

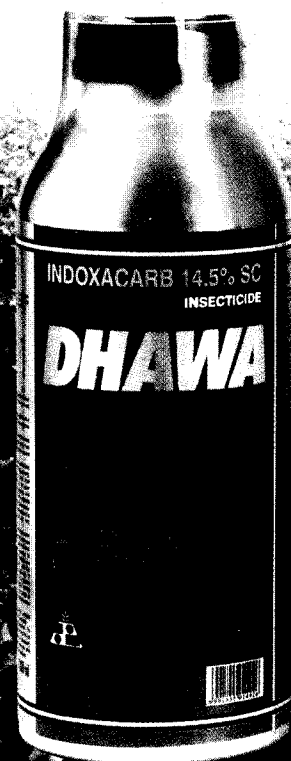


Dhanuka Pesticides Limited

(AN ISO 9001:2000 COMPANY)

20th Annual Report
2004-05

Report  junction.com





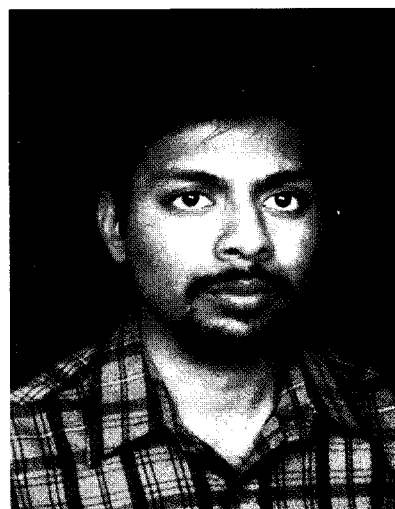
Sh. R.G. Agarwal, Chairman



Sh. M. K. Dhanuka, Managing Director



Sh. K. B. Kejariwal, Director (W)



Sh. Rahul Dhanuka, Director

DHANUKA PESTICIDES LTD.

(AN ISO 9001: 2000 COMPANY)

BOARD OF DIRECTORS

R.G. AGARWAL

Chairman

M.K. DHANUKA

Managing Director

K.B. KEJARIWAL

Director (Works)

PRIYA BRAT

K.K. JAIN

C.M. GUPTA

RAHUL DHANUKA

VINOD JAIN

COMPANY SECRETARY

Shamsher Singh

BANKERS

STATE BANK OF PATIALA

Commercial Branch
Chanderlok Building,
36, Janpath
New Delhi - 110 001

AUDITORS

M/s. S. K. Jain Associates

Chartered Accountants

1/1293, Naiwala, Karol Bagh,
New Delhi - 110 005.

REGISTRAR & S.T. AGENT

M/s. Abhipra Capital Ltd.

Ground Floor, Abhipra Complex,
Dilkhush Indl. Area,
A-387, G.T. Karnal Road,
Azadpur, Delhi - 110 033.

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WORKS

Village Atta, Sohna Mandkola Road
Tehsil : Nuh, Distt. Gurgaon (Haryana)

BRANCHES

Ahmedabad, Akola, Bangalore, Bhatinda, Bhopal, Cuttack, Ghaziabad, Gulbarga, Gurgaon, Hyderabad, Indore, Jaipur, Kolkata, Lucknow, Ludhiana, Patna, Pune, Raipur, Salem, Siliguri, Sriganaganagar and Vijayawara.

ANNUAL GENERAL MEETING

Date : 28th September, 2005
Time : 10.30 a.m.
Venue : The Little Theatre Group (LTG),
Copernicus Marg,
New Delhi - 110 001.

