

14th *Annual Report*

1998-99

Certified True Copy



For Continental Chemicals Ltd.

[Signature]
Authorised Signatory

Continental Chemicals Ltd.

DIRECTORS

Mr. Naresh K Chibba	Managing Director
Mr. R.S. Yadav	Director
Mr. Anil K. Sharma	Director

AUDITORS

M/s. Kansal & Associates
Chartered Accountant
New Delhi

BANKERS

INDIAN OVERSEAS BANK
STANDARD CHARTERED BANK
CANARA BANK

REGISTERED OFFICE

A-7, Sector-7, Noida
Dist. Gautam Budh Nagar,
U.P
Pin – 201 301,
India

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 14th Annual General Meeting of the Company will be held on Monday the 28th February 2000 at 9.30 A.M at the Registered Office of the company at A-7, Sector-VII, NOIDA, Dist. Gautam Budh Nagar, Pin. 201 301 (U.P) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st August 1999, and profit & Loss Account for the Year ended on the date, the Report of Directors' and Auditors' there on.
2. To appoint a Director in place of Mr. Anil K Sharma who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

4. SPECIAL BUSINESS

To consider and if thought fit to pass, with or without modification, the following resolution as special resolution:-

“RESOLVED that in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such sanctions, as may be necessary, the company hereby approves of the reappointment of and terms of remuneration and perquisites payable to Mr. Naresh K Chibba as Managing Director for a period of five years effective from 1st August, 2000 upon the terms and conditions set out in the draft agreement submitted to this meeting and initialed by the Chairman for the purpose of identification which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or agreement so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956 as amended upto date and as may be agreed to between the Board of Directors and Mr. Naresh K Chibba.”

“RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year during the term of office of Mr. Naresh K Chibba as Managing Director, the salary payable to him be reduced by 10% and he shall be entitled to all other benefits and perquisites.”

“RESOLVED FURTHER that the Board of Directors be and are hereby authorized to take such steps as may be necessary and to give effect to this resolution.”

5. To consider and, if thought fit, to pass with or without modification the following resolutions as a SPECIAL RESOLUTION:

“RESOLVED that pursuant to the provisions of Section 31 (1) of the Companies Act, 1956, the Articles of Association of the Company be and is/are hereby altered by the addition of a new Article 9A after Article 9 as follows:”

Notwithstanding anything contained in the preceding Article 9, the company shall have power, subject to and in accordance with applicable provisions of the Companies Act, 1956 as amended from time to time, to purchase any of its own fully paid equity shares within the permissible regulatory limits and shall make payment in respect of such purchase(s) in accordance with the provisions of law.

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute all such documents, deeds and writings as may be required for the aforesaid purpose and which it may deem fit in the interest of the Company.”

6. To consider and if thought fit to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED that subject to the provisions of the relevant laws as applicable from time to time and subject to such consents, permissions and sanctions as may be required from appropriate authorities, the consent of the Company be and is hereby accorded for acquiring and holding of Equity Shares of the Company, by Foreign Institutional Investors (FII's) Overseas Corporate Bodies (OCB's) and Non-resident Indians (NRI's) upto an aggregate limit of 30% the paid-up Equity Share Capital of the Company or upto such limit as may be permitted by law and approved by the Board of Directors of the Company, provided however that the Equity Share holding of a single FII or a sub-account of an FII in the Company shall not at any time exceed 10% of the paid-up Equity Share Capital of the Company or such other limit as may be permitted by law and approved by the Board of Directors of the Company.”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute all such documents, deeds and writings as may be required for the aforesaid purpose and which it may deem fit in the interest of the Company.”

SD/-
R.S.Yadav
Director

By Order of the Board of Directors
SD/-
NARESH K CHIBBA
Managing Director

PLACE : NOIDA
DATE : 15-01-2000

Certified True Copy

For Continental Chemicals Ltd.


Authorised Signatory

NOTES

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxy in order to be effective must be received by the Company at its registered office not less than 48 hours before the meeting. A blank form is enclosed.
3. Members are requested to bring their copies of the Annual Report with them at the meeting.
4. Members/Proxies are further requested to fill in the enclosed attendance slip and deposit the same at the registration table at the time of attending the meeting.
5. Members having any queries relating to the Annual Report are requested to send their questions to the Directors at the registered office of the Company at least 7 days before the date of Annual General Meeting.
6. Members holding shares under more than one folio are requested to send their Shares Certificate to the Registered Office of the Company for consolidation under one folio.
7. The Share Transfer Books, Members Register of the company shall remain closed from 26.02.2000 to 28.02.2000 (Both days inclusive).

