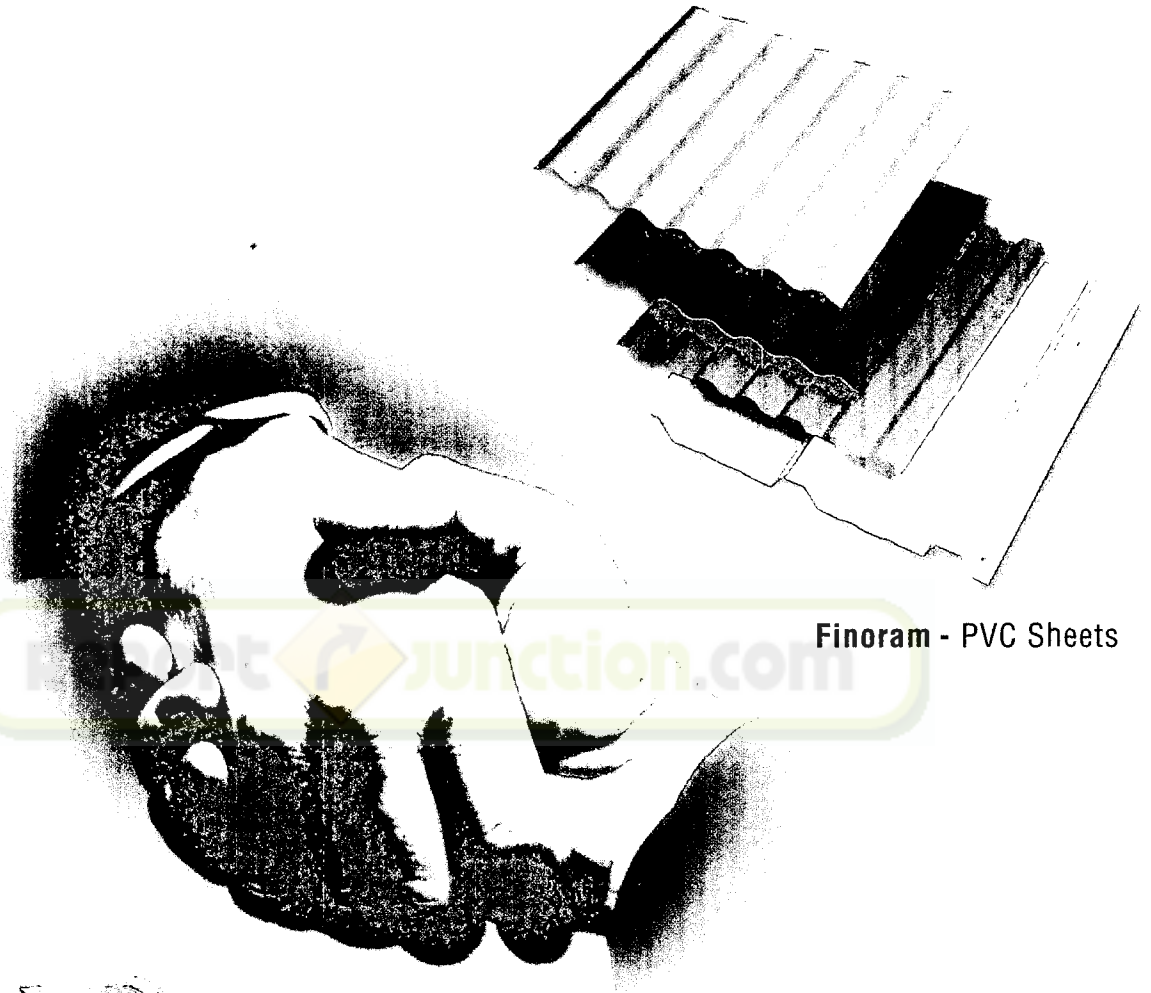


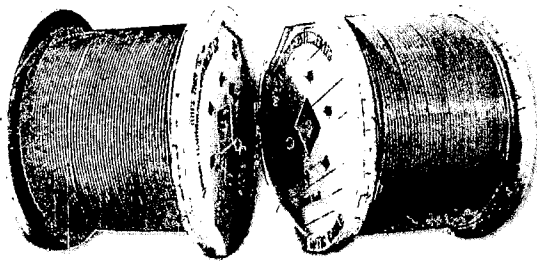
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AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		



