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116TH ANNUAL REPORT 1996-97

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THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

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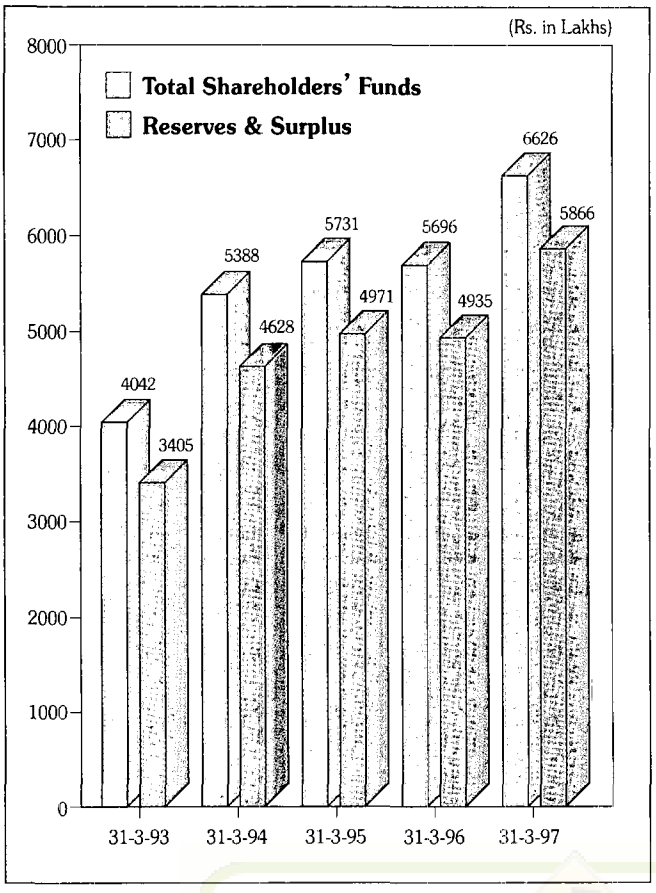