NOTICE TO THE MEMBERS

Notice is hereby given that the 20th Annual General Meeting of the Company will be held at The Little Theatre Group, Copernicus Marg, New Delhi-110001 on Wednesday, the 28th day of September, 2005 at 10.30 A.M. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date together with report of the Auditors and Directors thereon;
2. To declare dividends for the year ended on 31st March, 2005;
3. To appoint a Director in place of Shri R.G. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Shri K.K Jain, who retires by rotation and being eligible, offers himself for re-appointment;

SPECIAL BUSINESS

5. To appoint Auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in connection therewith to pass, with or without modifications, the following as **Ordinary Resolution** :

"RESOLVED that M/s.Dinesh Mehta & Co., Chartered Accountants, 21, Dayanand Road, Darya Ganj, New Delhi-110002, be and are hereby appointed as auditors of the Company to hold the office from conclusion of the 20th Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company in addition to reimbursement of traveling and other out-of-pocket expenses actually incurred by them in connection with the audit of the accounts of the Company."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution**:

"RESOLVED that Mr. Vinod Jain, who was appointed as an Additional Director w.e.f. 24th March, 2005 by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956, upto the date of the Annual General Meeting and in respect of whom the Company

has received a notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

7. To consider and if thought fit to pass, with or without modification(s), the following as **Ordinary Resolution** :

"Resolved that in partial modification of the resolution passed at the 19th Annual General Meeting of the Company held on 29.09.2004 for the re-appointment and terms of remuneration of Shri M.K. Dhanuka, Managing Director of the Company and in accordance with the provisions of Sections 310, 198, 309 & 269 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded for the payment of commission @ 3% of the net profits of the Company computed under Sections 349 and 350 of the Companies Act, 1956 from the financial year 2005-06 onwards, in addition to the salary and perquisites already approved by the members at their 19th Annual General Meeting, thus enhancing the maximum amount of remuneration including the monetary value thereof payable to Shri M.K. Dhanuka, Managing Director for the remaining tenure of his appointment upto 13.08.2009 as set out in the draft supplemental Agreement submitted to the meeting and initiated for the purpose of identification which supplemental Agreement is hereby specifically sanctioned"

"Resolved Further that the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the supplemental agreement to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and the terms of the aforesaid agreement between the Company and Shri M.K. Dhanuka shall be suitably modified to give effect to such variation and increase as the case may be."

8. To consider and if thought fit to pass, with or without modification(s), the following as **Ordinary Resolution** :

NOTICE TO THE MEMBERS (Contd...)

"RESOLVED that in partial modification of the resolution passed at the 17th Annual General Meeting of the Company held on 27.09.2002 for the re-appointment and terms of remuneration of Shri K.B. Kejariwal, Director (Works) of the Company and in accordance with the provisions of Sections 310, 198, 309 & 269 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded for the increase in salary of Shri K.B.Kejariwal, Director (Works) from Rs.40,000/- to Rs.75,000/- w.e.f. 1st August 2005 for the remaining tenure of his appointment upto 31.08.2007 and also payment of commission @ 2% of the net profits of the Company computed under Sections 349 and 350 of the Companies Act; 1956, from the financial year 2005-06 onwards, in addition to the perquisites already approved by the members at their 17th Annual General Meeting, thus enhancing the maximum amount of remuneration including the monetary value thereof payable to Shri K.B. Kejariwal, Director (Works), as set out in the draft supplemental Agreement submitted to the meeting and initialed for the purpose of identification which supplemental Agreement is hereby specifically sanctioned"

"Resolved Further that the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the supplemental agreement to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and the terms of the aforesaid agreement between the Company and Mr. K.B. Kejariwal shall be suitably modified to give effect to such variation and increase as the case may be."

9. To consider and if thought fit to pass, with or without modification(s), the following as **Special Resolution** :

"RESOLVED that the consent of the Company be and is hereby accorded pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 for the appointment of Shri Harsh Dhanuka as General Manager (HRD) of

the Company w.e.f. 1st day of June, 2005 on a Salary of 30,000/- p.m. and also PF Contribution @ 12% of the salary as per rules of the Company. Resolved further that no other benefits or perquisites shall be given to Shri Harsh Dhanuka except with the fresh consent of the members."