Finolex
Cables Limited
 AN IS/ISO 9002 COMPANY



Finoram - PVC Sheets



Lucent Finolex - Fibre Optic Cables



Finolex Essex - Copper Rods



TOTAL CABLE SOLUTIONS

quality UnLÍmited



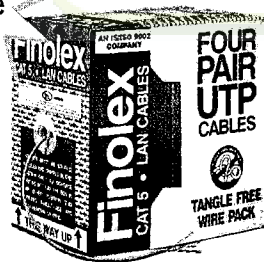
**THE ONLY
INDIAN LAN CABLES WITH**



Underwriters
Laboratories Inc.® USA

LISTING AND VERIFICATION

Import
Substitute



Finolex Cat 5 Lan cables are the only cables manufactured in India, which are certified by the world renowned Underwriters Laboratories Inc. USA, (UL), the prime certifying agency in USA. They are verified to the performance Category 5 requirements of TIA/EIA 568-A for transmission performance. The vital link in your information network, Finolex

Cat 5 Lan cables transmit data effectively upto 100 MHz. They are listed for product safety and flammability requirements (as per the **US National Electrical Code**).

The conductor is made of electrolytic grade annealed bare solid copper and is insulated with a special grade polyethylene compound on the latest state-of-the-art extruders. The cores are twisted together with uniform lay on a special purpose imported machine, according to a specific colour code to form four pairs. The cable is then jacketed with a specially formulated PVC compound manufactured in-house with fire retardant properties with high oxygen index. Hence they have excellent fire fighting ability. They are available in a specially designed tangle free pack to ensure that there is no knotting during installation.

Also under development are enhanced Category 5 and high performance Category 6 cables.

Salient Features :

- Low attenuation and crosstalk
- Low structural return loss
- Ideal for use in horizontal structured cabling
- UL listed & verified cable



Finolex

Cables Limited

Regd. Office :
26/27, Mumbai-Pune Road,
Pimpri, Pune 411 018.

NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of Members of Finolex Cables Limited will be held at Manchan Hall, Opp. Hotel Panchshil, C-32, Near MIDC Office, Chinchwad, Pune – 411 019, on Wednesday, 9th September, 1998 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date and the reports of the Directors' and Auditor's.
2. To declare Dividend for the year ended 31st March, 1998.
3. To appoint a Director in place of Mr. R.B. Pradhan who retires by rotation, but though eligible, does not offer himself for reappointment.
4. To appoint a Director in place of Mr. B.G. Deshmukh who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. H.C. Asher who retires by rotation, but though eligible, does not offer himself for reappointment.
6. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT M/s. B.K. Khare & Co., Chartered Accountants be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors in consultation with them."

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. A.C. Choksey who was appointed an Additional Director by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956, (the "Act") but who is eligible for reappointment and in respect of whom the Company has received notices in writing pursuant to the provisions of Section 257 of the Act from some members of the Company proposing his appointment as Director of the Company and who has consented, if appointed, to act as Director,

be and is hereby appointed a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. Sanjay K. Asher who was appointed an Additional Director by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956, (the "Act") but who is eligible for reappointment and in respect of whom the Company has received notices in writing pursuant to the provisions of Section 257 of the Act from some members of the Company proposing his appointment as Director of the Company and who has consented, if appointed, to act as Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and subject to the limits prescribed under the Act, and also subject to such approvals as may be necessary, the Company hereby approves the reappointment of Mr. P.P. Chhabria as Chairman for a period of five years with effect from 1st July, 1998 upon terms and conditions as set out in the Agreement dated 24th June, 1998 entered into between the Company and Mr. P.P. Chhabria which Agreement is hereby specifically approved with liberty to the Board of Directors (the "Board") to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board and Mr. P.P. Chhabria but so as not to exceed the limits specified in Schedule XIII read with Sections 198, 309 and other applicable provisions, if any, of the Act or any amendments thereto or reenactments thereof.

