (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments and/or modifications that may hereafter from time to time be made thereto by the Central Government.

B. Where in any financial year during the currency of the tenure of Mr. P. V. Kuppuswamy as Joint Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to Mr. P. V. Kuppuswamy, all the remuneration by way of salary (including incentive) and allowances, and perquisites not exceeding the limits stipulated in the aforesaid draft Agreement within the overall ceiling specified in Schedule XIII to the Act, or subject to the approval of the Central Government notwithstanding that the same is in excess of the maximum remuneration permitted to be paid to him under the applicable provisions of the Act for the time being and from time to time in force.

C. The Board be and is hereby authorised at its discretion from time to time to fix the remuneration and/or perquisites of Mr. P. V. Kuppuswamy and revise such remuneration and/or perquisites from time to time within the maximum limits specified in the aforesaid draft Agreement. The Board be and is hereby further authorised to vary/modify/amend any of the aforesaid terms and conditions provided such variation/modification / amendment is in conformity with the applicable provisions of the Act as amended from time to time.

D. The Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution."

10. As an Ordinary Resolution:

"RESOLVED THAT

A. Pursuant to Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, (hereinafter referred to as "the Act") (including any statutory

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

modification or re-enactment thereof, for the time being in force), the Company hereby approves the reappointment of Mr. S. S. Kelkar as a Whole-time Director of the Company designated as Executive Director for a period of five years with effect from 29th August 1999, on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company and Mr. S. S. Kelkar, a draft whereof duly initialled by the Chairman for purposes of identification is submitted to this Meeting, with liberty to the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a Committee thereof) to alter and vary the said terms of appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. S. S. Kelkar but so that his remuneration shall not exceed the limits specified in Schedule XIII to the Act (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments and/or modifications that may hereafter from time to time be made thereto by the Central Government.

B. Where in any financial year during the currency of the tenure of Mr. S. S. Kelkar as an Executive Director, the Company has no profits or its profits are inadequate, the Company may pay to Mr. S. S. Kelkar all the remuneration by way of salary (including incentive) and allowances, and perquisites not exceeding the limits stipulated in the aforesaid draft Agreement within the overall ceiling specified in Schedule XIII to the Act, or subject to the approval of the Central Government notwithstanding that the same is in excess of the maximum remuneration permitted to be paid to him under the applicable provisions of the Act for the time being and from time to time in force.

C. The Board be and is hereby authorised at its discretion from time to time to fix the remuneration and/or perquisites of Mr. S. S. Kelkar and revise such remuneration and/or perquisites from time to time within the maximum limits specified in the aforesaid draft Agreement. The Board be and is hereby further authorised to vary/modify/amend any of the aforesaid terms and conditions provided such variation/modification/amendment is in conformity with the applicable provisions of the Act as amended from time to time.

D. The Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution."

11. *As an Ordinary Resolution:*

"RESOLVED THAT

A. Pursuant to Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, (hereinafter referred to as "the Act") (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves the reappointment of Mr. P. Malik as a Whole-time Director of the Company designated as Executive Director for a period of five years with effect from 29th August 1999, on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company and Mr. P. Malik, a draft whereof duly initialled by the Chairman for purposes of identification is submitted to this Meeting, with liberty to the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include a Committee thereof) to alter and vary the said terms of appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. P. Malik but so that his remuneration shall not exceed the limits specified in Schedule XIII to the Act (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments and/or modifications that may hereafter from time to time be made thereto by the Central Government.

B. Where in any financial year during the currency of the tenure of Mr. P. Malik as an Executive Director, the Company has no profits or its profits are inadequate, the Company may pay to Mr. P. Malik all the remuneration by way of salary (including incentive) and allowances, and perquisites not exceeding the limits stipulated in the aforesaid draft Agreement within the overall ceiling specified in Schedule XIII to the Act, or subject to the approval of the Central Government notwithstanding that the same is in excess of the maximum remuneration

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

permitted to be paid to him under the applicable provisions of the Act for the time being and *from time to time in force.*

C. The Board be and is hereby authorised at its discretion from time to time to fix the remuneration and/or perquisites of Mr. P. Malik and revise such remuneration and/or perquisites from time to time within the maximum limits specified in the aforesaid draft Agreement. The Board be and is hereby further authorised to vary/modify/amend any of the aforesaid terms and conditions provided such variation/modification/amendment is in conformity with the applicable provisions of the Act as amended from time to time.