10. To consider And if thought fit to pass, with or without modification(s), the following as **Special Resolution** :

"RESOLVED that the consent of the Company be and is hereby accorded pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 for the appointment of Mrs. Megha Dhanuka as the Senior Manager (Welfare) of the Company w.e.f. 1st day of June, 2005 on a Salary of 25,000/- p.m. and also PF Contribution @ 12% of the salary as per rules of the Company. Resolved further that no other benefits or perquisites shall be given to Mrs. Megha Dhanuka except with the fresh consent of the members."

11. To consider and if thought fit to pass, with or without modification(s), the following as **Special Resolution** :

"Resolved that pursuant to section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the articles of association of the company be altered by substituting Article 87 (1) in the following manner:

87(1)"Each Director (excluding the Managing Director or the Whole Time Director, if any) shall be paid such fees as may be determined by the Board of Directors for each meeting of the Board or a Committee thereof, attended by him subject to the ceilings as may be prescribed by the Companies Act, 1956 as amended from time to time or by the Central Government."

BY ORDER OF THE BOARD
for **DHANUKA PESTICIDES LIMITED**
Sd/-

(Shamsher Singh)
Company Secretary

Regd. Office: 'DHANUKA HOUSE',
861-862, Joshi Road,
Karol Bagh, New Delhi 110005.

Place : New Delhi
Dated: 27th July, 2005

NOTICE TO THE MEMBERS (Contd...)

NOTES:-

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company at its registered office at least 48 hours before the time fixed for the meeting.
2. The Register of Members and the Share Transfer Books will remain closed from 21.09.2005 to 28.09.2005 (both days inclusive).
3. Payment of final dividend @ 20% for the financial year 2004-05, as recommended by the Board, if approved at the ensuing Annual General Meeting, will be paid only to those members whose names are registered in the register of members of the company as on 28th September, 2005 or to their mandates; as the case may be. In respect of shares in electronic form, the dividend will be paid on the basis of beneficial ownership as on 28th September, 2005 as per details furnished by the National Securities Depository Ltd. (NSDL) and Central Depositories Services (India) Ltd. (CDSIL) for this purpose. An Interim dividend of 20% (Rs. 2/- per share of Rs. 10/- each) for the financial year ended on 31.3.2005 has already been paid to the members in April 2005.
4. In view of the provisions of Section 205A of the Companies Act, 1956, unpaid dividend for the financial year 1997-98 shall be transferred to Investor Education and Protection Fund (IEPF) in the month of October, 2005. Members who have not encashed their dividend warrant(s) for the financial year ended on 31st March, 1998, are requested to lodge their claims with the company till 15th September, 2005. No claim shall lie against the Company or the Fund once the unclaimed dividend is transferred to IEPF.
5. Members are requested to notify any change in their address to their Depositories Participants (DPs) in respect of shares held in electronic form and to the Share Transfer Agent of the Company in respect of shares held in physical form.
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion or/ change in such bank details. Further instruction, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depositories Participants.
7. Shareholders/Proxies are requested to produce at the entrance the attached admission slip, duly completed and signed in accordance with the specimen signatures registered with the company, for admission to the meeting hall.
8. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorising their representatives to attend and vote at the meeting.
9. Members are requested to bring their copy of the Annual Report, as no copy will be distributed at the venue of the Annual General Meeting.
10. Members desirous of getting any information about the accounts under reference and operations of the company are required to address their query to the Company Secretary so that the same may reach them at least seven days before the date of the meeting to enable the management to keep the information ready.
11. **Additional Information in terms of clause 49 of the Listing Agreements is given as under :**
Appointment / Re-appointment of Directors:
 At the ensuing annual General Meeting, Shri R.G. Agarwal and Shri K.K. Jain will retire by rotation and being eligible offer themselves for re-appointment. Consent of the members is also solicited for appointment of Mr. Vinod Jain as Director of the company liable to retire by rotation. Consent of the members is also solicited for the revision in the remuneration of Shri M.K. Dhanuka, Managing Director and Shri K.B. Kejariwal, Director (Works). The informations/details to be provided for the aforesaid Directors under Corporate Governance clause are as under :-
 (a) **Mr. R.G. Agarwal**, aged 56 years, is a commerce graduate. He took over the management of Northern Minerals Limited then a sick company, in the year 1980, which has now a turnover of around 136 crores with continuous profits since his taking over the management of the company. He promoted Dhanuka Pesticides Ltd. in the year 1985. He is also serving the Crop Care Federation of India in the capacity as Vice- Chairman. He is Managing Director of Northern Minerals

NOTICE TO THE MEMBERS (Contd...)

