

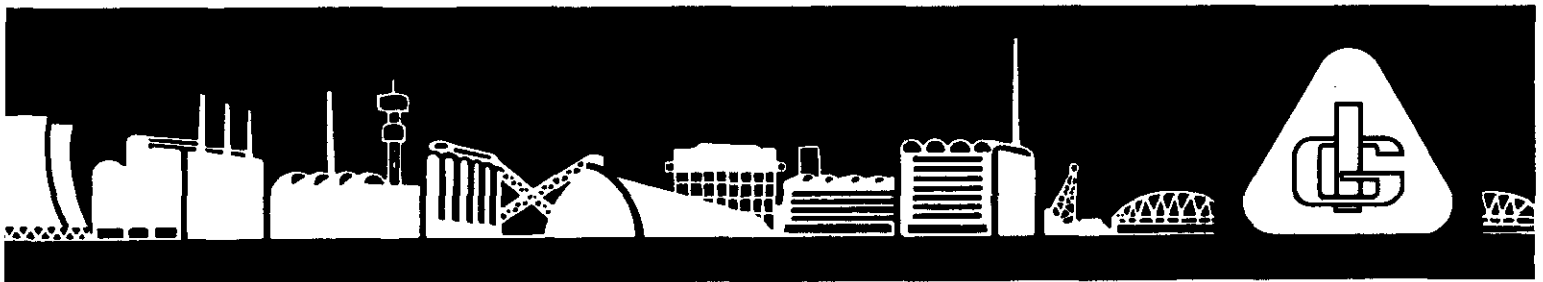
77th

Annual Report

**and Statement of Accounts
1998-99**

Report

junction.com



**GAMMON
INDIA
LIMITED**

GAMMON INDIA LIMITED

BOARD OF DIRECTORS:

JAGDISH RAJAN, *Chairman*
PETER GAMMON, *Chairman Emeritus*
ABHIJIT RAJAN, *Managing Director*
G. V. HINGORANI, *Dy. Managing Director*
S. A. REDDI, *Dy. Managing Director*
Dr. N. V. NAYAK, *Executive Director*
ASHOK KUMAR, *Director*
W. PAUL HARRIMAN, *Director*
SHOBHIT RAJAN, *Director*
C. C. DAYAL, *Director*
N. C. DAVE, *Director*
S. K. GUHA THAKURTA, *Director*
HIMANSHU PARIKH, *Alternate Director to Mr. Peter Gammon*

COMPANY SECRETARY:

VEENA NAGPAL

BANKERS:

ALLAHABAD BANK
ANDHRA BANK
BANK OF BARODA
BANK OF INDIA
CANARA BANK
IDBI BANK
INDIAN BANK
INDIAN OVERSEAS BANK
PUNJAB NATIONAL BANK
STATE BANK OF INDIA
SYNDICATE BANK
THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD.
UCO BANK

AUDITORS:

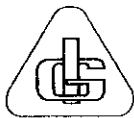
NATVARLAL VEPARI & CO.

SOLICITORS:

A.S. DAYAL & ASSOCIATES
KANGA & CO.
LITTLE & CO.
MULLA & MULLA & CRAIGIE BLUNT & CAROE
UDWADIA, UDESHI, & BERJIS

REGISTERED OFFICE:

GAMMON HOUSE,
VEER SAVARKAR MARG,
PRABHADEVI,
MUMBAI-400 025.



GAMMON INDIA LIMITED

NOTICE

NOTICE is hereby given that the Seventy-Seventh Annual General Meeting of the Shareholders of Gammon India Limited will be held at the Registered Office of the Company at "Gammon House", Veer Savarkar Marg, Prabhadevi, Mumbai 400 025 on Tuesday, the 28th day of September, 1999 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To approve and confirm payment of interim dividend of 10% and to declare final dividend on Equity Shares.
3. To appoint a Director in place of Dr. N.V. Nayak, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashok Kumar, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. G.V. Hingorani, who retires by rotation but has expressed his unwillingness to seek re-election and accordingly to appoint in his place Mr. Atul Dayal in respect of whom the Company has received a notice from a member proposing his candidature as a Director and to consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:
 "RESOLVED that in place of Mr. G.V. Hingorani, who retires by rotation but has expressed his unwillingness to seek re-election, Mr. Atul Dayal be and is hereby appointed as a Director of the Company, liable to retire by rotation, and in respect of whom the Company has received a notice pursuant to Section 257(1) of the Companies Act, 1956 from a member of the Company proposing the candidature of Mr. Atul Dayal for appointment as a Director of the Company."
6. To appoint a Director in place of Mr. C.C. Dayal, who retires by rotation and, being eligible, offers himself for re-appointment.
7. 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.