AND RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give effect to the aforesaid resolution."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and subject to the limits prescribed under the Act, and also subject to such approvals as may be necessary, the Company hereby approves the reappointment of Mr. D.K. Chhabria as Deputy Managing Director for a period of five years with effect from 1st July, 1998 upon terms and conditions as set out in the Agreement dated 24th June, 1998 entered into between the Company and Mr. D.K. Chhabria which Agreement is hereby specifically approved with liberty to the Board of Directors (the "Board") to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board and Mr. D.K. Chhabria but so as not to exceed the limits specified in Schedule XIII read with Sections 198, 309 and other applicable provisions, if any, of the Act or any amendments thereto or reenactments thereof.

AND RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give effect to the aforesaid resolution."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and subject to the limits prescribed under the Act, and also subject to such approvals as may be necessary, the Company hereby approves the appointment of Mr. V.K. Chhabria as Joint Deputy Managing Director for a period of five years with effect from 1st July, 1998 upon terms and conditions as set out in the Agreement dated 24th June, 1998 entered into between the Company and Mr. V.K. Chhabria which Agreement is hereby specifically approved with liberty to the Board of Directors (the "Board") to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board and Mr. V.K. Chhabria but so as not to exceed the limits specified in Schedule XIII read with Sections 198, 309 and other applicable provisions, if any, of the Act or any amendments thereto or reenactments thereof.

AND RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give effect to the aforesaid resolution."

12. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions, and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered as follows :

- A. Article 2 of the Articles of Association shall include the following definitions at appropriate places :

"Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

"Depositories Act, 1996" shall include any statutory modification or reenactment thereof; and

"Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

- B. In Article 2 of the Articles of Association, the definition of "Member" shall be altered as follows :

"Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996."

- C. Article 3 of the Articles of Association shall include the following at the end:

"The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares in a dematerialised form pursuant to the Depositories Act, 1996 and Rules, if any, framed thereunder."

- D. Article 11 of the Articles of Association shall be substituted by the following :

"The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law, including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members resident in that State or Country.

- E. Article 12 of the Articles of Association shall be substituted by the following :

"The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished."

- F. Article 19 of the Articles of Association shall include the words "provided however, no share certificate(s) shall be issued for shares held in a Depository" after the words "the amount paid thereon" mentioned at the end in the first sentence.

- G. Article 52 of the Articles of Association shall be substituted by the following:

"In the case of transfer or transmission of shares where the Company has not issued any certificates and where such shares are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply."

- H. Following Article shall be inserted as Article 52A of the Articles of Association and shall read as follows :

52A. "The Company shall keep a 'Register of Transfers' and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material form."

- I. The following Article shall be inserted as Article 23A of the Articles of Association :

"Notwithstanding anything contained in these Articles, the Company shall be entitled to purchase or buy back the equity shares and other securities including Global Depository Receipts issued by the Company (hereinafter referred to as the "Securities") from the holders thereof (including employees of the Company) from the open market or otherwise and in market lots or lots smaller than market lots, from the free reserves of the Company and/or from the proceeds of any issue made by the Company specifically for the purpose, and/or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be permitted by law from time to time.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and deal with all such matters and take

all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper to effectively implement this Resolution."

13. 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 applicable provisions of the Companies Act, 1956, (including any statutory modification or reenactment thereof and any ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board"), consent of the Company be and is hereby accorded to the Board to purchase or buy back the equity shares and other securities including Global Depository Receipts issued by the Company (hereinafter referred to as the "Securities") from the existing holders thereof (including employees of the Company) from the open market or otherwise and in market lots or lots smaller than market lots, from the free reserves of the Company and/or from the proceeds of any issue made by the Company specifically for the purpose, and/or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time, provided that the aggregate of the Securities so purchased or bought back shall not exceed such limit, if any, that may be prescribed in this respect."