D. The Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution."

12. As a 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 are hereby altered in the following manner :

Article 58 shall commence with the following words :

'In the absence of a nomination recorded in accordance with Section 109A of the Act, which shall in any event have precedence. . . . .' and the first word 'The' of the existing Article 58 shall read as 'the'.

Notes:

(a) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business is annexed hereto.

(b) 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. THE PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

(c) The Register of Members of the Company will be closed from Tuesday, the 1st August, 2000 to Tuesday, the 8th August, 2000, both days inclusive.

(d) Members are requested to notify the change in address, if any, immediately to the Company quoting their folio numbers.

(e) Members were requested to opt for Electronic Clearing Service (ECS) for dividend payment and submit their ECS mandates. In response to this, while many Members had furnished the mandates, a large number of them have yet to provide the same. They are once again requested to submit the ECS mandates so as to enable the Company to make remittance by means of ECS.

(f) The unclaimed dividends for the financial year ended 31st March, 1995 and previous years declared by the Company have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Members who have not encashed the Dividend Warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

In terms of Section 205-C introduced by the Companies (Amendment) Act, 1999, read with Section 205-A of the Companies Act, 1956, as amended, the amount of dividend remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund. Members who have so far not encashed their Dividend Warrant(s) for the financial year ended 31st March, 1996 or any subsequent year are advised to submit their claim to the Company immediately quoting their folio numbers.

(g) In terms of Section 109A of the Companies Act, 1956 every holder of Shares in, or holder of Debentures of, a Company may at any time nominate in the prescribed manner, a person to whom his Shares in, or Debentures of, the Company shall vest in the event of his death. The prescribed nomination forms were sent to the Members earlier. The form can also be obtained

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

from the Company's Share Department at its Textile Mill Complex, Administrative Office, 1st floor, Pandurang Budhkar Marg, Mumbai-400025. The Members may take advantage of this facility.

(h) Appointment/reappointment of Directors:

Details to be furnished in respect of the Directors being proposed for appointment/ reappointment at the ensuing Annual General Meeting in terms of the guidelines on Corporate Governance are given hereunder:-

1. Mr. S. N. Desai is a qualified Chartered Accountant and has been practising in the profession for over 5 decades since July, 1948. He has wide and varied knowledge and experience. He is the past President of the Institute of Chartered Accountants of India and also the Indian Merchants Chamber. He is a partner of Nanubhai & Co., a firm of Chartered Accountants. He is on the Board of the following public companies, namely: Gherzi Eastern Ltd., Camphor Allied & Chemicals Ltd., South India Viscose Ltd. and Dharamsi Morarjee Chemicals Ltd. He is also on the Audit Committees of the first three Companies, and on the Share Transfer Committee of South India Viscose Ltd.
2. Mr. R. N. Tata is a B.Sc. in Architectural and Structural Engineering of Cornell University, U.S.A. He has also completed an Advanced Management Programme at the Graduate School of Business Administration, Harvard University. He has wide and varied experience in business and is the Chairman of several reputed companies in the Tata Group. Apart from being the Chairman Emeritus of Nelco Limited, he is on the Board of the following public companies, namely: Tata Sons Limited, Tata Industries Ltd., Tata Iron & Steel Co. Ltd., The Tata Engineering & Locomotive Company Ltd., Tata Chemicals Ltd., The Indian Hotels Co. Ltd., The Andhra Valley Power Supply Co. Ltd., The Tata Power Co. Ltd., The Tata Hydro Electric Power Supply Co. Ltd., Haldia Petrochemicals Ltd., Tata Tea Ltd., Antrix Corporation Ltd., Information Technology Park Ltd., Tata Cellular Ltd. and Tata AutoComp Systems Ltd. He is also on the Central Board of the Reserve Bank of India.
3. Details in respect of Mr. Adhiraj Sarin, Mr. P. V. Kuppuswamy, Mr. S. S. Kelkar and Mr. P. Malik have been furnished at the appropriate places in the Explanatory Statement annexed to the Notice. These details are not given here so as to avoid repetition.

Report Junction.com

By Order of the Board of Directors,
FOR THE BOMBAY DYEING & MFG. CO. LTD.
P. GOVINDAN
Secretary

Mumbai, 31st May, 2000.

Registered Office:
Neville House,
J.N. Heredia Marg,
Ballard Estate,
Mumbai 400 001.
Phone: 2618071 (Ext.365/339)/2693712.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned under Items 7 to 12 of the accompanying Notice dated 31st May, 2000.