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

In conformity with the provisions of Section 173(2) of the Companies Act, 1956 , the following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

ITEM NO. 4

The present term of appointment of Mr. Naresh K Chibba as Managing Director will expire on July 31, 2000. The Board of Directors feel that for the sake of efficient running of the company and continuity of the present management the services of Mr. Naresh K Chibba should be available to the company for a further period of 5 years. In terms of the provisions of the Articles of Association of the company and provisions of the Companies Act, 1956 as amended upto date, the re-appointment and remuneration payable to Mr. Naresh K Chibba is subject to the approval of the members of the company.

DRAFT OF THE AGREEMENT BETWEEN MR. NARESH K CHIBBA & THE COMPANY**(I) Salary**

Salary of Rs. 100,000/- per month from Aug 1st, 2000 with an increase of 10% annually or inflation rate of the previous year whichever is higher.

(II) Perquisites

In addition to the above, Mr. Naresh K Chibba as Managing Director shall be entitled to the following perquisites restricted to an amount equal to fifty per cent of the salary.

Category 'A'

- a) Housing : Rent free accommodation, with free use of all facilities and amenities.
- b) Gas, Electricity, Water and Furnishings: The expenditure incurred by the Company towards Gas, Electricity, Water, Hard furnishing, Soft furnishing shall be valued as per Income Tax Rules.
- c) Other Allowances: Guest entertainment, Sweeper allowance, Gardener allowance, Security guard allowance and any other perquisites shall be valued as per Income Tax Rules as may be applicable from time to time.
- d) Club Fees: Fees of clubs, subject to a maximum of two Clubs (excluding admission and Life Membership fees).
- e) Leave Travel Concession: For self and members of the family upto a maximum of one month's salary.
- f) Medical reimbursement: Reimbursement of all medical expenses, incurred for self and family including hospitalization, membership of any hospital or Doctor's scheme.
- g) Medical Insurance and Personal Accident Insurance: As per Company rules.
- h) Interest subsidy on housing/soft loan: Reimbursement of interest in respect of Housing / soft loan as per the policy applicable to the employees of the Company.

Note : 'The family for the purpose of Leave Travel Concession, Personal Accident Insurance, Mediclaim Insurance and Medical Benefits shall, besides the Managing Director, consist of spouse, wholly dependent parents and wholly dependent children of the Managing Director.'

The value of the perquisites to be evaluated as per Income Tax Rules, wherever applicable, and at costs. In addition to the above perquisites, the Board of Directors be and is hereby authorized to grant other perquisites to Mr. Naresh K Chibba, Managing Director from time to time as they may deem fit within the above mentioned overall ceiling.

Category 'B':

- (i) Company's Contribution :
- (a) towards Provident Fund : as per Company rules
- (b) towards Superannuation : as per Company rules
- Fund/ Annuity Fund

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

- (ii) Gratuity: As per rules of the Company, payable in accordance with the approved fund at the rate of 15 days salary for each completed year of service. Part service in excess of six months shall be reckoned as completed year of service.
- (iii) Encashment of Leave on Retirement: Appointee shall be entitled to encashment of leave at the time of retirement or his tenure that may be lying to his credit. The amount of leave salary to be encashed shall be calculated on the basis of last pay drawn. This will not be included in calculation of ceiling of perquisites.

Category 'C':

- (i) Conveyance : Use of Company's car with driver. Use of car with driver for official purposes shall not be considered as perquisites.
 - (ii) Telephone : Use of telephone at residence. Use of telephone for official purposes shall not be considered as perquisites.
 - (iii) Employees Stock Ownership Plan: The Managing Director shall be entitled to the Employees Stock Ownership Plan (ESOP) as decided by the Board of the Company from time to time. Besides this the Managing Director shall also be entitled to an incentive plan which will be separately executed and which will be co-terminus with the Supplemental Agreement. This will not be included in calculation of perquisites and will be outside the purview of perquisites under Category A and the overall ceiling will not apply.
- (III) **Commission:** In addition to salary and perquisites, the Managing Director shall be entitled to a commission of 1% of the net profit of the Company. Salary and perquisites will be subject to the overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956 and computed in accordance with the provisions of the Companies Act, 1956.