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

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

"RESOLVED THAT subject to such approvals as may be necessary, 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 (hereinafter referred to as the "Board") to sell, lease or otherwise dispose of from time to time on such terms and conditions as the Board may deem fit, substantially the whole or any of the movable and/or immovable properties of the Company, both present and future comprising the Company's undertaking for manufacture of Jelly Filled Telephone Cables located at Urse, Tal. Maval, District Pune to Finolex

Telecommunications Private Limited upon it becoming a wholly owned subsidiary of any of the subsidiaries of the Company;

AND RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with Finolex Telecommunications Private Limited the documents for affecting the aforesaid sale, lease or disposal and to do all such acts, matters, deeds and things as may be necessary, usual or expedient for giving effect to the aforesaid resolution, and also to agree to any amendments thereto from time to time as it may deem fit."

By Order of the Board of Directors

R.G. D'SILVA
Company Secretary

Place : Pune
Dated 24th June, 1998

Registered Office :
26/27, Mumbai-Pune Road
Pimpri, Pune - 411 018.

Report Junction

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. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement setting out the material facts concerning the special resolution mentioned under item No. 6 and the special business mentioned under item Nos. 7 to 14 of the Notice as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Tuesday, 25th August, 1998 to Wednesday, 9th September, 1998 (both days inclusive).
4. Dividend, if declared at the Meeting, will be paid to those members whose names appear in the Register of Members of the Company on 9th September, 1998.
5. The members are requested to :
 - a) intimate to the Company changes, if any, in their registered address at an early date.
 - b) quote ledger folio number in all their correspondence.
 - c) approach the Company for consolidation of folios, if shareholdings are under multiple folios.
 - d) direct all correspondence to the Company's Registered Office at Pimpri, Pune for the attention of the Secretarial Department.
 - e) get the shares transferred in joint names, if they are held in single name to avoid inconvenience.
 - f) bring their copies of the Annual Report and the Attendance Slip duly filled in with them at the Annual General Meeting.
 - g) members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
6. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed/unpaid dividends upto the financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrant for the said period are requested to claim amount from the Registrar of Companies, Maharashtra, PMT Commercial Building, Deccan Gymkhana, Pune - 411 004.
7. In order to provide protection against fraudulent encashment of dividend warrants, the Company has from time to time been advising the shareholders to inform the Bank account details so as to print the same on the dividend warrants. Though several shareholders have provided the required details, a large number of them are yet to furnish the required information. Such members are once again requested to furnish their Bank account number with the name of the Bank/Branch and its address, quoting folio number, latest by 25th August, 1998. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulently encashed dividend warrants.

EXPLANATORY STATEMENT IN RESPECT OF ITEM NOS. 6 TO 14 OF THE NOTICE PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 6

At the Twenty-ninth Annual General Meeting of the Company held on 5th September, 1997, M/s B.K. Khare & Co., Chartered Accountants were appointed Auditors of the Company from the conclusion of that Annual General Meeting upto the conclusion of the Thirtieth Annual General Meeting. Section 224-A of the Companies Act, 1956 inter alia, provides that in the case of a Company in which not less than twenty-five per cent of the subscribed share capital is held, whether singly or in any combination, by public financial institutions, or a Government Company or nationalised banks, the appointment or reappointment of the Auditors of the Company at each Annual General Meeting shall be made by a Special Resolution.

As the shareholding of the aforesaid bodies collectively exceeds 25% of the Company's subscribed capital, a Special Resolution is required to be passed to reappoint M/s. B.K. Khare & Co., Chartered Accountants, as the Auditors of the Company on terms and conditions contained in the Resolution.

Your Directors recommend the adoption of the resolution.

None of the Directors of the Company is in any way concerned or interested in this resolution.

Item No. 7

Mr. A.C. Choksey was appointed as Additional Director by the Board of Directors of the Company (the "Board") at its meeting held on 11th November, 1997 with effect from 11th November, 1997. Pursuant to the provisions of Section 260 of the Companies Act, 1956 (the "Act"), Mr. A.C. Choksey holds office of Director upto the date of this Annual General Meeting. The Company has received notices from some members in pursuance of Section 257 of the Act signifying their intention to propose the appointment of Mr. A.C. Choksey as Director of the Company along with a deposit of rupees five hundred only which shall be refunded to the concerned members if Mr. A.C. Choksey is elected as Director.

