

Kalyani Brakes Limited



MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DLJ	✓
TR	✓		DC	✓
AC	✓	✓		✓
YE	✓	✓		✓

16TH

ANNUAL
REPORT

1997-98

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NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of KALYANI BRAKES LIMITED will be held at Forum Hall, Hotel Blue Diamond, 11 Koregaon Road, Pune 411 001 on Tuesday, the 25th day of August, 1998 at 10.30 A.M. (I.S.T.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at March 31, 1998 and the Profit & Loss Account for the year ended on March 31, 1998 and Reports of the Directors and of the Auditors.
2. To declare Dividend.
3. To appoint a Director in place of MR. KAZUO MATSUMURA who retires by rotation; but being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. J. L. PASRICHA, WHO WAS APPOINTED A DIRECTOR OF THE COMPANY TO FILL THE CASUAL VACANCY ON THE BOARD CAUSED BY RESIGNATION OF MR. SUNDER MULCHANDANI WHO WOULD HAVE RETIRED BY ROTATION AT THIS ANNUAL GENERAL MEETING AND THE COMPANY HAVING RECEIVED A NOTICE IN WRITING FROM A MEMBER UNDER SECTION 257 OF THE COMPANIES ACT, 1956 PROPOSING MR. PASRICHA'S CANDIDATURE, BE AND IS HEREBY APPOINTED A DIRECTOR OF THE COMPANY LIABLE TO RETIRE BY ROTATION."

6. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT THE CONSENT OF THE COMPANY BE AND IS HEREBY ACCORDED UNDER SECTION 293(1)(a) AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 TO THE BOARD OF DIRECTORS OF THE COMPANY :

- (A) TO MORTGAGING AND OR CHARGING AS A SECOND CHARGE ON ALL OR ANY OF THE COMPANY'S IMMOVABLE AND MOVABLE PROPERTIES SITUATE AT VILLAGE BAMBHORI, TAL. ERANDOL, DIST. JALGAON IN THE STATE OF MAHARASHTRA, PRESENT AND FUTURE, AND THE WHOLE OR SUBSTANTIALLY THE WHOLE OF THE UNDERTAKING OF THE COMPANY, SITUATE AT VILLAGE BAMBHORI,

TAL. ERANDOL, DIST. JALGAON IN THE STATE OF MAHARASHTRA, PRESENT AND FUTURE, TOGETHER WITH POWER TO TAKE OVER THE MANAGEMENT OF THE BUSINESS AND CONCERN OF THE COMPANY IN CERTAIN EVENTS, IN SUCH FORM AND IN SUCH MANNER AS THE BOARD MAY THINK FIT AND PROPER, IN FAVOUR OF THE CONSORTIUM OF BANKS (HEREINAFTER REFERRED TO AS "THE BANKERS") VIZ. THE FOLLOWING :

STATE BANK OF INDIA (SBI),

THE UNITED WESTERN BANK LTD. (UWB); AND

THE FUJI BANK LIMITED (FUJIBANK),

RANKING PARI PASSU WITH EACH OTHER, TO SECURE REPAYMENT BY THE COMPANY OF :

THE AGGREGATE WORKING CAPITAL LIMITS UPTO RS.265.50 MILLION LENT AND ADVANCED/AGREED TO BE LENT AND ADVANCED BY THE BANKERS TO THE COMPANY, OR ANY ENHANCEMENT THERE OF, TOGETHER WITH INTEREST AT THE RESPECTIVE AGREED RATES, ADDITIONAL INTEREST, LIQUIDATED DAMAGES, COMMITMENT CHARGES, COSTS, CHARGES, EXPENSES AND ALL OTHER MONEYS PAYABLE BY THE COMPANY TO THE BANKERS IN TERMS OF THEIR RESPECTIVE LOAN AGREEMENTS/ LETTERS OF SANCTION ENTERED INTO AND/OR TO BE ENTERED INTO BY THE COMPANY IN RESPECT OF THE SAID WORKING CAPITAL LIMITS; AND