SPECIAL BUSINESS:

8. To appoint a Director in place of Mr. Jagdish Rajan who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Article 128 of the Articles of Association of the Company and who, under Section 260 of the Companies Act, 1956 read with Article 128 of the Articles of Association of the Company, holds office upto the date of this Annual General Meeting, but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing pursuant to Section 257(1) of the said Act from a member of the Company proposing the candidature of Mr. Jagdish Rajan for appointment as a Director of the Company.
9. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:
 "RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Dr. N.V. Nayak as Executive Director for a period of three years with effect from 1st November, 1998 on remuneration including perquisites as set out in the draft Agreement submitted at this Meeting and signed by a Director for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as not to exceed the remuneration and perquisites specified in the draft as may be agreed to between the Board of Directors and Dr. N.V. Nayak;
 RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all such steps as may be expedient or desirable to give effect to this resolution."

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

"RESOLVED that pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the maintaining of records relating to (i) the Register and Index of the Members and Debenture holders of the Company and (ii) Copies of Annual Returns prepared under Section 159 of the said Act together with copies of certificates and documents required to be annexed thereto under Sections 160 and 161 of the said Act, at Hamilton House, 3rd Floor; J. N. Heredia Road, Ballard Estate, Mumbai 400 038 with effect from 1st October, 1999 and such other records as are required to be maintained under the Companies (Preservation and Disposal of Records) Rules, 1966 be continued to be kept at the Registered Office of the Company at 'Gammon House', Veer Savarkar Marg, Prabhadevi, Mumbai 400 025;

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, proper or expedient to give effect to the above resolution."

By Order of the Board of Directors
For GAMMON INDIA LIMITED

VEENA NAGPAL
Company Secretary

REGISTERED OFFICE:

"Gammon House",
Veer Savarkar Marg,
Prabhadevi,
Mumbai - 400 025.

Mumbai, Dated : 30th July , 1999.

NOTES:

- (a) An Explanatory Statement relating to item Nos. 5, 8, 9 and 10 as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from 15th September, 1999 to 28th September, 1999 (both days inclusive).
- (d) Dividend, if declared at the Meeting, will be paid on or before 8th November, 1999, to those Members whose names appear on the Company's Register of Members on 28th September, 1999, subject to the provisions of Section 206A of the Companies Act, 1956.
- (e) Members are requested to :
 - (i) intimate to the Company changes, if any, in their registered address by 15th September, 1999, and
 - (ii) quote folio numbers in all their correspondence.
- (f) The Company has already transferred unclaimed Dividend declared upto the Financial year ended 31st March, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. The Shareholders who have so far not claimed or collected their dividend upto the aforesaid Financial Year may claim their Dividend from the Registrar of Companies, Maharashtra, Fancy Corporation Building, Hakoba Compound, Kalachowki, Mumbai 400 033.
However, Members who have not claimed/encashed their Dividend for the subsequent years viz : 1994-95 onwards may approach the Company for revalidation/obtaining duplicate dividend warrants.
- (g) Members desiring any information about the Accounts are requested to write to the Company as early as possible, preferably before 15th September, 1999, so that the information can be made available to them.
- (h) Members who attend the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
- (i) Members are requested to bring their copies of the Annual Report at the time of attending the meeting.