Mr. A.C. Choksey is B.S. (Chemical Engineering) and former Managing Director of Asian Paints Ltd. Mr. A.C. Choksey is on the Board of Directors of various reputed companies and has a number of years experience in Industry. The Directors recommend his appointment.

None of the Directors of the Company other than Mr. A.C. Choksey is concerned and/or interested in this resolution.

Item No. 8

Mr. Sanjay K. Asher was appointed as Additional Director by the Board of Directors of the Company (the "Board") at its meeting held on 24th June, 1998 with effect from 1st July, 1998. Pursuant to the provisions of Section 260 of the Companies Act, 1956 (the "Act"), Mr. Sanjay K. Asher holds office of Director upto the date of this Annual General Meeting. The Company has received notices from some members in

pursuance of Section 257 of the Act signifying their intention to propose the appointment of Mr. Sanjay K. Asher as Director of the Company along with a deposit of rupees five hundred only which shall be refunded to the concerned members if Mr. Sanjay K. Asher is elected as Director.

Mr. Sanjay K. Asher is a Chartered Accountant and a Senior Associate of Crawford Bayley & Co, Solicitors, Advocates & Notaries, Mumbai. Mr. Sanjay K. Asher has been practising for a number of years on various matters including corporate laws. The Directors recommend his appointment.

None of the Directors of the Company other than Mr. Sanjay K. Asher is concerned and/or interested in this resolution.

Item Nos. 9, 10 and 11

The Board of Directors at its meeting held on 24th June, 1998 reappointed Mr. P.P. Chhabria and Mr. D.K. Chhabria as Chairman and Deputy Managing Director, respectively for a period of five years w.e.f. 1st July, 1998 subject to the approval of the shareholders on the remuneration set out in the respective Agreements each dated 24th June, 1998 executed between the Company and Mr. P.P. Chhabria and between the Company and Mr. D.K. Chhabria.

The Board of Directors at its meeting held on 24th June, 1998 also appointed Mr. V.K. Chhabria as Joint Deputy Managing Director for a period of five years w.e.f. 1st July, 1998 subject to approval of the shareholders, on the remuneration set out in the Agreement dated 24th June, 1998 executed between the Company and Mr. V.K. Chhabria.

Mr. V.K. Chhabria is a Bachelor of Science in Computer Science from University of Evansville, USA. Mr. V.K. Chhabria is a Director of the Company since 1993 and has a number of years experience in Industry. The main terms and conditions of the Agreements between the Company and the aforesaid wholtime Directors are set out herein.

The main terms and conditions of appointment are as follows :

- (i) Mr. P.P. Chhabria and Mr. D.K. Chhabria are reappointed as Chairman and Deputy Managing Director respectively of the Company and Mr. V.K. Chhabria is appointed as Joint Deputy Managing Director of the Company for a period of 5 years w.e.f. 1st July, 1998.
- (ii) (a) Mr. P.P. Chhabria shall exercise and perform such powers and duties as the Board of Directors of the Company (hereinafter called the "Board") shall from time to time determine and subject to any directions and restrictions from time to time given or imposed by the Board, he shall have the general control and management of the business of the Company.
- (b) Mr. D.K. Chhabria shall exercise and perform such powers and duties as the Board shall from time to

time determine.