Limited and is on the Board of Hindon Mercantile Limited and HD Realtors Private Limited. He is also a member of Shareholders Grievance and Share Transfer Committee of your Company.

- (b) **Mr. K.K. Jain**, aged 50 years, a commerce graduate is on the Board of Directors of your company for the last 18 years. He is also on the Board of M/s. Jain Converter Private Limited, M/s Hindon Mercantile Limited and M/s Exclusive Leasing & Finance Limited. He is also a member of the Audit Committee and Remuneration Committee of the Board of your Company
- (c) **Shri Vinod Jain**, aged 56 years who joined the Board as an additional director w.e.f. 24th March 2005 is a commerce graduate from Delhi University. He is also on the Board of R.J. Garments Export (P) Ltd. He is also the Chairman of the Audit Committee of your Company.
- (d) **Mr. M.K. Dhanuka**, aged 51 years, B.Com (Hons) from Delhi University is working as Managing Director of your company. He is also on the Board of Moongipa Trading and Holding Ltd, Golden Overseas Ltd., Dhanuka Laboratories Limited and Rajasthan Insecticide & Fertilizer Co. Pvt. Ltd. He is also a member of Shareholders Grievance and Share Transfer Committee of your Company.
- (e) **Mr. K.B. Kejariwal**, aged 54 years is a B.E. Electrical (Hons). He is working as Director (Works) of the Company for the last 13 years and has contributed immensely for the growth of the Company. He is also on the Board of Northern Minerals Limited. He is also a member of Shareholders Grievance and Share Transfer Committee of your Company

12. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos. 5 to 11 of the Notice (in respect of Special Business to be transacted at the meeting) is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following explanatory statement sets out all the material facts, relevant to the items of the Special Business contained in the notice.

ITEM No.5

The present Auditors of the Company, M/s S.K. Jain

Associates, Chartered Accountants, Naiwala, Karol Bagh, New Delhi who retire at the conclusion of the ensuing Annual General Meeting have in accordance with the provisions of Section 224(2)(b) of the Companies Act, 1956 vide their letter dated 18.6.2005 given notice to the Company of their unwillingness to be re-appointed as Auditors of the Company for the financial year 2005-06.

Your Board of Directors based on the advice of the Audit Committee of the Board of your Company recommend the appointment of new Auditors M/s.Dinesh Mehta & Co., Chartered Accountants, 21, Dayanand Road, Darya Ganj, New Delhi-110002, being one of the reputed audit firms, as the statutory auditors of the Company to hold office from the conclusion of the ensuing AGM until the conclusion of the next AGM. The consent and confirmation under Section 224(1B) of the Companies Act 1956 dated 22nd June 2005 has been received from M/s.Dinesh Mehta & Co., Chartered Accountants, New Delhi for the financial year 2005-2006. Your Directors recommend the resolution.

None of the Directors, is in any way concerned or interested in the resolution at Item No. 5 of the notice.

ITEM No.6

In the Meeting of the Board of Directors of the Company held on 24th March 2005, Shri Vinod Jain has been appointed as an Additional Director w.e.f. 24th March 2005. Pursuant to Section 260 of the Companies Act, 1956 his term of appointment shall be expiring on 28th September 2005 i.e. the date of the Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a shareholder proposing the candidature of Sh. Vinod Jain for the office of Director, liable to retire by rotation, at the Annual General Meeting.

Except Shri Vinod Jain, none of the Directors shall be deemed to be interested or concerned in the resolution at Notice 6 of the notice.

