

**14th
Annual
Report
1999-2000**

Report

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CUSTODIAN

THE FIRST CUSTODIAN FUND (INDIA) LTD.

Fourteenth Annual Report 1999 - 2000
THE FIRST CUSTODIAN FUND (INDIA) LTD.

BOARD OF DIRECTORS

Surendrakumar Banthia	<i>Chairman</i>
Satish Pasari	<i>Managing Director</i>
Sushil Mantri	<i>Executive Director</i>
Ramesh Kundalia	<i>Director</i>
Manish Banthia	<i>Director</i>

AUDITORS

M/s. Paresh D. Shah & Co.
Chartered Accountants

BANKERS

Canara Bank
Bank of India
Nedungadi Bank Ltd.
Global Trust Bank Ltd.

REGISTERED OFFICE

11, Camac Street,
Calcutta 700 017.

CORPORATE OFFICE

Surya Mahal, 3rd Floor,
Nagindas Master Road,
Fort, Mumbai - 400 023.

REGISTRAR & SHARE TRANSFER AGENTS

K. R. Financial & Management Services Pvt. Ltd.
103, Omex Apts., 64, Sahar Road,
Kol Dongri, Andheri (E),
Mumbai - 400 069

THE FIRST CUSTODIAN FUND (INDIA) LTD.



NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of THE FIRST CUSTODIAN FUND (INDIA) LIMITED will be held on Saturday, 26th August, 2000 at the Registered Office of the Company at 11, Camac Street, Calcutta - 700 017, at 12.00 Noon.

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2000 together with Report of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Manish Banthia, who retires by rotation, and being eligible offers himself for re-appointment.
- 3) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

- 4) To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII to the said Act as amended up-to-date, consent and approval be and is hereby accorded to the re-appointment of and the remuneration and perquisites being paid or provided to Mr. Sushil Mantri as the Executive Director of the Company for a period of five years with effect from 1st August, 2000 on the terms and conditions set out in draft Agreement to be entered into between the Company and Mr. Sushil Mantri, a copy whereof initialed by Mr. Satish Pasari, Managing Director of the Company, for the purpose of identification has been placed before this Meeting, which draft Agreement is hereby specifically approved.

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 said draft Agreement to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Mr. Sushil Mantri shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and/or any rules or regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Mr. Sushil Mantri shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Sushil Mantri's office as Executive Director, the remuneration and perquisites set out in the aforesaid draft Agreement be paid or granted to Mr. Sushil Mantri as minimum remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

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

"RESOLVED THAT in accordance with the provisions of section 81 and other applicable provisions, if any of the Companies Act, 1956 or any statutory amendment/modification or re-enactment thereof from time to time in force and the relevant provisions of the Articles of Association of the Company as also the provisions of Listing Agreements entered into by the Company with the Stock Exchanges and subject to the approvals, if required, of the Central Government, Securities and Exchange Board of India (SEBI), Reserve Bank of India, Banks, Financial Institutions and such other authorities prescribed, imposed or suggested by any of them in granting such approvals which the Board of Directors be and is hereby authorised to accept, consent of the Company be and is hereby accorded to the Board to issue/offer and allot, at its sole discretion, Redeemable Preference Shares on such terms and conditions as may be permissible under the Companies Act, SEBI and Memorandum and Articles of Association of the Company at par and/or at such premium and on such terms and conditions as the Board may determine for an amount not exceeding Rs.2.00 Crores (Rupees Two Crores Only) either to members, employees, Non-resident India, financial institutions, mutual funds, foreign institutional investors, overseas corporate bodies, other bodies corporate, other entities and/or any other persons, whether shareholders or not through or by public issue, right issue, private placement or preferential allotment or by any one or more of the above methods whether subscribed in Indian or foreign currency and in one or more series whether on the same terms and conditions or with varying terms and conditions and whether at one time or from time to time as may be deemed appropriate by the Board.

RESOLVED FURTHER THAT the said Redeemable Preference Shares may be issued/offered, allotted or disposed of by the Board in its absolute discretion in such manner and on such terms and conditions as it may deem fit including offering or placing them with Indian or foreign banks/ financial institutions/ investment institutions/ mutual funds or otherwise as the Board may consider proper and most beneficial to the Company.

FURTHER RESOLVED THAT for the purpose of giving effect to the above resolution, the Board be and is hereby

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authorised to alter, amend, vary the terms of the issue and to do all such things and acts as may be necessary and expedient and to settle any matter that may arise in connection therewith."