- (c) Mr. V.K. Chhabria shall exercise and perform such powers and duties as the Board shall from time to time determine.
- (iii) During his employment under this Agreement, the Chairman, Deputy Managing Director, Joint Deputy Managing Director shall devote their whole time and attention to the business and affairs of the Company during the normal business hours of the Company and shall use their best endeavours to promote its interest and welfare.
- (iv)
 - (a) The Company shall pay to the Chairman during the continuance of this Agreement in consideration of the performance of his duties a salary of Rs. 2,00,000/- (Rupees Two Lacs only) per month.
 - (b) The Company shall pay to the Deputy Managing Director during the continuance of this Agreement in consideration of the performance of his duties a salary of Rs. 1,20,000/- (Rupees One Lac Twenty Thousand only) per month.
 - (c) The Company shall pay to the Joint Deputy Managing Director during the continuance of this Agreement in consideration of the performance of his duties a salary of Rs. 1,10,000/- (Rupees One Lac Ten Thousand only) per month.
- (v)
 - (a) The Company shall pay to the Chairman during the continuance of this Agreement in consideration of the performance of his duties commission as may be decided by the Board for each financial year of the Company or part thereof, on the profits of the Company computed in the manner laid down under Section 309 of the Companies Act, 1956 ("the Act") subject to a minimum commission equal to the annual salary.
 - (b) The Company shall pay to the Deputy Managing Director during the continuance of this Agreement in consideration of the performance of his duties commission as may be decided by the Board for each financial year of the Company or part thereof, on the profits of the Company computed in the manner laid down under Section 309 of the Act, subject to a minimum commission equal to the annual salary.
 - (c) The Company shall pay to the Joint Deputy Managing Director during the continuance of this Agreement in consideration of the performance of his duties commission as may be decided by the Board for each financial year of the Company or part thereof, on the profits of the Company computed in the manner laid down under Section 309 of the Act, subject to a minimum commission equal to the annual salary.
- (vi)
 - (a) The Company shall pay or cause to pay to the

Chairman during the continuance of this Agreement in consideration of the performance of his duties a total amount not exceeding Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month as allowances for/reimbursement of expenses incurred on housing, gas, electricity, water, furnishings, leave travel concession full hospital and medical expenses, personal accident insurance premium and club fees, as per the claims received from the Chairman from time to time.

- (b) The Company shall pay or cause to pay to the Deputy Managing Director during the continuance of this Agreement in consideration of the performance of his duties a total amount not exceeding Rs. 14,40,000/- per annum or Rs. 1,20,000/- per month as allowances for/reimbursement of expenses incurred on housing, gas, electricity, water, furnishings, leave travel concession, full hospital and medical expenses, personal accident insurance premium and club fees, as per the claim(s) received from the Deputy Managing Director from time to time.
- (c) The Company shall pay or cause to pay to the Joint Deputy Managing Director during the continuance of this Agreement in consideration of the performance of his duties a total amount not exceeding Rs. 13,20,000/- per annum or Rs. 1,10,000/- per month as allowances for/reimbursement of expenses incurred on housing, gas, electricity, water, furnishings, leave travel concession, full hospital and medical expenses, personal accident insurance premium and club fees, as per the claim(s) received from the Joint Deputy Managing Director from time to time.
- (d) The reimbursement of full hospital and medical expenses within respective overall limit specified in clauses (vi) (a) to (vi) (c) above, shall be inclusive of reimbursements towards expenditure incurred by the Chairman, Deputy Managing Director, Joint Deputy Managing Director on specialised medical treatment abroad for self and family. For this purpose family shall mean self, wife, dependent children and dependent parents of the Chairman, Deputy Managing Director, Joint Deputy Managing Director as may be applicable.
- (vii) In addition to the aforesaid Remuneration, the Chairman, Deputy Managing Director, Joint Deputy Managing Director shall be eligible for the following perquisites :
 - (a) Contribution to Provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 or under any statutory modification(s) or reenactment thereof;
 - (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

(c) Encashment of leave at the end of the tenure.