Item 7:

Mr. Adhiraj Sarin was appointed by the Board of Directors with effect from 1st March, 2000 as an Additional Director in terms of Section 260 of the Companies Act, 1956 and Article 117 of the Company's Articles of Association and holds office as Director only up to the date of the forthcoming Annual General Meeting but he is eligible for reappointment. As required by Section 257 of the Companies Act, a Notice has been received from a member signifying his intention to propose Mr. Adhiraj Sarin as Director of the Company at the forthcoming Annual General Meeting.

Mr. Adhiraj Sarin, 47, is an engineer from IIT, Kanpur, and brings with him more than 25 years experience in various divisions of Hindustan Lever. Prior to joining the Company, he was the Managing Director of Hind Lever Chemicals Ltd. with a turnover of more than Rs.1475 crores and has the unique distinction of turning around many businesses. He does not hold any directorship in any other Company.

The Directors recommend the Ordinary Resolution at Item 7 of the accompanying Notice for approval by the Members.

None of the Directors other than Mr. Adhiraj Sarin may be considered to be concerned or interested in the said Resolution.

Item 8:

Mr. Adhiraj Sarin was appointed as the Managing Director by the Board of Directors of the Company (hereinafter referred to as "the Board") for a period of five years with effect from 1st March, 2000 on the remuneration and perquisites set out in the draft Agreement proposed to be entered into between the Company and Mr. Sarin. The material terms of his appointment are summarised below:-

1. Mr. Sarin shall serve the Company as its Managing Director for a term of five years commencing from 1st March, 2000.

2. Mr. Sarin shall carry out such functions and exercise such powers and perform such duties as the Board shall from time to time in their absolute discretion determine and entrust to him.

   Subject to the superintendence, control and direction of the Board, Mr. Sarin shall have the general control of the business of the Company and be vested with the management and day to day affairs of the Company.

3. Mr. Sarin shall devote his whole time and attention to the business of the Company, exert his best endeavours to promote its interest and welfare, and attend his place of employment at all proper times.

4. (i) Mr. Sarin shall undertake such travelling in and outside India as may be necessary in the interest of the Company's business or as may from time to time be required or directed by the Board in connection with or in relation to the business of the Company.

   (ii) Mr. Sarin shall be entitled to reimbursement of all expenses including travelling, entertainment/business promotion and other out-of-pocket expenses incurred by him in connection with or in relation to the business of the Company.

5. In consideration of the performance of his duties as Managing Director, Mr. Sarin shall be paid the following emoluments, benefits and perquisites subject to the limits laid down under Schedule XIII of the Companies Act, 1956, (hereinafter referred to as "the Act") from time to time:

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

(i) Basic Salary : Rs.1,40,000 per month.

(ii) Incentive : Minimum Incentive Allowance of 100% of his basic salary which will qualify for both Provident Fund and Superannuation Fund contributions.

(iii) Commission : Commission on profits at such percentage of salary as may be determined by the Board at its sole discretion which will not qualify for Provident Fund and Superannuation Fund contributions.

PROVIDED HOWEVER subject always to the limits contained in Sections 198 and 309 of the Act, the Company may, at its sole discretion pay by way of salary, allowances, commission on profits and/or bonus, as may be determined by the Board from time to time, which shall not exceed a maximum limit of Rs. 60 lacs per annum.

(iv) In addition to the above remuneration, Mr. Sarin shall also be entitled to perquisites such as partly furnished accommodation and/or House Rent Allowance, gas, electricity, water, furnishings, medical reimbursement, leave travel concession for self and family, club fees, medical insurance and other benefits and amenities in accordance with the Rules of the Company, the monetary value of such perquisites being restricted to Rs. 20 lacs per annum.

For the purpose of computing the aforesaid ceiling, perquisites would be valued as per the Income Tax Rules, 1962, wherever applicable. Provision for use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of computing the aforesaid ceiling.

Contribution to Provident Fund, Superannuation Fund or Annuity Fund shall not exceed 27% of the basic salary and incentive or such higher percentage as permissible under Rule 87 of the Income Tax Rules, 1962 and shall not be included in the computation of the ceiling on the remuneration payable as aforesaid.

(v) Where in any financial year during the currency of tenure of Mr. Sarin as Managing Director, the Company has no profits or its profits are inadequate, Mr. Sarin shall be entitled to all the remuneration by way of salary (including incentive) and allowances, and perquisites not exceeding the aforesaid limits within the overall ceiling specified in Schedule XIII to the Act, or subject to the approval of the Central Government notwithstanding that the same is in excess of the maximum remuneration permitted to be paid to him under the applicable provisions of the Act for the time being and from time to time in force.