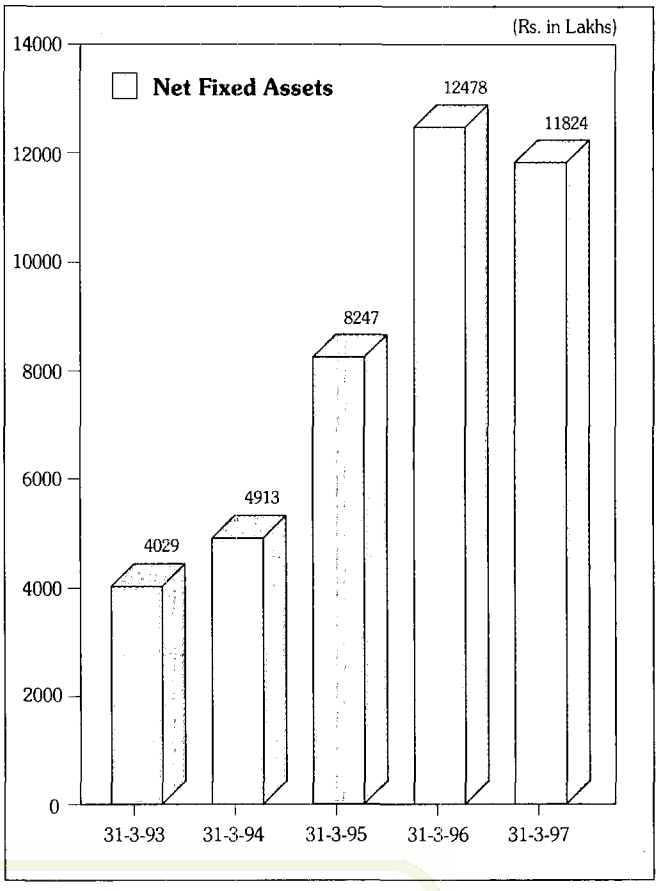

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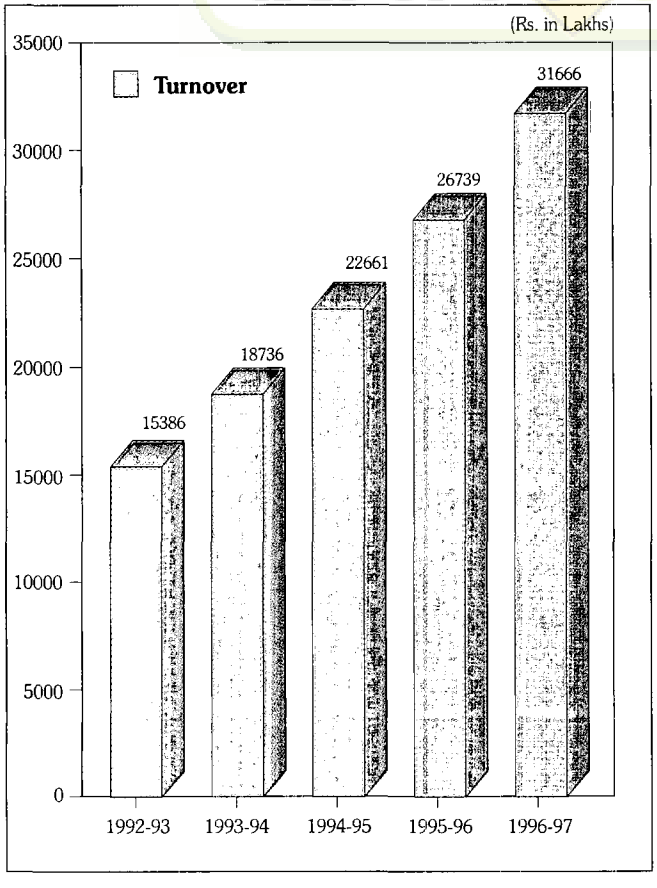

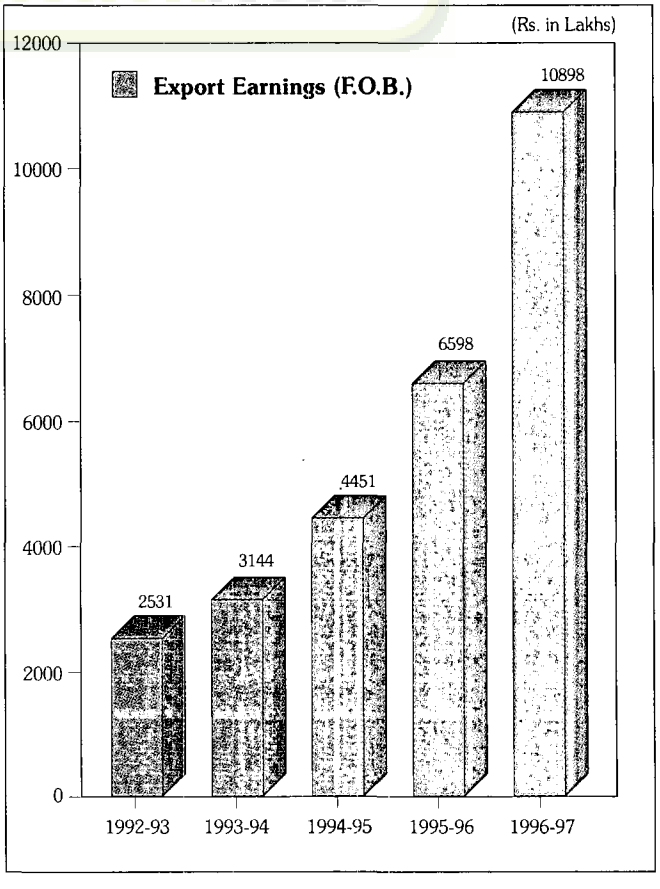

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THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