- (viii) It is expressly provided that the salary, commission, allowances/reimbursement of expenses and payments towards perquisites as per (iv), (v), (vi) and (vii) above (hereinafter collectively referred to as the "Remuneration") are subject to provisions of Sections 198 and 309 of the Act and the Remuneration payable to the Chairman, Deputy Managing Director, Joint Deputy Managing Director shall not exceed the limits specified under Schedule XIII to the Companies Act, 1956 or any amendment thereto or reenactment thereof from time to time.
- (ix) The Chairman, Deputy Managing Director, Joint Deputy Managing Director shall be entitled to leave on full pay and allowances but not exceeding one month's leave for 11 months' service; plus additional two weeks' leave at the end of every third year.
- (x) The Chairman, Deputy Managing Director, Joint Deputy Managing Director shall be entitled to free use of motor car with driver provided by the Company for business purpose; the Company meeting all running, maintenance and other expenses of every kind whatsoever incurred in respect thereof. Use of car for personal purpose shall be billed by the Company to the Chairman, Deputy Managing Director, Joint Deputy Managing Director.
- (xi) The Chairman, Deputy Managing Director, Joint Deputy Managing Director shall be entitled for free telephone facility at residence. All charges including rental, call charges, etc. thereof shall be paid by the Company in full; personal long distance calls shall be billed by the Company to the Chairman, Deputy Managing Director, Joint Deputy Managing Director.
- The Company shall reimburse entertainment and other business promotion expenses actually incurred in the course of business of the Company.
- (xiii) No sitting fees shall be paid for attending the Meetings of the Board or any Committee thereof.
- (xiv) Subject expressly to the provisions of Section 318 of the Act, the Company shall pay compensation for loss of office, or as consideration for retirement from office or in connection with such loss or retirement. The amount of such compensation shall be strictly in accordance with the provisions of Section 318(4) of the Act.
- (xv) The Chairman, Deputy Managing Director, Joint Deputy Managing Director shall not, so long as they function as such, become interested or otherwise concerned directly or through their wives and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
- (xvi) The Chairman, Deputy Managing Director, Joint Deputy Managing Director shall not directly or indirectly engage themselves in any other employment without the previous sanction of the Board.

- xvii) For purposes of Gratuity, Provident Fund, Superannuation, Commission and other benefits, the service of the Chairman/Deputy Managing Director under this Agreement will be considered continuous service in the Company from the original date of their joining the service of the Company on 1st February, 1975, and 1st May, 1986 respectively and termination of agreement and renewal of agreement will not be considered as any break in service.
- xviii) The Company shall be entitled to determine the respective agreements by giving 180 days' notice or salary for six months in lieu of the notice.
- xix) The terms of appointment provide for higher remuneration being paid to Mr. P.P. Chhabria, Mr. D.K. Chhabria and Mr. V.K. Chhabria in case of a change in the statute or issue of any notification permitting higher remuneration to be paid to Managing Director/ Wholtime director without the approval of Central Government.

The Agreements between the Company and Mr. P.P. Chhabria, Mr. D.K. Chhabria, Mr. V.K. Chhabria are available for inspection by the Members of the Company at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company till 9th September, 1998.

This may be treated as an abstract of the terms of Agreement between the Company and the Chairman, Deputy Managing Director, Joint Deputy Managing Director pursuant to Section 302 of the Act.

Mr P.P. Chhabria, Mr. D.K. Chhabria and Mr. V.K. Chhabria are concerned or interested in this resolution as it relates to the terms and conditions of their appointment. Mr. V.K. Chhabria and Mr. D.K. Chhabria are related to each other and accordingly, wherever one is concerned or interested, the other may be deemed to be concerned or interested indirectly.

Item No. 12

Pursuant to the passing of the Depositories Act, 1996 and the introduction of the Depository system, some of the provisions of the Companies Act, 1956 relating to the issue, holding, transfer / transmission and dealing in shares as also certificates thereof have been amended so as to facilitate the Depository system. A few Articles in the Articles of Association of the Company pertaining to the aforesaid issues which were in line with the erstwhile provisions of the Companies Act, 1956 may be in conflict with the provisions of the Depositories Act, 1996 and therefore, the relevant Articles are being amended.

Also, while the Companies Act, 1956 does not at present permit a Company to buy back its own shares, it is expected that in due course of time the law will be amended to allow such buy back. In view of the enabling resolution proposed under Item No. 13, the Articles need to be amended to permit the Company to buy back its shares. The Articles are therefore being amended by inclusion of proposed Article 23A therein.

