

ANNUAL REPORT 1999



Gandhimathi Appliances Limited



GANDHIMATHI APPLIANCES LIMITED

BOARD OF DIRECTORS

Mr. V. MURUGESA CHETTIAR (Chairman)

Mr. V.M. LAKSHMINARAYANAN

Mr. V.M. BALASUBRAMANIAM (Managing Director)

Mr. V.M. SESHADRI

Mr. V.M. GANGADHARAM (Whole-time Executive Director)

Mr. V.M. KUMARESAN

Mr. V.R. SIVARAMAN

Mr. V.K. PADMANABHAN

Mr. V.R. LAKSHMINARAYANAN

Mr. K. GANESAN

Mr. C. RAMACHANDRAN

Mr. M. PADMANABHAN

Mr. T.V. BHASKAR (IIBI NOMINEE)

SECRETARY:

Mr. D. KRISHNAMURTHY

AUDITORS:

M/s. RUDHRAKUMAR ASSOCIATES

Chartered Accountants,

No.4, Mangesh Street, T.Nagar, Chennai - 17.

Bankers :

State Bank of Travancore

The South Indian Bank Limited

Bank of Baroda

Registered Office:

Vandalur-Kelambakkam Road,

143, Pudupakkam Village, Kelambakkam - 603 103

Kancheepuram District. TAMIL NADU

Share Registrars :

M/s. GNSA Investor Services (P) Ltd.,

No.1 (II Floor) 52nd Street, 7th Avenue,

Ashok Nagar, Chennai - 600 083.

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Members are requested to bring their copy of the Annual Report along with them to the Annual General Meeting, since the same will not be distributed at the meeting as a measure of economy. No sweets or compliments will be distributed to the Members at the Meeting Hall, in keeping with the Government of India guidelines.

A customer is the most important visitor on our premises

He is not an interruption on our work

He is the purpose of it.

He is not an outsider on our business.

We are not doing him a favour by servicing him. He is doing us a favour by giving us an opportunity to do so.

— Mahatma Gandhi

"WE AT BUTTERFLY SHALL CONTINUE
TO CEASELESSLY WORK TOWARDS THIS OBJECTIVE".



GANDHIMATHI APPLIANCES LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Company will be held at its Registered Office at Vandalur-Kelambakkam Road, 143, Pudupakkam Village, Kelambakkam - 603 103, Kancheepuram District, Tamil Nadu on Wednesday, 17th November, 1999 at 11 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT the Audited Balance Sheet as at 31st March, 1999, the Profit and Loss Account for the year ended 31st March, 1999 and the Report of the Directors and the Auditors of the Company, be and are hereby approved and adopted."
2. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr.V.M.Seshadri, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".
3. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr.V.M.Kumaresan, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".
4. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr.V.R.Sivaraman, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".
5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT the retiring Auditors, M/s.Rudhrakumar Associates, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company, in addition to travelling and other out of pocket expenses actually incurred by them in connection with audit and fees, if any, for the professional services rendered by them in any other capacity from time to time".

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr.K.Ganesan be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."
7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr.C.Ramachandran be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."
8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr.M.Padmanabhan be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."



GANDHIMATHI APPLIANCES LIMITED

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

- A. "That pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 ("the Act") and other applicable provisions, if any, of the Act, in supersession of the Resolution passed by the members at the Company's Extraordinary General Meeting held at its Registered Office on 22.1.1998, Mr.V.M.Balasubramaniam be and is hereby reappointed as Managing Director of the Company for a period of five years with effect from 1.1.1998 on the following terms and conditions, which may also be deemed as an abstract of the terms of his reappointment pursuant to Section 302 of the Act.

Remuneration: Subject to the ceiling limits laid down in Sections 198 and 309 of the Act, remuneration by way of salary or perquisites or both payable to Mr.Balasubramaniam shall not exceed the following limits:

Salary: Rs.6,48,000 per annum or Rs.54,000/- per month including dearness and all other allowances.

Perquisites: Perquisites will be allowed to Mr.V.M.Balasubramaniam, Managing Director, in addition to salary, restricted to an amount equal to his annual salary viz., Rs.6.48 lakhs. For this purpose perquisites are classified into three categories - 'A', 'B' & 'C' as follows:-

CATEGORY A:

- (i) **Housing I:** The expenditure by the Company for hiring furnished accommodation for Mr.Balasubramaniam will be subject to the ceiling of sixty percent of his salary.

Housing II: In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation:

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Managing Director.