NOTICE

Notice is hereby given that the ONE HUNDRED AND SIXTEENTH Annual General Meeting of the Shareholders of the Company will be held at "Patkar Hall", Nathibai Thackersey Road, Off Maharshi Karve Road, Mumbai-400 020, on Wednesday, the 3rd September, 1997 at 4.00 P.M. to transact the following business:

1. To receive and adopt the audited Balance Sheet and the Profit and Loss Account for the year ended 31st March, 1997 and to consider the Report of the Directors and the Auditors thereon.
2. To declare dividends.
3. To appoint a Director in place of Mr. Vijay M. Palicha, who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. M.R.B. Punja, who retires by rotation but being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Manharlal C. Shah, who retires by rotation but being eligible offers himself for re-appointment.
6. To appoint Auditors for the current year and fix their remuneration.

AS SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as an Ordinary Resolution:

   "RESOLVED that Mr. Raoul S. Thackersey who holds office upto the date of the Annual General Meeting under the provisions of Section 260 of the Companies Act, 1956 read with Article 126 of the Articles of Association of the Company and in respect of whom the Company has received a Notice in writing from a member proposing his candidature for the office of Director in terms of Section 257 of the Companies Act, 1956 be and is hereby appointed a Director of the Company."

8. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as a Special Resolution:

   "RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) the Company hereby accords its approval and consent to the appointment of Mr. Raoul S. Thackersey as a Working Director of the Company designated as Director – Karad E.O.U. with substantial powers of management in relation to the said Export Oriented Unit for a period of five years with effect from 16th January, 1997 on the following terms of salary, commission, and perquisites:

   (i) Salary:
   – From 16th January 1997 to 31st March, 1997 – Rs. 6,500 + Rs. 350 P.A. per month.

   – From 1st April, 1997 to 15th January, 2002:

   Rs. 25,000 per month in the scale of Rs. 25,000 – Rs. 50,000 with authority to the Board to fix increments from time to time.

   (ii) Commission:
   On net profits of the Company as may be decided by the Board of Directors in their absolute discretion at the time of adoption of the annual accounts each year by the Board, to be due and payable after adoption of the accounts by shareholders and subject to the limits laid down in Section 309 of the Companies Act, 1956.

   (iii) Perquisites:
   Such as rent free residential accommodation or House Rent Allowance in lieu thereof, Gas, Electricity, Water, Furniture and furnishings, Medical Benefits, Leave, Leave Travel Concessions, Club Fees, Personal Accident Insurance, Car and other benefits and amenities as may be sanctioned by the Board of Directors, the monetary value of which will be calculated as per Income-tax Rules, 1962.

   (iv) Retirement Benefits:
   Such as Provident Fund, Superannuation Fund, Annuity Fund, Gratuity, encashment of leave or other benefits as may be sanctioned by the Board of Directors.

   The above remuneration payable to him shall be subject to the limit of 10% of the net profits of the

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Company, as laid down in Section 309(3) of the Companies Act, 1956 and the overall limit of 11% of the net profits of the Company as laid down in Section 198(1) of the said Act.

Provided however that where in any financial year during the currency of the tenure of Mr. Raoul S. Thackersey, Director – Karad E.O.U. the Company has no profits or its profits are inadequate, Mr. Raoul S. Thackersey shall be entitled to the aforesaid remuneration (excluding commission) as minimum remuneration subject to and in accordance with the ceiling limits laid down in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof) or any amendments thereto from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to enter into an Agreement with Mr. Raoul S. Thackersey incorporating the above terms and conditions with liberty to alter and vary the terms and conditions of the said Agreement and/or revise the remuneration, perquisites and benefits to be paid or provided to Mr. Raoul S. Thackersey within the limits set out hereinabove in such manner as may be agreed to between the Board and Mr. Raoul S. Thackersey but provided that such alterations, variations and revisions are in accordance with the provisions of Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof) or any amendments thereto from time to time."

9. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if required, the Company hereby approves the reimbursement of extraordinary medical expenditure on Mr. Chandrahas K. Thackersey, Executive Director of the Company apart from normal medical reimbursement within the ceiling of one month's salary in a year or three months' salary over a period of three years, upto a ceiling of Rs. 4,50,000 (Rupees four lakhs fifty thousand only), notwithstanding such payment being in excess of the ceiling on managerial remuneration of 10% of the net profits to the effect that such payment be considered as part of his minimum remuneration which may be paid notwithstanding the absence or inadequacy of profits.

RESOLVED FURTHER that the Company in General Meeting expressly sanctions such extraordinary medical expenditure of Rs. 95,000/- in respect of the year 1996-97 as minimum remuneration and subject to the approval of the Central Government as necessary waives recovery thereof from Mr. Chandrahas K. Thackersey.

RESOLVED FURTHER that the Directors are hereby expressly authorised to agree to any conditions or modifications in the implementation of the above Resolution."

10. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment, modification or re-enactment thereof), and in partial modification of the Resolution passed at the Annual General Meeting of the Company held on 18th August, 1993 approving the re-appointment and terms of remuneration of Mr. Sudhir K. Thackersey as Managing Director of the Company, the Company hereby accords its approval and consent to the following increased terms and conditions relating to the remuneration payable to Mr. Sudhir K. Thackersey, Managing Director for the balance period of his tenure with effect from 1st April, 1997.

(i) Salary:
Rs. 70,000 per month in the scale of Rs. 40,000 – Rs. 87,500 with authority to the Board to fix increments from time to time.

(ii) Commission:
On net profits of the Company as may be decided by the Board of Directors in their absolute discretion at the time of adoption of the annual accounts each year by the Board, to be due and payable after adoption of the accounts by shareholders and subject to the limits laid down in Section 309 of the Companies Act, 1956.

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(iii) Perquisites:
Such as rent free residential accommodation or House Rent Allowance in lieu thereof, Gas, Electricity, Water, Furniture and furnishings, Medical Benefits, Leave, Leave Travel Concessions, Club Fees, Personal Accident Insurance, Car and other benefits and amenities as may be sanctioned by the Board of Directors, the monetary value of which will be calculated as per Income-tax Rules, 1962.

(iv) Retirement Benefits:
Such as Provident Fund, Superannuation Fund, Annuity Fund, Gratuity, encashment of leave or other benefits as may be sanctioned by the Board of Directors.

The above remuneration payable to him shall be subject to the limit of 10% of the net profits of the Company, as laid down in Section 309(3) of the Companies Act, 1956 and the overall limit of 11% of the net profits of the Company as laid down in Section 198(1) of the said Act.

Provided however that where in any financial year during the currency of the tenure of Mr. Sudhir K. Thackersey, Managing Director, the Company has no profits or its profits are inadequate, Mr. Sudhir K. Thackersey shall be entitled to the aforesaid remuneration (excluding commission) as minimum remuneration subject to and in accordance with the ceiling limits laid down in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof) or any amendments thereto from time to time.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to enter into a Supplemental Agreement with Mr. Sudhir K. Thackersey, incorporating the above revised terms and conditions, with liberty to alter and vary the salary, commission and perquisites to be paid or provided to Mr. Sudhir K. Thackersey with the limits set out hereinabove in such manner as may be agreed to between the Board and Mr. Sudhir K. Thackersey but provided that such alterations, variations and revisions are in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time."

11. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 310 read with Schedule XIII, Section 314 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment, modification or re-enactment thereof), and in partial modification of the Special Resolution passed at the Annual General Meeting of the Company held on 4th September, 1996 approving the re-appointment and terms of remuneration of Mr. Chandrahas K. Thackersey as Executive Director of the Company, the Company hereby accords its approval and consent to the following revised terms and conditions relating to the remuneration payable to Mr. Chandrahas K. Thackersey, Executive Director for the balance period of his tenure with effect from 1st April, 1997.