ITEM No.7

At the 19th Annual General Meeting of the Company held on 29.09.2004 the members have approved the re-appointment of Shri M.K. Dhanuka, as Managing Director of the Company at a salary of Rs. 1,00,000/- (Rupees One Lac only) per month for a period of 5 years from 14.08.2004 to 13.08.2009 together with such perquisites including the monetary value thereof as detailed in the Agreement submitted to the said Annual General Meeting and also detailed in the Explanatory statement annexed to the notice convening the 19th Annual General Meeting.

NOTICE TO THE MEMBERS (Contd...)

The Remuneration Committee of the Board at its Meeting held on 27th July 2005 has recommended to the Board the payment of commission @ 3% of the net profits of the Company computed under Sections 349 and 350 of the Companies Act, 1956 to Shri M.K. Dhanuka, Managing Director of the Company from the financial year 2005-06 onwards.

The Board at its meeting held on 27.07.2005 based on the recommendation of the Remuneration Committee and subject to the approval of the members at the ensuing Annual General Meeting decided to pay commission @ 3% of the net profits of the Company computed under Sections 349 and 350 of the Companies Act, 1956 to Shri M.K. Dhanuka, Managing Director of the Company from the financial year 2005-06 onwards, for the remainder of his tenure as Managing Director, in view of progress made by the Company with his rich and varied experience in the field of Pesticides Industry and the increasing responsibilities being shouldered by Shri M.K. Dhanuka, Managing Director to help the Company achieve new heights. Save and except the aforesaid payment of commission @ 3% of the net profits of the Company, all other terms and conditions governing the remuneration of the Shri M.K. Dhanuka, Managing Director will remain unchanged as approved by the shareholders at their 19th Annual General Meeting.

Your Directors consider the aforesaid payment of commission @ 3% of the net profits of the company computed under sections 349 & 350 of the companies Act, 1956 to Shri M.K. Dhanuka, Managing Director of the company from the financial year 2005-06 onwards for the remainder of his tenure is commensurate with the duties and responsibilities of Shri M.K. Dhanuka, Managing Director and recommend the resolution for the acceptance of the shareholders.

The material terms and conditions contained in the draft supplemental Agreement are mentioned below for consideration of the members.

A. Salary : Rs. 1,00,000/- p.m. (Rupees One Lac only)

B. Commission: 3% of the Net profits of the Company computed under Sections 349 and 350 of the Companies Act, 1956.

C. Perquisites :

Category 'A':

- i) Reimbursement of medical expenses for self and family, actually incurred, subject to the limit that the total cost to the company shall not exceed one month's salary in a year or

three months' salary in a block of three years excluding perquisites and subject to the scheme framed by the company;

- ii) Leave travel concession for self and family not exceeding Rs.75,000/- once in a year. The perquisite shall be taxed in accordance with the provisions of the Income-Tax Rules;
- iii) Membership fee of not more than two clubs provided no life membership fee or admission fee shall be paid by the company; and
- iv) Personal accident insurance, subject to the condition that the annual premium shall not exceed Rs. 4,000/- per annum.

Category 'B':

- i) Company's contribution towards provident fund subject to the ceiling of 12% of the salary;
- ii) Company's contribution towards pension/superannuation fund, provided that such contribution together with contribution to the provident fund shall not exceed 27% of the salary as laid down in the Income-Tax Rules, 1962; and
- iii) Gratuity payable in accordance with an approved Gratuity Fund and shall not exceed one half month's salary for each completed year of service or part thereof in excess of six months, subject to a ceiling of Rs. 3,50,000/- or as laid down in the Income Tax Rules, 1962, whichever is lower.

Category 'C':

- i) Provision of car for use of company's work subject to the condition that personal use of car shall be billed by the company to the Managing Director; and
- ii) Provision of telephone at residence for use of company's work, subject to the condition that personal long distance calls on telephone shall be billed by the company to the Managing Director.

MINIMUM REMUNERATION:

Notwithstanding anything to the contrary contained herein where in any financial year, during the currency of tenure of Managing Director, the company has no profit or its profits are inadequate, the company will pay remuneration by way of salary and perquisites as specified above. Commission will not be payable in case the company has no profit or its profits are inadequate.