GAMMON INDIA LIMITED

EXPLANATORY STATEMENT

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

Item No. 5 :

Mr. G.V. Hingorani, has been on the Board of your Company since January, 1988 is liable to retire by rotation at this Annual General Meeting. However, he has indicated his unwillingness to continue as a Director of the Company with effect from the date of the ensuing Annual General Meeting and hence has intimated not to seek re-election as a Director at the ensuing Annual General Meeting of the Company.

The Company has however received a notice pursuant to Section 257(1) of the Companies Act, 1956 together with the requisite deposit of Rs. 500/- proposing the name of Mr. Atul Dayal for appointment to the office of Director in place of the retiring Director, Mr. G.V. Hingorani.

Mr. Atul Dayal is a Solicitor in High Court, Bombay and Supreme Court of England and Wales. He has vast experience in the legal field. He has been in practice as a Solicitor since 1974. Having regard to his attainments and experience your Board recommends the appointment of Mr. Atul Dayal to the office of a Director.

None of the Directors is in any way concerned or interested in the said Resolution.

Item No. 8 :

Mr. Jagdish Rajan was appointed as an Additional Director of the Company at the Meeting of the Board of Directors held on 10th October, 1998. By virtue of Article 128 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, he holds office only upto the date of this Annual General Meeting.

A notice pursuant to Section 257(1) of the Companies Act, 1956 together (with the requisite deposit of Rs. 500/-) has been received from a member signifying his intention to propose the appointment of Mr. Jagdish Rajan as a candidate to the office of a Director of the Company at the forthcoming Annual General Meeting.

Mr. Jagdish Rajan is a B.A, L.L.B and has a vast experience in the legal field. He was an ex-member of the Union Public Service Commission (UPSC). Having regard to his attainments and experience your Board recommends the appointment of Mr. Jagdish Rajan to the office of a Director.

Except for Mr. Jagdish Rajan, Mr. Abhijit Rajan and Mr. Shobhit Rajan, none of the remaining Directors are in any way concerned or interested in the said resolution.

Item No. 9 :

Dr. N. V. Nayak was appointed as an Executive Director of the Company, (subject to the approval of the Shareholders) by the Board of Directors for a period of three years with effect from 1st November, 1998 to 31st October, 2001. An Abstract and Memorandum pertaining to Dr. N.V. Nayak's appointment as an Executive Director of the Company was already circulated to the members of the Company as required under Section 302 of the Companies Act, 1956 .

Dr. N. V. Nayak, has done his B.E. (Civil), M.Tech and Ph.D and has over 22 years of experience in the construction industry. Dr. N.V. Nayak has contributed to many technical papers on the subject of construction in India and abroad and has also authored a book on the subject. He has been associated with the Company since January, 1996. He is also a Director on the Board of Gammon Nirman Limited, a subsidiary of your Company.

Taking into account his attainments and experience, your Board recommends the appointment of Dr. N. V. Nayak as an Executive Director of the Company on the following terms and conditions:

- I. Period of agreement : 3 years with effect from 1st November, 1998 to 31st October, 2001.
- II. Designation : Executive Director with liberty to the Board of Directors to change the Designation as and when they deem fit.
- III. Remuneration :
 - (i) Salary: Rs. 29,000/- per month.

(ii) Commission:

An amount by way of commission, payable annually in addition to the salary, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to a ceiling of an amount equal to 50% of the annual salary and further subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956.

(iii) Perquisites:

Perquisites shall be restricted to an amount equal to Rs. 1,35,000/- per annum.

PART A:

Housing:

- (i) Housing I: The expenditure by the Company on hiring unfurnished accommodation for the Executive Director will be subject to a ceiling of thirty five per cent of the salary, over and above ten per cent, payable to the Executive Director.

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

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

Explanation:

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

(ii) Medical reimbursement:

Expenses incurred for the Executive Director and his family shall be subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(iii) Leave travel concession:

Leave travel concession for the Executive Director and his family, once in a year incurred in accordance with the Rules specified by the Company.

(iv) Club Fees:

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(v) Personal Accident Insurance:

Premium not to exceed Rs. 1,000/- per annum.

'Family' means spouse, dependent children and dependent parents of the Executive Director.

PART B :

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

- (ii) Gratuity not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 3,00,000/-.