(i) Salary:
Rs. 65,000 per month in the scale of Rs. 40,000 – Rs. 87,500 with authority to the Board to fix increments from time to time.

(ii) Commission:
On net profits of the Company as may be decided by the Board of Directors in their absolute discretion at the time of adoption of the annual accounts each year by the Board, to be due and payable after adoption of the accounts by shareholders and subject to the limits laid down in Section 309 of the Companies Act, 1956.

(iii) Perquisites:
Such as rent free residential accommodation or House Rent Allowance in lieu thereof, Gas, Electricity, Water, Furniture and furnishings, Medical Benefits, Leave, Leave Travel Concessions, Club Fees, Personal Accident Insurance, Car and other benefits and amenities as may be sanctioned by the Board of Directors, the monetary value of which will be calculated as per Income-tax Rules, 1962.

(iv) Retirement Benefits:
Such as Provident Fund, Superannuation Fund, Annuity Fund, Gratuity, encashment of

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leave or other benefits as may be sanctioned by the Board of Directors.

The above remuneration payable to him shall be subject to the limit of 10% of the net profits of the Company, as laid down in Section 309(3) of the Companies Act, 1956 and the overall limit of 11% of the net profits of the Company as laid down in Section 198(1) of the said Act.

Provided however that where in any financial year during the currency of the tenure of Mr. Chandrahas K. Thackersey, Executive Director, the Company has no profits or its profits are inadequate, Mr. Chandrahas K. Thackersey shall be entitled to the aforesaid remuneration (excluding commission) as minimum remuneration subject to and in accordance with the ceiling limits laid down in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof) or any amendments thereto from time to time.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to enter into a Supplemental Agreement with Mr. Chandrahas K. Thackersey, incorporating the above revised terms and conditions, with liberty to alter and vary the salary, commission and perquisites to be paid or provided to Mr. Chandrahas K. Thackersey with the limits set out hereinabove in such manner as may be agreed to between the Board and Mr. Chandrahas K. Thackersey but provided that such alterations, variations and revisions are in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time."

12. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 310 read with Schedule XIII, Section 314 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment, modification or re-enactment thereof), and in partial modification of the Special Resolution passed at the Annual General Meeting of the Company held on 4th September, 1996 approving the re-appointment and terms of remuneration of Mr. Jagdish U. Thackersey as Executive Director of the Company, the Company hereby accords its approval and consent to the following revised terms and conditions relating to the remuneration payable to Mr. Jagdish U. Thackersey, Executive Director for the balance period of his tenure with effect from 1st April, 1997.

(i) Salary:
Rs. 65,000 per month in the scale of Rs. 40,000 – Rs. 87,500 with authority to the Board to fix increments from time to time.

(ii) Commission:
On net profits of the Company as may be decided by the Board of Directors in their absolute discretion at the time of adoption of the annual accounts each year by the Board, to be due and payable after adoption of the accounts by shareholders and subject to the limits laid down in Section 309 of the Companies Act, 1956.

(iii) Perquisites:
Such as rent free residential accommodation or House Rent Allowance in lieu thereof, Gas, Electricity, Water, Furniture and furnishings, Medical Benefits, Leave, Leave Travel Concessions, Club Fees, Personal Accident Insurance, Car and other benefits and amenities as may be sanctioned by the Board of Directors, the monetary value of which will be calculated as per Income-tax Rules, 1962.

(iv) Retirement Benefits:
Such as Provident Fund, Superannuation Fund, Annuity Fund, Gratuity, encashment of leave or other benefits as may be sanctioned by the Board of Directors.

The above remuneration payable to him shall be subject to the limit of 10% of the net profits of the Company, as laid down in Section 309(3) of the Companies Act, 1956 and the overall limit of 11% of the net profits of the Company as laid down in Section 198(1) of the said Act.