- (B) TO FINALIZING AND EXECUTING OF ALL DOCUMENTS, AGREEMENTS OR OTHER WRITINGS IN CONNECTION WITH THE ABOVE FINANCIAL ASSISTANCE AND ACCEPTING ANY ALTERATIONS / CHANGES / VARIATIONS TO OR IN THE TERMS AND CONDITIONS, NOTWITHSTANDING THAT THE SAID DOCUMENTS / AGREEMENTS / WRITINGS MAY CONTAIN A PROVISION EMPOWERING THE BANKERS OR ANY OF THEM TO TAKE OVER THE MANAGEMENT OF THE BUSINESS AND UNDERTAKING OR CONCERN OF THE COMPANY IN CERTAIN EVENTS AND TO TAKE ALL SUCH FURTHER STEPS AS MAY IN THE OPINION OF THE DIRECTORS, BE APPROPRIATE FOR THE PURPOSE OF GIVING EFFECT TO THE ABOVE RESOLUTION."

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

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTIONS 198(4), 269, 309(3) & 310 AND OTHER

APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 AND SUBJECT TO THE APPROVAL OF THE CENTRAL GOVERNMENT AND SUBJECT TO SUCH OTHER APPROVALS AS MAY BE REQUIRED, THE CONSENT OF THE COMPANY BE AND IS HEREBY GRANTED TO THE INCREASE IN THE REMUNERATION AND PERQUISITES PAYABLE TO MR SATISH SEKHRI, THE MANAGING DIRECTOR OF THE COMPANY FOR THE BALANCE PERIOD OF HIS TENURE, THAT IS FROM OCTOBER 1, 1997 TO MARCH 31, 2000 AS UNDER :

- 1) BASIC SALARY :
BASIC SALARY PER MONTH SHALL BE RS.48,000/- (RUPEES FORTY EIGHT THOUSAND ONLY).
- 2) SPECIAL ALLOWANCE :
SPECIAL ALLOWANCE PER MONTH SHALL BE RS. 75,000/- (RUPEES SEVENTY FIVE THOUSAND ONLY).
- 3) HOUSING :
THE EXPENDITURE BY THE COMPANY ON HIRING RESIDENTIAL ACCOMMODATION SHALL BE UPTO FIFTY PER CENT OF THE BASIC SALARY. IN ADDITION, THE COMPANY WILL PROVIDE FURNITURE/ FURNISHING UPTO A VALUE OF RS.129,000/-.
- 4) UTILITIES :
RS.2,500/- PER MONTH TOWARDS THE EXPENDITURE INCURRED BY THE COMPANY ON GAS, WATER & ELECTRICITY.
- 5) MEDICAL REIMBURSEMENT :
EXPENSES INCURRED FOR THE MANAGING DIRECTOR AND HIS FAMILY, SUBJECT TO A CEILING OF ONE MONTH'S BASIC SALARY IN A YEAR OR THREE MONTHS' BASIC SALARY OVER A PERIOD OF THREE YEARS.
- 6) LEAVE TRAVEL CONCESSION :
FOR THE MANAGING DIRECTOR AND HIS FAMILY, ONCE IN A YEAR INCURRED IN ACCORDANCE WITH RULES SPECIFIED BY THE COMPANY UPTO ONE MONTH'S BASIC SALARY.
- 7) CLUB FEES :
FEES OF CLUBS SUBJECT TO A MAXIMUM OF TWO CLUBS. THIS WILL NOT INCLUDE ADMISSION AND LIFE MEMBERSHIP FEES.
- 8) PERSONAL ACCIDENT INSURANCE :
PREMIUM NOT TO EXCEED RS.4,000 PER ANNUM.
- 9) PERFORMANCE BONUS :
ANNUAL PERFORMANCE BONUS, AS DETERMINED BY THE BOARD, BUT NOT EXCEEDING RS.1 100 000/- PER ANNUM.