The copy of the draft supplemental agreement referred to in the resolution is available for inspection to the members at the Registered office of the

NOTICE TO THE MEMBERS (Contd...)

Company on any working day during business hours and shall also be available for inspection throughout the continuance of the Annual General Meeting.

This may also be treated as an abstract of the terms of the contract/agreement and the memorandum as to the nature of concern or interest of the Directors pursuant to Section 302 of the said Act.

Except Shri M.K. Dhanuka and Shri R.G. Agarwal, Directors, no other Director is concerned or interested in the aforesaid resolution set at Item No. 7 of the Notice.

The aforesaid appointment falls within the terms and conditions as prescribed in Schedule XIII to the Companies Act, 1956 as amended upto date; hence approval of shareholders is only required and no approval of the Central Government is necessary in this case.

ITEM No. 8

At the 17th Annual General Meeting of the Company held on 27.09.2002, the members have approved the re-appointment of Shri K.B. Kejariwal, as Director (Works) of the Company on a salary of Rs.40,000/- (Rupees Forty Thousand only) per month for a period of 5 years from 1.09.2002 to 31.08.2007 together with such perquisites including the monetary value thereof as detailed in the Agreement submitted to the said Annual General Meeting and also detailed in the Explanatory statement annexed to the notice convening the 17th Annual General Meeting.

During the last three years the Company has made substantial progress and both turnover and profitability of the Company has improved substantially. Shri K.B. Kejariwal, Director (Works), a qualified Electrical Engineer having rich and varied experience in running factory of the Company has played a instrumental role in bringing the Company into a sound position. Besides this, his existing salary has remained fixed during the last 3 years though there has been a considerable increase in the price level and is not commensurate with the present salary of the senior executives of the Company vis-à-vis the responsibilities and tasks, he is handling.

The Remuneration Committee of the Board at its Meeting held on 27th July 2005 has recommended to the Board to increase the salary of Shri K.B. Kejariwal from Rs. 40,000/- to Rs. 75,000/- w.e.f. 1st August 2005 and also recommended payment of commission @ 2% of the net profits of the company computed under Section 349 and 350 of the Companies Act, 1956 from the financial year 2005-06 onwards to Shri K.B. Kejariwal, Director (Works) for the remainder of his tenure upto 31.08.2007.

The Board at their meeting held on 27.07.2005 based on the recommendations of the Remuneration Committee and subject to the approval of the shareholders, decided to revise the salary of Shri K.B. Kejariwal, Director (Works) from Rs. 40,000/- to Rs. 75,000/- w.e.f. 1st August 2005 for the remainder of his tenure upto 31.08.2007. The Board also recommended the payment of commission @ 2% of the net profits of the company computed under Section 349 and 350 of the Companies Act, 1956 to Shri K.B. Kejariwal, Director (Works) of the company from the financial year 2005-06 onwards. Save and except the aforesaid revision, other terms and conditions governing the remuneration of the Shri K.B. Kejariwal, Director (Works) will remain unchanged as decided by the shareholders at their 17th Annual General Meeting.

Your Directors consider that the aforesaid revision in remuneration is commensurate with the duties and responsibilities of the Director (Works) and recommend the resolution for your acceptance.

The material terms and conditions contained in the draft supplemental Agreement are mentioned below for consideration of the members.

A. Salary: Rs. 75,000/- (Rupees Seventy Five thousand only) per month.

B. Commission: 2% of the net profits of the Company computed under Sections 349 and 350 of the Companies Act, 1956.

C. Perquisites:

Category 'A':

- i) The Director (Works) shall be provided with a furnished accommodation subject to the condition that the expenditure to the company on rent shall not exceed 60% of the salary over and above 10% payable by the Director (Works) himself;
- ii) Gas, electricity, water and furnishings subject to a ceiling of 10% of the salary of Director (Works). The monetary value of the same shall be valued as per the provisions of the Income Tax Rules, 1962;
- iii) Reimbursement of medical expenses for self and family, actually incurred, subject to the limit that the total cost to the company shall not exceed one month's salary in a year or three months' salary in a block of three years excluding perquisites and subject to the scheme framed by the company;
- iv) Leave travel concession for self and family once in a year in accordance with the rules of

NOTICE TO THE MEMBERS (Contd...)