Provided however that where in any financial year during the currency of the tenure of Mr. Jagdish U. Thackersey, Executive Director, the Company has no profits or its profits are inadequate, Mr. Jagdish U. Thackersey shall be entitled to the aforesaid remuneration (excluding commission) as minimum

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remuneration subject to and in accordance with the ceiling limits laid down in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof) or any amendments thereto from time to time.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to enter into a Supplemental Agreement with Mr. Jagdish U. Thackersey, incorporating the above revised terms and conditions, with liberty to alter and vary the salary, commission and perquisites to be paid or provided to Mr. Jagdish U. Thackersey with the limits set out hereinabove in such manner as may be agreed to between the Board and Mr. Jagdish U. Thackersey but provided that such alterations, variations and revisions are in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time."

13. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 310 read with Schedule XIII, Section 314 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment, modification or re-enactment thereof), and in partial modification of the Special Resolution passed at the Annual General Meeting of the Company held on 17th August, 1994 approving the appointment and terms of remuneration of Mr. V.M. Palicha as Executive Director of the Company, the Company hereby accords its approval and consent to the following revised terms and conditions relating to the remuneration payable to Mr. V.M. Palicha, Executive Director for the balance period of his tenure with effect from 1st April, 1997.

(i) Salary:
Rs. 45,000 per month in the scale of Rs. 35,000 – Rs. 60,000 with authority to the Board to fix increments from time to time.

(ii) Commission:
On net profits of the Company as may be decided by the Board of Directors in their absolute discretion at the time of adoption of the annual accounts each year by the Board, to be due and payable after adoption of the accounts by shareholders and subject to the limits laid down in Section 309 of the Companies Act, 1956.

(iii) Perquisites:
Such as rent free residential accommodation or House Rent Allowance in lieu thereof, Gas, Electricity, Water, Furniture and furnishings, Medical Benefits, Leave, Leave Travel Concessions, Club Fees, Personal Accident Insurance, Car and other benefits and amenities as may be sanctioned by the Board of Directors, the monetary value of which will be calculated as per Income-tax Rules, 1962.

(iv) Retirement Benefits:
Such as Provident Fund, Superannuation Fund, Annuity Fund, Gratuity, encashment of leave or other benefits as may be sanctioned by the Board of Directors.

The above remuneration payable to him shall be subject to the limit of 10% of the net profits of the Company, as laid down in Section 309(3) of the Companies Act, 1956 and the overall limit of 11% of the net profits of the Company as laid down in Section 198(1) of the said Act.

Provided however that where in any financial year during the currency of the tenure of Mr. V.M. Palicha, Executive Director, the Company has no profits or its profits are inadequate, Mr. V.M. Palicha shall be entitled to the aforesaid remuneration (excluding commission) as minimum remuneration subject to and in accordance with the ceiling limits laid down in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof) or any amendments thereto from time to time.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to enter into a Supplemental Agreement with Mr. V.M. Palicha, incorporating the above revised terms and conditions, with liberty to alter and vary the salary, commission and perquisites to be paid or provided to Mr. V.M. Palicha with the limits set out hereinabove in such manner as may be agreed to between the Board and Mr. V.M. Palicha but provided that such alterations, variations and revisions are in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time."

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14. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as a Special Resolution:

"RESOLVED that subject to compliance of the applicable provisions of the Foreign Exchange Regulations Act, 1973 and other relevant laws and in conformity with the guidelines issued/to be issued from time to time by the Government of India, the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and other appropriate authorities (hereinafter referred to as the Guidelines) and subject to such approvals, consents, permissions and sanctions as may be required from such authorities and such conditions/ modifications, if any, that may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (the Board) be and is hereby authorised to agree to and accept, the consent of the Company be and is hereby accorded to the Board to permit the acquisition/purchase and holding of the Equity Shares and/or Convertible Debentures and/or other permissible securities of the Company, by Non-resident Indians (NRIs), Overseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs) whether through the primary or the secondary market and whether with or without repatriation basis upto an aggregate limit of 24% of the paid-up Equity Share Capital of the Company.