- 10) TERMINAL BENEFITS (NOT INCLUDED IN THE COMPUTATION OF CEILING ON PERQUISITES) :
 - A) COMPANY'S CONTRIBUTION TO PROVIDENT FUND AT THE RATE OF 12% OF THE BASIC SALARY EFFECTIVE FROM 22ND SEPTEMBER, 1997.
 - B) COMPANY'S CONTRIBUTION TO SUPERANNUATION FUND AT THE RATE OF 15% OF THE BASIC SALARY.
 - C) GRATUITY IN ACCORDANCE WITH THE RULES OF THE COMPANY AS APPLICABLE TO THE SENIOR EXECUTIVES OF THE COMPANY BUT NOT EXCEEDING ONE HALF MONTH'S BASIC SALARY FOR EACH COMPLETED YEAR OF SERVICE, SUBJECT TO A MAXIMUM OF RS.2,50,000.
 - D) ENCASHMENT OF LEAVE AT THE END OF THE TENURE.
 - E) CONTRIBUTION TO PROVIDENT FUND, SUPER-ANNUATION FUND, GRATUITY & LEAVE ENCASHMENT WILL NOT BE INCLUDED IN THE COMPUTATION OF THE CEILING ON PERQUISITES.
- 11) TRANSPORT ETC. :
PROVISION OF CAR FOR USE ON COMPANY'S BUSINESS AND TELEPHONE AT RESIDENCE (INCLUDING PAYMENT FOR LOCAL CALLS AND LONG DISTANCE OFFICIAL CALLS) WILL NOT BE CONSIDERED AS PERQUISITES. PERSONAL LONG DISTANCE CALLS ON TELEPHONE AND USE OF CAR FOR PRIVATE PURPOSE SHALL BE BILLED BY THE COMPANY TO THE MANAGING DIRECTOR.
- 12) MINIMUM REMUNERATION :
NOTWITHSTANDING ANYTHING HEREIN, WHERE IN ANY FINANCIAL YEAR, DURING THE CURRENCY OF TENURE OF THE MANAGING DIRECTOR THE COMPANY HAS NO PROFITS OR ITS PROFITS ARE INADEQUATE, THE COMPANY WILL PAY HIM REMUNERATION BY WAY OF SALARY, SPECIAL ALLOWANCE, PERQUISITES AND PERFORMANCE BONUS SPECIFIED ABOVE.

ALSO RESOLVED THAT THE DRAFT OF THE SUPPLEMENTAL AGREEMENT TO BE ENTERED INTO BY THE COMPANY WITH MR SATISH SEKHRI, MANAGING DIRECTOR OF THE COMPANY, IN DUE IMPLEMENTATION OF THE FOREGOING RESOLUTION AS PLACED BEFORE THE MEETING AND INITIALED BY THE CHAIRMAN FOR THE SAKE OF IDENTIFICATION BE AND IS HEREBY APPROVED AND THAT AFTER OBTAINING THE CENTRAL GOVERNMENT'S APPROVAL, THE COMPANY DO SIGN AND EXECUTE THE SUPPLEMENTAL AGREEMENT IN TERMS OF THE DRAFT APPROVED HEREBY, BY AFFIXING ITS COMMON SEAL IN THE PRESENCE OF ANY ONE OF



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THE DIRECTORS AND THE SECRETARY OF THE COMPANY."

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

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTIONS 198(4), 269, 309(3) & 310 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 AND SUBJECT TO APPROVAL OF THE CENTRAL GOVERNMENT AND SUBJECT TO SUCH OTHER APPROVALS AS MAY BE REQUIRED, THE CONSENT OF THE COMPANY BE AND IS HEREBY GRANTED TO THE INCREASE IN THE REMUNERATION AND PERQUISITES PAYABLE TO MR KAZUO MATSUMURA, THE WHOLETIME DIRECTOR OF THE COMPANY FOR THE BALANCE PERIOD OF HIS TENURE, THAT IS FROM OCTOBER 1, 1997 TO JANUARY 18, 1999 AS UNDER :

- 1) BASIC SALARY :

BASIC SALARY PER MONTH SHALL BE RS.48,000/- (RUPEES FORTY EIGHT THOUSAND ONLY).

- 2) SPECIAL ALLOWANCE :

SPECIAL ALLOWANCE PER MONTH SHALL BE RS.75,000/- (RUPEES SEVENTY FIVE THOUSAND ONLY).

- 3) ACCOMMODATION :

FREE FURNISHED ACCOMMODATION AT THE COMPANY'S GUEST HOUSES IN JALGAON AND PUNE.