- (ii) **Medical reimbursement:** Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- (iii) **Leave Travel Concession:** For self and his family once in a year incurred in accordance with rules specified by the Company.
- (iv) **Club Fees:** Fees of clubs subject to a maximum of two clubs. Admission and life membership fee, will not be allowed.
- (v) **Personal Accident Insurance:** Premium not to exceed Rs.4000/- per annum.

Explanation: For the purpose of category 'A', 'Family' means the spouse, the dependent children and dependent parents of the Managing Director.

Note : In the event of loss or inadequacy of profits in any financial year, the remuneration payable to Mr. Balasubramaniam by way of salary, Dearness Allowance, perquisites and any other allowances as minimum remuneration will be governed by the provisions for Minimum Remuneration as stipulated in Section II Part II of Schedule XIII to the Act.

CATEGORY 'B':

1. Company's contribution towards Provident Fund.
2. Company's contribution towards Superannuation Fund or Annuity Fund. Such contribution together with the contribution towards Provident Fund shall not exceed 25% of his salary.

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.


GANDHIMATHI APPLIANCES LIMITED
3. GRATUITY:

Payable in accordance with the rules of the Company not exceeding half a month's salary for each completed year of service subject to a limit of Rs.3,50,000.

4. ENCASHMENT OF LEAVE:

Encashment of leave at the end of tenure payable in accordance with the rules of the Company. This will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C':

The Company shall provide a car with driver and telephone at the residence of Mr. Balasubramaniam. Provision of a car for use on Company's business and telephone at residence 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 Mr. Balasubramaniam.

COMMISSION:

Subject to the overall ceilings laid down in Sections 198 and 309 of the Act, Mr. Balasubramaniam, Managing Director will be paid a commission not exceeding 1% of the net profits of the Company, restricted to an amount equal to his annual salary.

B. THAT the Board be and is hereby authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr. V.M. Balasubramaniam, Managing Director, from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr. Balasubramaniam, without further reference to the Company in General Meeting.

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

A. "That pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 ("the Act") and other applicable provisions, if any, of the Act, Mr. Gangadharam be and is hereby reappointed as Whole time Executive Director of the Company for a period of five years with effect from 1.10.1999 whose period of office shall not be subject to retirement by rotation during his tenure of office as Whole-time Executive Director on the following terms and conditions, which may also be deemed as an abstract of the terms of his reappointment pursuant to Section 302 of the Act.

Remuneration: Subject to the ceiling limits laid down in Sections 198 and 309 of the Act, remuneration by way of salary or perquisites or both shall not exceed the following limits:

Salary: Rs.6 lakhs per annum or Rs.50,000/- per month including dearness and all other allowances.

Perquisites: Perquisites will be allowed to Mr. Gangadharam, Whole-time Executive Director, in addition to salary restricted to an amount equal to his annual salary viz., Rs.6 lakhs. For this purpose perquisites are classified into three categories - 'A', 'B' & 'C' as follows:

CATEGORY 'A':

(i) **Housing I:** The expenditure by the Company for hiring furnished accommodation for Mr. Gangadharam will be subject to the ceiling of sixty percent of his salary.

Housing II: In case the accommodation is owned by the Company, ten percent of the salary of the Whole-time Executive Director shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, the Whole-time Executive Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

EXPLANATION:

(i) The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Whole-time Executive Director.


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- (ii) **Medical reimbursement:** Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- (iii) **Leave Travel Concession:** For self and his family once in a year incurred in accordance with rules specified by the Company.
- (iv) **Club Fees:** Fees of clubs subject to a maximum of two clubs. Admission and life membership fee will not be allowed.
- (v) **Personal Accident Insurance:** Premium not to exceed Rs.4000/- per annum.

Explanation: For the purpose of category 'A', 'Family' means the spouse, the dependent children and dependent parents of the Whole-time Executive Director.

Note: In the event of loss or inadequacy of profits in any financial year, the remuneration payable to Mr. Gangadharam by way of salary, Dearness Allowance, perquisites and other allowances as minimum remuneration will be governed by the provisions for Minimum Remuneration as stipulated in Section II Part II of Schedule XIII to the Act, not exceeding the limits specified herein above.

CATEGORY 'B':

1. Company's contribution towards Provident Fund as per Provident Fund Rules in force from time to time.
2. Company's contribution towards Superannuation Fund or Annuity Fund. Such contribution together with the contribution towards Provident Fund shall not exceed 25% of his salary. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
3. **GRATUITY:**
Payable in accordance with the rules of the Company not exceeding half a month's salary for each completed year of service subject to a limit Rs.3,50,000.
4. **ENCASHMENT OF LEAVE:**
Encashment of leave at the end of tenure payable in accordance with the rules of the Company. This will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C':

The Company shall provide a car with driver and telephone at the residence of Mr. Gangadharam. Provision of a car for use on Company's business and telephone at residence 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 Mr. Gangadharam.