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

"RESOLVED THAT in accordance with the provisions of section 81 and other applicable provisions, if any, of the Companies Act, 1956, or any statutory amendment/ modification or re-enactment thereof from time to time in force and the relevant provisions of the Articles of Association of the Company as also the provisions of the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to approval of the Reserve Bank of India wherever necessary and the guidelines of the Securities and Exchange Board of India (SEBI) and such other authorities prescribed under any other applicable laws, rules and regulations for the time being in force and further subject to such terms, conditions, stipulations and modifications as may be prescribed imposed or suggested by any of them in granting such approvals which the Board of Directors be and is hereby authorised to accept, if they deem fit, and consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board') to offer, issue and allot at its sole discretion, equity shares at such premium, at such time and such terms and conditions as the Board may determine for nominal value of Rs. 2 crores (Rupees Two Crores Only) (hereinafter referred to as 'issue amount') either to members, Non Resident Indians, Indian Financial Institutions, Banks, Mutual Funds, Foreign Institutional Investors, Overseas Corporate Bodies, Other Bodies Corporate, International Institutions, other entities, employees and/or any other persons, whether shareholders or not through or by way of Rights Issue, with or without the right of renunciation, Private Placement, Preferential allotment or Public Issue, by any one or more of the above methods whether on the same terms and conditions or with varying terms and conditions and whether at one time or from time to time as may be deemed appropriate by the Board.

RESOLVED FURTHER THAT, such of the above shares to be issued are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the Company, including offering or placing them with financial institutions/ Investment Institutions/ Mutual Funds/ Foreign Institutional Investors or such other persons or otherwise as the Board may in its absolute discretion decide."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as detailed below:

- A. Article 1 of the Articles of Association be altered to include the following definition 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 re-enactment thereof. "Depository" shall mean a Depository as defined in Clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

"Registered Owner" means a Depository whose name is entered as such in the records of the Company.

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"Security" means such security as may be specified by the SEBI from time to time.

"Member" means the duly registered holder from time to time of the Shares of the Company and includes the subscribers to the Memorandum of the Company and the beneficial owner as defined above.

"The Register" means the Register of Members to be kept pursuant to the Act, and where shares are held in dematerialised form "The Register" shall include the Register of Beneficial Owners maintained by a Depository and the definition of "The Register" in the present Article be deleted."

- B. After Article 14 of the Articles of Association of the Company the following Articles shall be added:"

"14A. The Shares in the Capital of the Company shall be numbered progressively according to their several denominations provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are in dematerialised form, provided further that the Company shall not issue any share certificates in respect of shares held in Depository or in dematerialised form".

"14B. Save as herein otherwise provided, the Company shall be entitled to treat the person, whose name appears on the register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of Depository, as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent, future or partial or other claim or claims or rights to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof".

"14C. The Company shall cause to be kept a Register and index of Members in accordance with all applicable provisions of the Companies Act, 1956 and 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 in that state or country."

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"14D. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing shares and other securities, rematerialise its shares and other securities, held in the Depositories and/ or offer its fresh shares and other securities, in a dematerialised form pursuant to the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996."

"14E. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security."

"14F. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C, 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners."

"14G. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner."

"14H. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. The beneficial owner of the Security shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository."

C. After Article 41 of the Articles of Association of the Company, the following new Article 41A shall be inserted.

"41A. In the case transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply."

D. After Article 40 of the Articles of Association of the Company, the following Article 40A shall be inserted:

"40A. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by transferor and transferee both of whom are entered as beneficial owners in the records of a Depository."

E. After Article 43 of the Articles of Association of the Company, the following Article 43A shall be inserted :

"43A. Notwithstanding anything contained in these Articles, every holder of shares in or Debentures of the Company may at any time nominate in the manner prescribed under the Act, a person to whom his shares in or debentures of the Company shall vest in the event of his death. Such nomination and right of nominee to be registered as holder of shares/debentures as the case may be or for transfer of the shares/debentures as the case may be shall be governed by the provisions of Section 109A and 109B and other applicable provisions of the Companies Act, 1956."

By Order of the Board of Directors

FOR THE FIRST CUSTODIAN FUND (INDIA) LTD.

Registered Office :

11, Camac Street,

Calcutta 700 017.