- 4) TRANSPORT :

A CAR FOR LOCAL TRANSPORTATION WILL BE PROVIDED. ALL EXPENSES ON RUNNING,

MAINTENANCE, DRIVER, TAXES AND INSURANCE ETC. FOR THIS CAR WILL BE BORNE BY THE COMPANY.

- 5) JOINING EXPENSES :

THE COMPANY WILL REIMBURSE TRANSPORTATION COST FOR RETURN TO JAPAN AFTER THE CONTRACT PERIOD.

- 6) MEDICAL :

ALL EXPENSES ON MEDICAL INCLUDING HOSPITALIZATION, DIAGNOSTIC CHECKS, PERIODIC HEALTH CHECKS WILL BE BORNE BY THE COMPANY AT ACTUALS.

- 7) LEAVE TRAVEL ASSISTANCE :

ONCE IN A YEAR FREE AIR PASSAGE FOR VISITING HOME TOWN IN JAPAN.

- 8) PERFORMANCE BONUS :

ANNUAL PERFORMANCE BONUS, AS DETERMINED BY THE BOARD, BUT NOT EXCEEDING RS.750 000/- PER ANNUM.

- 9) TERMINAL BENEFITS :

12% OF BASIC SALARY WILL BE CONTRIBUTED TO PROVIDENT FUND EFFECTIVE FROM 22/9/1997 AND 15% CONTRIBUTED TO SUPERANNUATION FUND BY THE COMPANY.

By Order of the Board of Directors
For **KALYANI BRAKES LIMITED**

Place : PUNE
Date : June 5, 1998

S K SATPUTE
COMPANY SECRETARY

NOTES :

- The relative Explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business to be transacted at the Annual General Meeting is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- Members are requested to advise the Company immediately of any change in their addresses.
- If the dividend on Equity Shares, as recommended by the Board of Directors, is declared at the Meeting, the dividend warrants will be posted on and from the 24th day of September, 1998 to those Members whose names appear in the Company's Register of Members on the 25th day of August, 1998.
- With a view to preventing fraudulent encashment of dividend warrants, Members are advised to furnish to the Company particulars of their bank account with a request to the Company to incorporate the same in the dividend warrant.
- The Share Transfer Books and the Register of Members of the Company will remain closed from Tuesday, the 18th day of August, 1998 to Tuesday, the 25th day of August, 1998 (both days inclusive).
- Documents referred to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day upto August 25, 1998 during business hours of the Company.

ANNEXURE TO THE NOTICE :

Explanatory Statement as required by Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out, as required by Section 173 of the Companies Act, 1956, the material facts relating to Item Nos. 5 to 8 mentioned in the accompanying Notice dated June 5, 1998.

Item No.5 :

Mr. J. L. Pasricha was appointed as Director of the Company in the casual vacancy caused by the resignation of Mr. Sunder Mulchandani. Mr. Mulchandani was liable to retire by rotation at this Annual General Meeting and accordingly, Mr. J. L. Pasricha holds office as Director till the conclusion of the ensuing Annual General Meeting. The Company has received Notice under Section 257 of the Companies Act, 1956 from a Member proposing the candidature of Mr. Pasricha to the Office of Director.

Your Directors feel that it is in the interest of the Company to re-appoint Mr. J. L. Pasricha as a Director, and accordingly recommend his re-appointment. None of the Directors of the Company is interested in the resolution except Mr. Pasricha, who is proposed for re-appointment as a Director.

Item No.6 :

The Consortium Banks have provided following working capital facilities to the Company aggregating Rs. 265.50 Million on the terms and conditions mentioned in their offer letters.