The items in Part B will not be included in the computation of the ceiling on perquisites.

PART C:

Car & Telephone:

Provision of car for use on Company's business and telephone at residence will not be considered perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company to the Executive Director.

The remuneration and perquisites payable in the event of loss or inadequacy of profits in any financial year during the aforesaid period shall be the same as specified above but subject to the provisions of Part II of Schedule XIII of the Companies Act, 1956. The proposed remuneration is within the limits specified in Schedule XIII to the



GAMMON INDIA LIMITED

Companies Act, 1956. The appointee fulfills the conditions of appointment under Part I of Schedule XIII to the Companies Act, 1956.

IV. The Agreement may be determined by either party by three months' notice in writing.

V. Any dispute or difference whatsoever concerning or arising out of this agreement shall be referred to arbitration.

Apart from the above terms and conditions governing remuneration, determination of Agreement and Arbitration, the aforesaid Agreement contains further terms and conditions as to the powers and duties of the Executive Director.

The draft of the Agreement proposed to be entered into by the Company with Dr. N. V. Nayak is available for inspection by the Shareholders at the Registered Office of the Company on any working day except public holidays, Saturdays and Sundays between 3.00 p.m. and 5.00 p.m. upto the date of the Annual General Meeting. Dr. N. V. Nayak is interested in this Resolution in so far as it relates to his appointment and remuneration as an Executive Director of the Company.

None of the remaining Directors of the Company is in any way, concerned or interested in the said Resolution.

Item No. 10:

Under the provisions of Section 163 of the Companies Act, 1956, certain documents such as the Registers and Indexes of Members and Debenture holders, Annual Returns etc. have to be kept at the Registered Office of the Company, but the Company can by a special resolution authorise that all or any of such Registers, Indexes and other documents may, instead of being kept at the Registered Office of the Company be kept at any other place therein.

The Company proposes to shift its Share Department from the Registered Office of the Company situated at 'Gammon House', Veer Savarkar Marg, Prabhadevi, Mumbai 400 025 to Hamilton House, 3rd Floor, J.N. Heredia Road, Ballard Estate, Mumbai 400 038. Necessary arrangements have been made for accepting transfer deeds and other correspondence and maintenance of records at the new location. Accordingly, the Company proposes to maintain the records as required under the Companies (Preservation and Disposal of Records) Rules, 1966 as under:

The Register and Index of the Members and Debenture holders (if any) and copies of Annual Returns prepared under Section 159 of the Companies Act, 1956, together with copies of certificates and documents required to be annexed thereto.

Hamilton House, 3rd Floor,
J.N. Heredia Road, Ballard
Estate, Mumbai 400 038.

Your Directors therefore recommend the passing of the Special Resolution.

A copy of the proposed Special Resolution has already been given to the Registrar of Companies, Maharashtra as required under Section 163 of the Companies Act, 1956.

None of the Directors of the Company is in any way, concerned or interested in the said Resolution.

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By Order of the Board of Directors
For GAMMON INDIA LIMITED

VEENA NAGPAL
Company Secretary

REGISTERED OFFICE:

"Gammon House",
Veer Savarkar Marg,
Prabhadevi,
Mumbai - 400 025.

Mumbai, Dated : 30th July , 1999.

DIRECTORS' REPORT

Your Directors present their 77th Annual Report together with the Audited Accounts for the financial year ended 31st March, 1999.

	Current Year Rupees in lacs	Previous Year Rupees in lacs
1. FINANCIAL RESULTS:		
The profit for the year after charging all working expenses including Salaries, Provident Fund and Gratuity Fund contribution, Interest etc. but before providing Depreciation and Taxation amounts to	1732.12	1406.92
From which has to be deducted:		
Depreciation	491.20	390.92
Profit before Tax	1240.92	1016.00
Provision for Tax/Taxes Paid	240.03	315.04
Profit after Tax	1000.89	700.96
And to which is to be added:		
(a) Investment Allowance Reserve (utilised) written back	—	132.39
(b) Excess Provision written back	—	12.26
Profit brought forward from last year	715.13	127.83
Amount available for appropriation	1716.02	973.43
Less: Foreign Projects Reserve	—	100.00
Housing Projects Reserve	185.00	—
Amount Transferred to General Reserve	142.00	75.00
Interim Dividend	38.14	—
Proposed Dividend	57.20	75.73
Tax on the proposed dividend	9.53	7.57
Balance carried to Balance Sheet	1284.14	715.13