Place : Mumbai

Date : 12th June, 2000.

SATISH PASARI
MANAGING DIRECTOR

Note :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Explanatory Statement, pursuant to section 173 of the Companies Act, 1956 for item No. 4 to 7 is annexed and forms part of this Notice.
4. The Register of Members and the Share Transfer Register of the Company shall remain closed from 19th August, 2000 to 26th August, 2000 (both days inclusive).
5. The members are requested to :
 - a) Intimate changes, if any, in their Registered address to the Registrar and Transfer Agents of the Company.
 - b) Quote ledger folio numbers in all their correspondence.
 - c) Get the multiple folios consolidated and also get the shares transferred in joint names if they are held in single name to avoid inconvenience in future and
 - d) Bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.
 - e) Write atleast 10 days prior to the date of Meeting, any information which they desire on the accounts, to enable the management to keep the information ready.
6. The documents referred to in the Notice are available for inspection to the Members at the Corporate Office of the Company on all working days between 11 a.m. to 5 p.m. except during lunch hours.

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ANNEXURE TO THE NOTICE

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

ITEM NO. 4

Mr. Sushil Mantri was appointed as Executive Director of the Company with effect from 1st August, 1995 for a period of 5 years. His appointment is expiring on 31st July, 2000. The Board of Directors at its Meeting held on 12th June, 2000 has reappointed Mr. Sushil Mantri as Executive Director for further period of 5 years with effect from 1st August, 2000.

Mr. Sushil Mantri is having vast experience and knowledge of the capital market. It is advisable to re-appoint him as Executive Director of the Company. The terms and conditions on which Mr. Sushil Mantri's appointment as Executive Director is specified and as set out below and is in accordance with Schedule XIII of the Companies Act, 1956.

A. **Salary :** Rs. 25,000/- per month and with such monthly increments every year as may be given by the Board of Directors within the limits prescribe under Schedule XIII of the Companies Act, 1956.

B. **Perquisites :**

He will continue to be entitled to various perquisites as set out hereunder. Remuneration and perquisites in aggregate as given below would be within the overall ceiling prescribed under Schedule XIII of the Companies Act, 1956.

Category-A

- i. Medical Reimbursement: Expenses incurred for self and his family subject to ceiling of Rs. 4,000/- per annum.
 - ii. Club Fees: Fees in respect of three Clubs to be borne by the Company but not the admission or life membership fees payable to the Clubs.
 - iii. Insurance: Insurance and/or Accident Insurance for an amount, the all inclusive premium for which shall not exceed Rs. 6,000/- per annum.
- Explanation: For purpose of Category-A, "family" means the spouse, dependent children and dependent parents of the Executive Director.

Category -B

- i. Provident Fund :The Company's contribution to Provident Fund, as per the rules of the Company. Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income Tax Act, 1961.
- ii. Gratuity :Gratuity not exceeding one-half month's salary for each completed year of service. Other Conditions :
 - i. If during the currency of tenure of the Executive Director, the Company has no profits or its profits are inadequate in any financial year, the Executive Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above but subject to the limits prescribed under Schedule XIII of the Companies Act, 1956.
- iii. For all other terms and conditions not specifically spelt out above, the Rules and Order of the Company shall apply.
- iv. The Executive Director holds office as such, subject to the provisions of Section 283(1) of the Companies Act, 1956. A copy of the draft Agreement referred to in the Resolution at item No.4 of the accompanying Notice will be open for inspection by the Members at the Registered Office of the Company between the hours of 10.00 a.m. and 1.00 p.m. on any working day except Saturday. The Explanatory Statement together with the accompanying Notice should be treated as an abstract of the terms of the Agreement of concernor interest under Section 302 of the Companies Act, 1956. The Resolution is recommended for approval of the Members.

None of the Directors of the Company except, Mr. Sushil Mantri, shall be concerned or interested in the resolution.

ITEM NO. 5.

With a view to augmenting the Company's long term resources for its ongoing business and to meet the capital adequacy ratio of the National Stock Exchange and also to meet the working capital requirements of the company, it is proposed to raise an amount of upto Rs. 2 Crores, (exclusive of premium if any), through issue of Redeemable Preference Shares as may be determined by the Board depending on the then prevailing market conditions. In terms of the proposed Resolution, the Board is being empowered to issue and allot Redeemable Preference Shares to Members or to the Investors, as specified in the resolution.