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

15. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that pursuant to Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead the following as new Clause V.

"The Share Capital of the Company is Rs. 20,00,00,000 (Rupees twenty crores) divided into 97,90,000 (Ninety seven lacs ninety thousand) Equity Shares of Rs. 10 (Rupees ten) each, 8,400 (Eight thousand four hundred) Redeemable Cumulative Preference Shares of Rs. 250 (Rupees two hundred fifty) each which Preference Shares shall confer upon the holders thereof the right to a fixed Cumulative Preferential Dividend at the rate of 7% per annum on the capital for the time being paid up thereon, subject to deduction therefrom of tax at source on account of the Shareholders as required by Section 194 of the Income-tax Act, 1961, or any replacement, re-enactment or modifications thereof or under any other taxing statute or under any Finance Act or under any Rules and Regulations or modifications in that behalf as may be effective at the time of the declaration of dividend thereon, but without any deduction of any tax on account of the Company and 1,00,00,000 (one crore) Unclassified shares of Rs. 10 (Rupees ten) each; with power to increase and reduce the capital of the Company or divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the regulations of the Company and the legislative provisions for the time being in force and all which Share Capital shall be capable of being increased and with Power to reduce and repay the Capital for the time being or any portion thereof in accordance with the Company's Regulations and the legislative provisions for the time being in force in that behalf."

By Order of the Board of Directors,

S.K. THACKERSEY
Chairman & Managing Director

Registered Office:
"Sir Vithaldas Chambers",
16, Mumbai Samachar Marg,
Mumbai-400 001.

Mumbai,
Dated: 25th June, 1997.

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NOTES FOR THE MEMBERS' ATTENTION:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.

2. The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of all the items of Special Business is hereto annexed.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 13th August, 1997 to 3rd September, 1997 (both days inclusive).

4. The dividend as recommended by the Board of Directors, if declared at the meeting, will be payable to those shareholders whose names are registered in the Register of Members of the Company as on 3rd September, 1997.

   Those members who have not yet submitted their Bank Account numbers are requested to send the same so as to reach the Company on or before 3rd September, 1997, to enable the Company to incorporate the same in the dividend warrants, if dividend is declared.

5. Shareholders are required to intimate change of address, if any, and Dividend Mandates to the Registered Office of the Company on or before 3rd September, 1997.

6. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting, so as to enable the Company to keep the information ready.

7. The shareholders are hereby informed that all unclaimed dividends upto the financial year ended 31st March, 1993 have been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the account from the Registrar of Companies, Maharashtra, in the prescribed manner.

8. Those members who have so far not encashed their Dividend for the financial year ended 31st March, 1994 may claim or approach the Company for payment as the same will be transferred to the General Revenue Account of the Central Government in September, 1997.

9. Members holding more than one share certificate in same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Company.

10. Those members who have not claimed their share certificates pertaining to Rights Issue are requested to send their Letter of Allotment duly discharged on the reverse by all the joint-shareholders in order to enable the Company to despatch the said share certificates.

11. Members are requested to bring their copies of the Annual Report and Accounts to the Meeting.

ANNEXURE TO THE NOTICE

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

Item Nos. 7 & 8

The Board of Directors at its Meeting held on 8th January, 1997 has appointed Mr. Raoul S. Thackersey as an Additional Director of the Company with effect from 16th January, 1997 in terms of Article 126 of the Articles of Association of the Company. Mr. Raoul S. Thackersey will hold office upto the date of the forthcoming Annual General Meeting. The Company has received a Notice in writing along with requisite deposit under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Mr. Raoul S. Thackersey as a Director of the Company.

The Board has appointed Mr. Raoul S. Thackersey as a Working Director designated as Director – Karad E.O.U. with substantial powers of management in relation to the said Export Oriented Unit for a period of five years with effect from 16th January, 1997 on the remuneration and perquisites as mentioned in the

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Resolution as set out at Item No. 8 of the Notice, subject to the approval of the shareholders.