(Rs. in Million)

	State Bank of India	The United Western Bank Ltd.	State Bank of Hyderabad	State Bank of Patiyala	The Ratnakar Bank Ltd.	ICICI Banking Corporation Ltd.	Total
Cash Credit	78.5	34.5	15.0	25.0	9.5	10.0	172.5
Letter of Credit	35.0	15.0	10.0	5.0	—	10.0	75.0
Bank Guarantee	12.0	4.0	2.0	—	—	—	18.0
Total	125.0	53.5	27.0	30.0	9.5	20.0	265.5

As per the terms & conditions of the Consortium Banks, repayment of these working capital limits have been secured by additional collateral security of second charge on the Fixed Assets of the Company both present and future situate at Village Bambhori, Tal. Erandol, Dist. Jalgaon. Accordingly, the Company had deposited the title deeds in respect of Company's immovable properties on 29/3/1996 and further deposited by way of constructive delivery on 13/12/1996 with The Industrial Credit & Investment Corporation of India Ltd. ("ICICI") acting for itself and as agent of (a) State Bank of India ("SBI"), (b) State Bank of Patiala ("SBP"), (c) State Bank of Hyderabad ("SBH"), (d) The United Western Bank Ltd. ("UWB"), (e) The Ratnakar Bank Ltd. ("RB") & (f) ICICI Banking Corporation Ltd. ("ICICI Bank") in order to create a security on

the Company's all immovable properties by way of joint mortgage by deposit of title deeds for securing the due repayment, discharge and redemption by the Company to -

ON FIRST CHARGE BASIS for Rupee Term Loans of -(a) ICICI - Rs.30.00 Million and (b) SBI - Rs.30.00 Million,

ON SECOND CHARGE BASIS for working capital facilities as under : a) SBI - Rs.125.5 Million, b) UWB - Rs.53.5 Million, c) SBH - Rs.27 Million, d) SBP - Rs.30 Million, e) RB - Rs.9.5 Million & f) ICICI Bank - Rs.20 Million, aggregate limits - Rs. 265.50 Million.

In the 62nd Directors' Finance Committee Meeting held on 17/9/1997, the Company decided to replace State Bank of Hyderabad (SBH) who did not agree to reduce the interest rate as other Consortium Banks have done, by Fuji Bank Ltd. with the same SBH share in consortium. Accordingly, Fuji Bank Ltd., Mumbai has provided the following working capital facilities i.e. the same share as that of SBH within the overall maximum permissible bank finance assessed by the Consortium :

(Rs. in Million)

Cash Credit	3.75
Working Capital Demand Loan	11.25
Letter of Credit-Inland/Foreign DP/DA	10.00
Guarantee (Performance/Financial)	2.00
Total	27.00

In the Consortium Banks Meeting held on 21st March, 1998, in line with the Reserve Bank of India's guidelines and considering the administrative convenience, it was decided to reduce the size of the consortium from 6 banks to 3 banks and the share in the working capital limits of the outgoing banks may be taken up by the remaining banks in the consortium. Accordingly the revised pattern of Working Capital Limits has now been finalised as under.

(Rs. in Million)

	State Bank Of India	The United Western Bank Ltd.	The Fuji Bank Ltd.	Total
Cash Credit	112.5	45.0	15.0	172.5
Letter of Credit	45.0	20.0	10.0	75.0
Bank Guarantee	12.0	4.0	2.0	18.0
Total	169.5	69.0	27.0	265.5

State Bank of India and The United Western Bank Ltd. have approved the enhancement in their working capital limits.

One of the conditions of the aforesaid financial assistance by the above Banks is that the same is to be additionally secured, inter alia, by a second charge in respect of the Company's immovable properties both the present and future.

Section 293 (1) (a) of the Companies Act, 1956 provides, inter



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alia, that the Board of Directors of a Public Limited Company shall not, without consent of such public company in General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. Since the mortgage and/or charge to be created as aforesaid may be considered to be a disposal of the Company's undertaking/s, the resolution as set out in the Notice is proposed under Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, which the Directors recommend to the Members for approval.

None of the Directors is interested in the Resolution.

Item No. 7

Mr Satish Sekhri was appointed as Managing Director of the Company w.e.f. April 1, 1995 for a period of 5 years on the remuneration approved by the Board in its 66th Board Meeting held on April 6, 1995 and by the shareholders in their 13th Annual General Meeting held on February 12, 1996. Since the Company was making losses, his remuneration was kept within Rs.87,500/- per month in accordance with the guidelines of Schedule XIII of the Companies Act, 1956.