2. DIVIDEND:

An interim dividend of 10% for the Financial Year 1998-99 amounting to Rs. 38.14 lacs was declared by the Board of Directors on 9th January, 1999. The Directors now recommend to the Shareholders a final dividend of 15% i.e. Rs. 1.50 per Equity Share, bringing the total dividend for the year to 25%. The proposed final dividend is payable on the enhanced paid-up capital of the Company viz: Rs. 629.59 lacs. Rights Shares allotted during the year would be entitled to dividend on a pro-rata basis from the date of Allotment.

3. OPERATING RESULTS:

Your Company's turnover for the year amounted to Rs. 32834.15 lacs as compared to Rs. 21565.61 lacs of last year. Earnings before Depreciation and Taxation amounted to Rs. 1732.12 lacs (Rs. 1406.92 lacs) and the profit before tax stood at Rs. 1240.92 lacs (Rs. 1016.00 lacs).

4. TAXATION:

Provision for Taxation amounts to Rs. 240.03 lacs and the Tax on interim and proposed Final Dividend amounts to Rs. 9.53 lacs.

5. INVESTMENTS:

Total investments made by your Company stood at Rs. 1690.79 lacs (Rs. 752.04 lacs) at the close of the year. The income on investments amounted to Rs. 76.00 lacs (Rs. 88.07 lacs).

6. CAPITAL EXPENDITURE:

Capital expenditure on Plant and Machinery during the year amounted to Rs. 1870.25 lacs. Other Assets purchased aggregated to Rs. 342.53 lacs.



GAMMON INDIA LIMITED

7. FINANCE:

During the year efforts were made to keep the borrowings at a low level and at the same time your Company availed of funds at competitive rates whenever opportunities arose.

The Company has continued to retain its credit rating of "PR1+" from an accredited agency for short-term funding of Rs. 1200.00 lacs and has placed commercial paper for an equivalent amount.

8. FIXED DEPOSITS:

Fixed Deposits with the Company as at the year end was Rs. 952.80 lacs (Rs. 680.75 lacs). Deposits amounting to Rs. 12.37 lacs (Rs. 6.50 lacs) relating to 169 (95) deposits were unclaimed by the Depositors, out of these 31(4) deposits amounting to Rs. 2.30 lacs (Rs. 0.38 lac) have since been claimed.

9. BUSINESS PROSPECTS:

There is increased awareness at the highest level to develop the country's infrastructure. This is demonstrated by new projects of flyovers, bridges, expressways, power projects etc. completed, under construction and on anvil. The Company has secured some of the projects for construction of flyovers in Mumbai, Delhi and Chennai, besides securing projects for the construction of Bridges, Tunnels, River Valley projects etc. in different parts of the country. The order book position is very satisfactory and turnover is increasing rapidly.

The Company looks forward to increased participation in implementing government policies in infrastructure development.

Your Company is also entering into the field of Water Supply Projects and is looking forward to achieve substantial break through.

10. RESEARCH & DEVELOPMENT:

The Government of India, Ministry of Science & Technology has recognised the Company's on going efforts of in-house Research & Development and the Company has a current recognition which is valid till 31st March, 2001.

There were several new R & D projects taken up in the Company during the year under review, apart from the ongoing projects.

1. "GAMCIE500" the 18/12 concrete mixer was developed in-house and is used on our sites and is also being sold commercially.
2. Single drum concrete mixer has been developed.
3. In view of increased use of Rotary Rig in piling, Company has developed indigenously, its own drilling tools like soil bucket and core barrels etc.
4. Couplers are being developed for using with H.T. Wires in prestressed work for economy and speed.
5. R & D efforts are in progress in optimising design and construction of tapered slipform chimneys and NDCTs.