- the company;
- v) Membership fees of not more than two clubs provided no life membership fee or admission fee shall be paid by the company;
 - vi) Personal accident insurance, subject to the condition that the annual premium shall not exceed Rs. 4,000/- per annum.

Category 'B':

- i) Company's contribution towards provident fund subject to the ceiling of 12% of the salary;
- ii) Company's contribution towards pension/superannuation fund, provided that such contribution together with contribution to the provident fund shall not exceed 27% of the salary as laid down in the Income-Tax Rules, 1962;
- iii) Gratuity payable in accordance with an approved Gratuity Fund and shall not exceed one half month's salary for each completed year of service, subject to a ceiling of Rs. 3,50,000/- or as laid down in the Income Tax Rules, 1962, whichever is lower.

Category 'C':

- i) Provision of car for use of company's work subject to the condition that personal use of car shall be billed by the company to the Director (Works);
- ii) Provision of telephone at residence for use of company's work, subject to the condition that personal long distance calls on telephone shall be billed by the company to the Director (Works).

MINIMUM REMUNERATION:

Notwithstanding anything to the contrary contained herein where in any financial year, during the currency of tenure of Director (Works), the Company has no profit or its profits are inadequate, the company will pay remuneration by way of salary and perquisites as may be approved by the Remuneration Committee of the Board of Directors. Commission will not be payable in case the company has no profit or its profits are inadequate.

The copy of the draft Supplemental Agreement referred to in the resolution is available for inspection to the members at the Registered office of the Company on any working day during business hours and shall also be available for inspection throughout the continuance of the Annual General Meeting.

Except Shri K.B. Kejariwal, no other Director is concerned or interested in the aforesaid resolution set out at Item No. 8 of the notice.

This may also be treated as an abstract of the terms of the contract/agreement and the memorandum as to the nature of concern or interest of the Directors pursuant to Section 302 of the said Act.

The aforesaid appointment falls within the terms and conditions as prescribed in Schedule XIII to the Companies Act, 1956 as amended upto date; hence approval of shareholders is only required and no approval of Central Government is necessary in this case.

ITEM No. 9

As per Section 314 of the Companies Act, 1956, the consent of the members is required by way of passing a special resolution for appointing any relative of a Director to any office or place of profit in the Company carrying a monthly remuneration of Rs.10,000/- or more.

Keeping in view the nature of duty and experience of Shri Harsh Dhanuka, the Board of Directors in their meeting dated 24.06.2005 recommended his appointment as the General Manager (HRD) of the Company to handle the Human Resource and personnel work of the Company w.e.f. 1st day of June 2005 on a Salary of 30,000/- p.m. plus PF Contribution as per the rules of the Company. Shri Harsh Dhanuka shall not be entitled to any other benefits or perquisites apart from the said remuneration except with the fresh consent of the members. The rules of the Company as applicable to any other employee of the Company occupying similar post shall be applicable to him.

As the remuneration of Shri Harsh Dhanuka, is below Rs.50,000/-, approval of Central Government, as prescribed in Director's Relatives (Office or Place of Profit) Rules, 2003 is not required in this case.

Shri Harsh Dhanuka is the son of Shri M.K. Dhanuka, Managing Director of the Company, and therefore consent of the members by way of special resolution is required for his appointment since his appointment would result in his holding office of profit in the Company as contemplated by Section 314 of the Companies Act, 1956. The consent of the members by way of a special resolution from the shareholders of the Company is being obtained at the ensuing Annual General Meeting held for the first time after the said appointment.

Shri M.K. Dhanuka, Managing Director of the Company is concerned or interested in the aforesaid resolution which pertain to the appointment and/or remuneration payable to his relative.

Save and except the above none of the other