COMMISSION:

Subject to the overall ceilings laid down in Sections 198 and 309 of the Act, Mr. Gangadharam, Whole-time Executive Director will be paid a commission not exceeding 0.5% of the net profits of the Company, subject to a ceiling of an amount equal to his annual salary.

- B. THAT the Board be and is hereby authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr. V.M. Gangadharam, Whole-time Executive Director, from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr. Gangadharam without further reference to the Company in General Meeting.
11. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 314(1)(b) of the Companies Act, 1956, read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 consent of the Company be and is hereby accorded to Mr. V.M.S. Namasivayam, a relative of Messrs. V. Murugesu Chettiar, Chairman and Director, V.M. Lakshminarayanan, Director, V.M. Balasubramaniam, Managing Director, V.M. Seshadri, Director, V.M. Gangadharam, Executive Director and V.M. Kumaresan, Director of the Company, to hold an office or place of profit as Assistant General Manager (Production) with effect from 1.4.1999 on the following terms and conditions:


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1. Salary : Rs.1.80 lakhs per annum or Rs.15,000/- per month including dearness and all other allowances, with annual increments in the scale of Rs.15,000 - 750 - 19,500.
 2. In addition to salary Mr.Namasivayam will be entitled to the following perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, which are admissible to other Executives of similar status and grade in the Company:
 - (a) Contribution towards Provident Fund, Superannuation Fund or Annuity Fund not exceeding 25% of his salary.
 - (b) **GRATUITY:**
Payable in accordance with the rules of the Company, not exceeding half a month's salary for each completed year of service, subject to a limit of Rs.3,50,000.
 - (c) **ENCASHMENT OF LEAVE:**
Encashment of leave at the time of leaving from Company's service, payable in accordance with the rules of the Company not exceeding the ceiling specified under the Income Tax Act.
 - (d) Conveyance for use on Company's business and telephone at residence. Personal long distance calls on telephone shall be billed by the Company to Mr.Namasivayam.
12. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:
RESOLVED THAT pursuant to the provisions of Section 314(1)(b) of the Companies Act, 1956, read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 consent of the Company be and is hereby accorded to Mr.V.M.L.Senthilnathan, a relative of Messrs.V.Murugesu Chettiar, Chairman and Director, V.M.Lakshminarayanan, Director, V.M.Balasubramaniam, Managing Director, V.M.Seshadri, Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Director of the Company to hold an office or place of profit as Assistant General Manager (Technical) with effect from 1.4.1999 on the following terms and conditions:
1. Salary : Rs.1.80 lakhs per annum or Rs.15,000/- per month including dearness and all other allowances, with annual increments in the scale of Rs.15,000 - 750 - 19,500.
 2. In addition to salary Mr.Senthilnathan will be entitled to the following perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, which are admissible to other Executives of similar status and grade in the Company:
 - (a) Contribution towards Provident Fund, Superannuation Fund or Annuity Fund not exceeding 25% of his salary.
 - (b) **GRATUITY:**
Payable in accordance with the rules of the Company not exceeding half a month's salary for each completed year of service, subject to a limit of Rs.3,50,000.
 - (c) **ENCASHMENT OF LEAVE:**
Encashment of leave at the time of leaving from Company's service, payable in accordance with the rules of the Company not exceeding the ceiling specified under the Income Tax Act.
 - (d) Conveyance for use on Company's business and telephone at residence. Personal long distance calls on telephone shall be billed by the Company to Mr.Senthilnathan.
13. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:
RESOLVED THAT pursuant to the provisions of Section 314(1)(b) of the Companies Act, 1956, read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 consent of the Company be and is hereby accorded to Mr.R.Elansudar, a relative of Messrs. V.Murugesu Chettiar, Chairman and Director and V.M.Gangadharam, Executive Director of the Company to hold an office or place of profit as Assistant General Manager (R&D) with effect from 1.8.1999 on the following terms and conditions:


GANDHIMATHI APPLIANCES LIMITED

1. **Salary :** Rs.1.80 lakhs per annum or Rs.15,000/- per month including dearness and all other allowances, with annual increments in the scale of Rs.15,000 - 750 - 19,500.
2. In addition to salary Mr.Eiansudar will be entitled to the following perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, which are admissible to other Executives of similar status and grade in the Company:
 - (a) Contribution towards Provident Fund, Superannuation Fund or Annuity Fund not exceeding 25% of his salary.
 - (b) **GRATUITY:**
Payable in accordance with the rules of the Company not exceeding half a month's salary for each completed year of service, subject to a limit of Rs.3,50,000.
 - (c) **ENCASHMENT OF LEAVE:**
Encashment of leave at the time of leaving from Company's service, payable in accordance with the rules of the Company not exceeding the ceiling specified under the Income Tax Act.
 - (d) Conveyance for use on Company's business and telephone at residence. Personal long distance calls on telephone shall be billed by the Company to Mr.Eiansudar.
14. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to provisions of Section 31 of the Companies Act, 1956 ("the Act") the Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:
 - (i) After Article 45, the following new Article be inserted as Article 45A:
NOMINATION OF SHARES:
45A (a) Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate a person to whom his shares in, or debentures of, the Company shall vest in the event of his death in the manner prescribed in the Act.
(b) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate a person to whom all the rights in the shares or debentures of the Company, shall vest in the event of death of all the joint holders in the manner prescribed in the Act.
(c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of, the Company, where a nomination made in the manner prescribed in the Act purports to confer on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the shareholder or holder of debentures of, the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of the Company, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed in the Act.
(d) Where the nominee is a minor, it shall be lawful for the holder of the shares, or holder of debentures, to make the nomination to appoint, in the manner prescribed in the Act, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority'.
(ii) After Article 46, the following new Article be inserted as Article 46A.


GANDHIMATHI APPLIANCES LIMITED
TRANSMISSION OF SHARES:

- 46A. (1) Any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-
- (a) To be registered himself as holder of the share or debenture, as the case may be; or
 - (b) To make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, as the case may be, could have made.
- (2) If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder, as the case may be.
- (3) All the limitations, restrictions and provisions of the act relating to the right to transfer and the registration of transfers of shares or debentures, shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer where a transfer signed by that shareholder or debentureholder, as the case may be.
- (4) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company;
- Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with.

CHENNAI - 600 018
23rd September, 1999

By Order of the Board
D. KRISHNAMURTHY
Secretary

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GANDHIMATHI APPLIANCES LIMITED
NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 11th to 17th November 1999 (both days inclusive).
3. Members are requested to immediately intimate any change in their address registered with the Company to the Registrars and Share Transfer Agents, M/s.GNSA Investor Services Pvt.Ltd., No.1 (II Floor), 52nd Street, 7th Avenue, Ashok Nagar, Chennai - 600 083.
4. Members/Proxies should bring the attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the meeting hall.
5. Members/Proxies are requested to bring their copies of the Annual Report to the meeting.
6. Members are requested to quote their folio number in all their correspondence.
7. The Company's equity shares are listed with Madras, Mumbai and Ahmedabad Stock Exchanges. The Company has paid the Annual Listing Fees to each of these Exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.
ITEM NO.6:

At a meeting of the Board of Directors of the Company ("the Board") held on 30th January 1999, Mr. K. Ganesan was appointed Additional Director of the Company with effect from the said date, pursuant to the provisions of Article 111 of the Company's Articles of Association which is based on Section 260 of the Companies Act, 1956 ("the Act"). Mr.Ganesan will hold office upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received from a member notice in writing along with a deposit of five hundred rupees under Section 257 of the Act signifying his intention to propose the appointment of Mr. Ganesan as Director of the Company.

Mr. Ganesan is also willing to act as Director, if so appointed, and has filed with the Company his consent pursuant to Section 264(1) of the Act.

Mr. Ganesan is an eminent Chartered Accountant, who retired as a senior partner of M/s.Lovelock & Lewes, Chartered Accountants. He is the co-author of some important publications on Companies Act, 1956. He is also a Director on the Board of some other well known Companies.

Having regard to the background, experience and expertise of Mr. Ganesan, the Board considers that his continuance on the Board will be beneficial to the Company and accordingly recommends the acceptance of the resolution set out in item 6 of the convening Notice.

No other Director of your Company other than Mr. K. Ganesan is interested in the resolution.

ITEM NO.7:

At a meeting of the Board of Directors of the Company ("the Board") held on 30th January 1999, Mr. C. Ramachandran was appointed Additional Director of the Company with effect from the said date pursuant to the provisions of Article 111 of the Company's Articles of Association, which is based on Section 260 of the Companies Act, 1956 ("the Act"). Mr.Ramachandran will hold office upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received from a member notice in writing along with a deposit of five hundred rupees under Section 257 of the Act signifying his intention to propose the appointment of Mr. Ramachandran as Director of the Company.

Mr. Ramachandran is also willing to act as Director, if so appointed, and has filed with the Company his consent pursuant to Section 264(1) of the Act.