(vi) The Board may, at its discretion, from time to time fix Mr. Sarin's remuneration within the maximum remuneration specified and revise such remuneration from time to time, within the maximum limits specified therein.

6. The Rules of the Company which are applicable to other Senior Executives of the Company, shall also apply to Mr. Sarin.

7. Mr. Sarin shall not be paid any sitting fees for attending Meetings of the Board or of any Committee thereof.

8. Mr. Sarin shall not, as long as he functions as the Managing Director of the Company, become interested or otherwise concerned directly or indirectly in any contract with the Company, as contemplated under sub-section (1) of Section 297 of the Act without the prior approval of the Central Government.

9. Mr. Sarin shall not, except in the proper course of his duties during the continuance of his employment with the Company or any time thereafter divulge or disclose to any persons whomsoever or make use whatsoever for his own purpose or for any purpose of any information or knowledge obtained by him during his employment as to the business and/or affairs of the Company and/or trade secrets or secret processes of the Company.

10. Mr. Sarin shall not in the event of his ceasing to be the Managing Director of the Company before the expiry of the term of 5 years, for the remainder of such period:

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

(i) either alone or jointly with or as an employee of any person, firm or company, directly or indirectly, carry on or engage in any activities or business which shall be in competition with the business of the Company, and

(ii) in connection with carrying on any business similar to or in competition with the business of the Company on his behalf or on behalf of any person, firm or company, directly or indirectly:

(a) seek to procure orders or do business with any person, firm or company, who has at any time during the two years immediately preceding such cessation of employment, done business with the Company; or

(b) endeavour to entice away from the Company any person who has at any time during the two years immediately preceding such cessation of employment, done business with, or engaged by, the Company. Provided that nothing in this clause shall prohibit seeking or procuring of orders or doing of business not related or similar to the business/ businesses of the Company.

11. The employment of Mr. Sarin shall forthwith determine if he becomes insolvent or ceases to be a Director of the Company. He shall cease to be a Director if the Agreement is terminated and he ceases to be employed as the Managing Director.

12. If Mr. Sarin be guilty of any misconduct or any breach of the Agreement as in the opinion of the Board renders his retirement from the office of the Managing Director desirable, the Company may by not less than 30 days notice in writing to him determine this Agreement and he shall cease to be the Managing Director of the Company upon the expiration of such Notice.

13. Either party shall be entitled to terminate the Agreement by giving not less than six calendar months prior notice in writing in that behalf to the other party, provided that the Company shall be entitled to terminate Mr. Sarin's employment at any time by payment to him of six months salary in lieu of such notice.

14. If Mr. Sarin ceases to be the Managing Director of the Company, he shall be deemed to have resigned from the office of Director as from such date of cessation.

The Board will have the authority at its discretion from time to time to fix Mr. Sarin's remuneration within the maximum remuneration specified and revise such remuneration from time to time within the maximum limits specified in the Agreement.

The Board will have further authority to vary/modify/amend any of the aforesaid terms and conditions provided such variation / modification / amendment is in conformity with the applicable provisions of the Act as amended from time to time.

Your Directors consider the aforesaid remuneration commensurate with the duties and responsibilities of the Managing Director and recommend the Resolution at Item 8 for acceptance.

The draft Agreement to be entered into by the Company with Mr. Sarin is available for inspection for the shareholders at the Registered Office of the Company during business hours on any working day (except Saturdays, Sundays and Public Holidays).

Mr. Sarin is concerned or interested in the Resolution at Item 8 as it relates to his appointment.

This may be treated as an Abstract of the terms of Agreement between the Company and Mr. Sarin, when executed, and Memorandum of Interest pursuant to Section 302 of the Act.

Item 9:

Mr. P. V. Kuppuswamy was appointed as a Whole-time Director of the Company designated as Executive Director for a period of five years with effect from 29th August, 1994.

The Board of Directors of the Company (hereinafter referred to as "the Board") at its Meeting held on 23rd July, 1999 reappointed Mr. Kuppuswamy as a Whole-time Director designated as Executive Director of the Company for a further period of five years from 29th August, 1999 and as Joint Managing Director from 1st March, 2000 upon the remuneration and other terms and conditions set

www.reportjunction.com