A copy of the Articles of Association of the Company and the proposed amended Articles of Association of the Company is open for inspection of the members at the Registered Office of the Company during working hours on all days other than Sundays and public holidays.

The Board of Directors accordingly recommend the resolution for the approval of the Members.

None of the Directors of the Company is in anyway, concerned or interested in this resolution.

Item No. 13

At present the Companies Act, 1956 does not permit a Company to buy back its own shares. Yet it is expected that in due course of time the law will be amended to allow such buy back.

It is proposed that subject to the law then permitting such action by the Company, the Company buy back not exceeding such number of shares of the total shares (including GDRs) issued by the Company which carry voting powers as may be permitted by law. The aforesaid buy back would be made from the then existing shareholders on a proportionate basis and/or from the open market and/or from the lots which may be smaller than market lots of the shares (i.e. odd lots) and/or through negotiation or other arrangement as may be permitted by law.

The proposed buy back of shares (including GDRs) as aforesaid would entail investing of an amount which would be not less than the market value of the shares and shall be met out of the free reserves and/or from such other sources as may be permitted by law. Further, the shares so bought back shall be dealt with as per the then prevailing law/regulations.

The Board is of the opinion that it will be in the interest of the Company if shareholders approve the said resolution permitting such buy back, so that the Company will be able to implement this resolution once the law is amended.

The resolution, if approved, will be operative and given effect to from such date and shall be valid for such period as may be prescribed in this regard.

The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as and when legally permissible.

The Directors recommend the resolution for approval of the shareholders.

Except as shareholders of the Company, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 14

The Company manufactures Jelly Filled Telephone Cables (JFTC) at its plant located at Urse, Tal. Maval, District Pune, which has a capacity to manufacture 65 LCKM of JFTC. The book value of the assets comprising the Urse Plant is Rs.

30,38,61,180/- as on 31st March, 1998.

In order to provide for better utilisation of the capacity and optimise use of the various productive assets of Urse Plant it is proposed to sell, lease or otherwise dispose of substantially the whole or a part thereof in particular such part as has a capacity to manufacture upto 20 LCKM of JFTC (the "Undertaking") to Finolex Telecommunications Private Limited which is proposed to be made a wholly owned subsidiary of the Company.

The initial term of the lease of the Undertaking is proposed to be five years, terminable at any time by the Company after serving a written notice of three months in that respect upon Finolex Telecommunications Private Limited.

The Directors are authorised to determine the lease rent and any other compensation payable to the Company having regard to the prevailing market conditions and utilisation of the Undertaking.

In case of sale of the Undertaking, the Board will determine the sale price after consulting an expert valuer in this regard.

Finolex Telecommunications Private Limited is authorised under its Memorandum of Association to carry on the business of manufacture of cables. The Authorised Capital of Finolex Telecommunications Private Limited is Rs. 50,00,000/- divided into 5,00,000 equity shares of Rs. 10/- each and the existing issued, subscribed and paid-up capital is Rs. 200. The existing paid up share capital is held equally by Mr. Prakash P. Chhabria and Mr. K.P. Chhabria. The Directors of the Company are Mr. Prakash P. Chhabria, Mr. S.S. Dhanorkar and Mr. P.B. Parasnis.

Section 293 (1) (a) of the Companies Act, 1956 provides that the Board of Directors shall not without the consent of the Company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Accordingly, sanction of the shareholders sought to this Resolution.

The Directors recommend the Resolution for approval of shareholders.

Mr. P.P. Chhabria is related to Mr. Prakash P. Chhabria and Mr. K.P. Chhabria. Mr. D.K. Chhabria and Mr. V.K. Chhabria are related to Mr. K.P. Chhabria. However, upon the proposal of Finolex Telecommunications Private Limited becoming a wholly owned subsidiary of any of the subsidiaries of the Company taking effect, none of the Directors of the Company except Mr. P.P. Chhabria would be interested or concerned in this resolution.

By Order of the Board of Directors

R.G. D'SILVA
Company Secretary

Place : Pune
Dated 24th June, 1998

Registered Office :
26/27, Mumbai-Pune Road
Pimpri, Pune - 411 018.