Mr. Raoul S. Thackersey has been associated with the Company for more than five years. For the last three years he was designated as "MANAGEMENT EXECUTIVE" in the Company. Mr. Raoul S. Thackersey has undergone practical training in commercial aspects of production and marketing in Textile Mills abroad. Mr. Raoul S. Thackersey was actively associated in the establishment and operations of the Company's 100% E.O.U. Project at Karad. The Board considers that the services of Mr. Raoul S. Thackersey as Director – Karad E.O.U. will be very valuable for the business operations of the Company.

The appointment and remuneration of Mr. Raoul S. Thackersey as Director – Karad E.O.U. would be subject to the approval of the shareholders in general meeting pursuant to the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956. Further on his appointment as Director of the Company he may be regarded as holding an Office or place of profit in the Company in terms of Section 314 of the Companies Act, 1956 which would require consent of the Company by way of a Special Resolution. The Resolution at Item No. 8 is therefore placed before members as a Special Resolution. The Board, therefore, recommends that Mr. Raoul S. Thackersey be appointed as Director of the Company and his terms of remuneration as a Working Director designated as Director – Karad E.O.U. as set out in Item No. 8 of the Notice be approved.

Mr. Raoul S. Thackersey may be deemed to be concerned or interested in the above mentioned Resolution which pertains to his appointment and remuneration. Mr. Sudhir K. Thackersey, Director, a relative of Mr. Raoul S. Thackersey is also deemed to be concerned or interested in the above Resolution. None of the other Directors of the Company is in any way concerned or interested in the aforesaid Resolution. This Explanatory Statement together with the Resolution at Item No. 8 to the accompanying Notice is and should be treated as abstract under Section 302 of the Companies Act, 1956.

Item No. 9

Mr. Chandrahas K. Thackersey, Executive Director of the Company had open heart surgery in the month of August, 1996. The operation was successful and he resumed full attention to his duties. When he was on Export Promotion Tour, in the month of March, 1997, he had a problem and returned to Mumbai and had undergone a further emergency open heart surgery at the Breach Candy Hospital. As a result of two extra-ordinary medical eventualities, the aggregate medical expenses payable under his terms of contract would exceed the relevant ceiling laid down in such contract and may exceed the limits specified in Schedule XIII to the Companies Act, 1956.

The Department of Company Affairs has issued a Circular to the effect that requests for sanction of extra-ordinary medical expenses of managerial personnel incurred overseas would be limited to a ceiling of Rs. 9 lakhs. In view of the expenditure having been incurred within India, it would be fair to pay the medical expenditure on these two eventualities upto a ceiling of Rs. 4,50,000 subject to the approval of the shareholders at the Annual General Meeting and also approval of the Central Government, if required, under Sections 198, 310 and other applicable provisions of the Companies Act, 1956. The Board of Directors at its Meeting held on 9th April, 1997 passed the Resolution to this effect.

Mr. Chandrahas K. Thackersey has rendered yeoman service to the Company or more than 25 years and his guidance and advice to the Company during the critical times has been of great value to the progress of the Company. Having regard to the aforesaid circumstances, it would be fair that the Company reimburse the aforesaid medical expenses incurred on Mr. Chandrahas K. Thackersey.

The proposed Resolution at Item No. 9 of the accompanying Notice is to seek the approval of the Members of the Company to reimburse the aforesaid medical expenses incurred in respect of Mr. Chandrahas K. Thackersey, Executive Director upto a ceiling of Rs. 4,50,000. The Directors commend the passing of the said Resolution.

Mr. Chandrahas K. Thackersey, Executive Director is interested in the above Resolution. Mr. Sudhir K. Thackersey, Director, a relative of Mr. Chandrahas K. Thackersey is also deemed to be concerned or interested in the above Resolution. None of the other Directors of the Company is in any way concerned or interested in the aforesaid Resolution.

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