Your Company has been a recipient of IIBE award for outstanding bridges at Mankhurd Flyover and Jadukata Bridge for excellence in design and construction.

Your Company's consistent efforts in safety consciousness was rewarded by EIL's award for safety in Haldia C.T. site, MRPL site, etc.

11. SUBSIDIARY COMPANIES:

In compliance with the provisions of Section 212 of the Companies Act, 1956, the Audited Statement of Accounts for the year ended 31st March, 1999 of the Subsidiary Companies and also the statement under the said section are attached alongwith the Balance Sheet of the Company.

12. ISO-9000 PLAN:

Your Company plans to obtain the ISO 9000 Certification for its operations very soon. The Company has already completed 3 internal audits for this purpose. The external audit, which will lead to the ISO 9000 Certificate, is expected to take place soon. In the meanwhile, the Company has already implemented the quality system in its operations. A quality manual has been formulated. The ISO Certification will enable the

Company to work with improved consistency, precision and timeliness. Besides improving the Company's image in the competitive construction sector the ISO accreditation will surely translate into better business prospects for the Company.

13. Y2K COMPLIANCE:

Details regarding Y2K compliance in accordance with Clause 32 of the listing agreements with the Stock Exchanges are given in Annexure 'A' to the Director's Report.

14. RIGHTS ISSUE:

During the year under review, your Company successfully completed its Rights Issue for 43,27,680 Equity Shares of Rs. 10/- each issued for cash at a premium of Rs. 30/- per share in the ratio of 2 new shares for every 1 share held by a member aggregating to Rs. 1731.07 lacs. The Rights Issue was fully subscribed even in a lacklustre primary market. The actual utilisation of funds made during 1998-99 vis-à-vis the projections made in the Letter of Offer is as follows:

	(Rs. in lacs)	
	Projected Utilisation of Funds	Actual Utilisation of Funds
Capital Expenditure	715.07	715.07
Investment in Gammon Infrastructure Limited	1000.00	500.00
Rights Issue Expenses	16.00	16.00
	1731.07	1231.07

The Rights Shares allotted during the year under review have been listed with the Stock Exchange of Mumbai (Regional) and the National Stock Exchange of India Limited.

15. STAFF AND LABOUR:

The Employees Relations at all levels have continued to be cordial and the Management thanks all the employees for their continued support towards the growth of the Company.

16. PARTICULARS OF EMPLOYEES:

The information required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is given in the Annexure 'B', forming part of this Report.

17. DIRECTORATE:

Mr. Dharma Vira, Director of the Company resigned from the Board of the Company with effect from 10th October, 1998. The Board placed on record its sincere appreciation for the valuable guidance and advice given by Mr. Dharma Vira during his tenure as a Director of the Company.

Mr. Jagdish Rajan was appointed as an Additional Director and Chairman of the Company at the Meeting of the Board of Directors held on 10th October, 1998. He will hold office upto the date of the forthcoming Annual General Meeting but is eligible for re-appointment as a Director of the Company. Notice together with the requisite deposit as required under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the candidature of Mr. Jagdish Rajan as a Director of the Company.

The Board of Directors at their meeting held on 31st October, 1998 appointed Dr. N. V. Nayak as Executive Director of the Company w.e.f. 1st November, 1998 for a period of 3 years. His appointment is however, subject to the approval by the members of the Company at a General Meeting. Accordingly, the necessary resolution for approving the terms and conditions of Dr. N. V. Nayak's appointment as an Executive Director has been incorporated in the Notice of the Annual General Meeting.

Mr. G.V. Hingorani, Director of the Company retires by rotation at this Annual General Meeting but does not seek re-appointment. He is also the Dy. Managing Director of the Company and holds the office of Dy. Managing Director till 31st December, 1999. However, Mr. G. V. Hingorani has indicated his intention not to seek re-appointment to the office of Directorship and hence he retires from both these offices with effect from 28th September, 1999. The Board of Directors takes this opportunity to place on record its appreciation for the valuable contribution made by Mr. G. V. Hingorani during his tenure as a Director /Dy. Managing Director of the Company.