Since Mr Sekhri's joining, the Company has made all around progress. The working results have substantially improved. Sales (annualized) has gone up from Rs.49 Crores in 1993-94 to Rs.120 Crores in 1996-97. Profit performance has also improved from a loss of Rs.7.7 Crores in 1993-94 to a profit (before Extra Ordinary Item) of Rs.7.1 Crores in 1996-97. The Company has put up a new second plant at Chakan with world class manufacturing facilities. Customer satisfaction has greatly improved. In the current year, the Company is wiping out its accumulated losses and is poised for a healthy growth. Board therefore considered appropriate to revise the remuneration structure of Mr Satish Sekhri w.e.f. 1/10/1997 for the balance period of his contract i.e. upto 31/3/2000 as detailed in the Resolution, to make it in line with the prevailing trend in industry subject to the approval of the Central Government.

A copy of the draft Supplemental Agreement proposed to be entered into between the Company and Mr Sekhri will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Sundays.

This statement read alongwith the resolution may be deemed as an abstract of the terms of the Supplemental Agreement proposed to be entered into between the Company and Mr. Sekhri, to be sent to the Members of the Company in terms of Section 302 of the Companies Act, 1956.

Approval of the Members is sought to the payment of enhanced remuneration to Mr Satish Sekhri as detailed in the resolution, with effect from October 1, 1997 for the balance period of his

contract i.e. upto March 31, 2000.

Mr Satish Sekhri as the recipient of the remuneration, may be regarded as concerned with or interested in the resolution. No other Director of the Company is interested in the resolution since this relates to enhancement of his remuneration.

Item No.8

Mr Kazuo Matsumura was appointed as a Wholtime Director - Technical of the Company w.e.f. January 19, 1996 for a period of 3 years on the remuneration approved by the Board in its 69th Board Meeting held on December 14, 1995 and by the shareholders in their 13th Annual General Meeting held on February 12, 1996.

In accordance with the Shareholders' Agreement, his remuneration was fixed slightly below that of Managing Director.

The Company has received immense benefits due to services of Mr Matsumura in the area of quality and productivity. In respect of Company's new plant at Chakan, Mr Matsumura played a vital role in selection of manufacturing process and equipment. Due to his contribution, the Company has successfully commissioned this world class manufacturing facility at Chakan and substantially upgraded its existing plant at Jalgaon. As a result, the Company has achieved very satisfactory levels of cost reduction and customer satisfaction. Board therefore considered appropriate to revise the remuneration structure of Mr Kazuo Matsumura w.e.f. 1/10/1997 for the balance period of his contract i.e. upto 18/1/1999 as detailed in the Resolution, to make it in line with the prevailing trend in industry subject to the approval of the Central Government.

This statement read alongwith the resolution may be deemed as an abstract of the terms of enhancement of remuneration of Mr Matsumura, to be sent to the Members of the Company in terms of Section 302 of the Companies Act, 1956.

Approval of the Members is sought to the payment of enhanced remuneration to Mr Kazuo Matsumura as detailed in the resolution, with effect from October 1, 1997 for the balance period of his contract i.e. upto January 18, 1999.

Mr. Matsumura as the recipient of the remuneration, may be regarded as concerned with or interested in the resolution. No other Director of the Company is interested in the resolution since this relates to enhancement of his remuneration.

By Order of the Board of Directors
For **KALYANI BRAKES LIMITED**

Place : PUNE

Date : June 5, 1998

S K SATPUTE
COMPANY SECRETARY



PROXY

Kalyani Brakes Limited

Regd. Office : Aurora Towers, 4th Floor,
9 Moledina Road, Pune 411 001

I/We _____ (Folio No. _____)

of _____

being a Member / Members of **KALYANI BRAKES LIMITED**, Pune, hereby appoint

of _____ or

failing him _____

of _____

as my/our Proxy to vote for me/us and on my/our behalf, at the SIXTEENTH ANNUAL
GENERAL MEETING of the Company to be held on Tuesday, 25th August, 1998 and
at any adjournment thereof.

Signed this _____ day of _____ 1998.

Please affix
30 P.
Revenue
Stamp
here

Signature(s) of Member(s)
across the stamp

Note : The Proxy must be deposited with the Registered Office of the Company, not less than
48 hours before the time fixed for the Meeting.

