

**ANNUAL
REPORT AND
ACCOUNTS
1998-99**



Hindustan Motors Limited



HINDUSTAN MOTORS LIMITED ANNUAL REPORT

Year Ended March 31, 1999

Board of Directors

Shri C. K. Birla Chairman
 Shri G. D. Kothari
 Shri A. C. Muthiah
 Shri Pradip Kumar Khaitan
 Shri S. Mukherji ICICI Nominee
 Shri A. Sankaranarayanan Executive Director
 Shri Narayanan Sankar
 Dr. Anand C. Burman
 Shri Kranti Sinha
 Shri S. Doreswamy IDBI Nominee
 (with effect from 11th June, 1999)

Bankers

UCO Bank
 Bank of India
 United Bank of India
 Bank of Baroda
 State Bank of India

Auditors

Messrs. S. R. Batliboi & Co.
 Chartered Accountants

Share Transfer Agents

MCS Limited
 Sri Venkatesh Mangalam
 Block - B, Ground Floor
 24/26 Hemanta Basu Sarani
 Calcutta 700 001

Registered Office

'Birla Building'
 9/1, Rajendra Nath Mukherjee Road
 Calcutta 700 001

CONTENTS

Notice	2
Report of the Directors	10
Auditors' Report	14
Balance Sheet	17
Profit & Loss Account	18
Schedules to Accounts	19
Statement U/S 212	38
Hindustan Motor Finance Corpn. Limited	39
HM Export Limited	49

HINDUSTAN MOTORS LIMITED

Notice to the Shareholders

NOTICE is hereby given that the Fiftyseventh Annual General Meeting of the Shareholders of HINDUSTAN MOTORS LIMITED will be held at Calcutta Ice Skating Rink, 78, Syed Amir Ali Avenue, Calcutta 700 019, on Wednesday, the 8th September, 1999 at 3 p.m. to transact the following business :-

AS ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Statements of Account of the Company together with the Directors' Report as also the Auditors' Report thereon for the year ended 31st March, 1999.
- (2) To appoint a Director in place of Shri G D Kothari, who retires by rotation and being eligible offers himself for re-appointment.
- (3) To appoint a Director in place of Shri Pradip Kumar Khaitan, who retires by rotation and being eligible offers himself for re- appointment.
- (4) To appoint Auditors for the current financial year and to fix their remuneration.

AS SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modification, the following Resolutions :-

(5) As an Ordinary Resolution :

"RESOLVED THAT Shri Kranti Sinha who vacates his office at the conclusion of this Annual General Meeting in terms of provisions of Section 262(2) of the Companies Act, 1956 be and he is hereby appointed a Director of the Company."

(6) As an Ordinary Resolution :

"RESOLVED THAT subject to the approval of the Central Government, the existing remuneration, perquisites and other allowances be continued to be paid to Shri A Sankaranarayanan, the Executive Director of the Company notwithstanding the loss or inadequacy of profit during the tenure of his office, the other terms and conditions remaining unaltered."

(7) 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 in the following manner :

Insert the following Heading and Article alongwith the marginal notes as Article 137 after Article 136 :

'DEMATERIALISATION OF SECURITIES

137

Definitions

1) For the purpose of this Article :-

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

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

"Depositories Act" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.

"Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"Depository" means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.



"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial owner in the records of the Depository.

"Debentureholder" means the duly registered holders from time to time of the debentures of the Company.

"Participant" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

"Record" includes the records maintained in the form of books or stored in computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

"Regulations" mean the regulations made by the SEBI.

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

Words imparting the singular number only include the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.

- | | | |
|---|----|--|
| Company to recognise interest in dematerialized securities under Depositories Act | 2) | Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof. |
| Dematerialisation of Securities | 3) | Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, rematerialise its securities held in the depositories and/or offer its fresh securities in a dematerialized form pursuant to the Depositories Act and the rules framed thereunder, if any. |
| Options to receive security certificates or hold securities with Depository | 4) | <p>Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.</p> <p>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.</p> |
| Securities in Depositories to be in fungible form | 5) | All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners. |
| Rights of Depositories and Beneficial Owners | 6) | <p>(a) 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.</p> <p>(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.</p> |

HINDUSTAN MOTORS LIMITED

	(c)	Every person holding securities of the Company and whose name is entered as the Beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial Owner of securities 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.
Beneficial Owner deemed as absolute owner	7)	Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
Depository to furnish information	8)	Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
Cancellation of certificates upon surrender by a person	9)	Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
Option to opt out in respect of any security	10)	If a Beneficial owner seeks to opt out of a Depository in respect of any security the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Service of Documents	11)	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
Provisions of Articles to apply to shares held in Depository	12)	Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.
Allotment of Securities dealt with in a Depository	13)	Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.



Distinctive number of Securities held in a Depository	14)	The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relation to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized 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.
Register and Index of Beneficial Owners	15)	The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debentureholders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debentureholders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.
Register of Transfers	16)	The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.
Overriding effect of this Article	17)	Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Article of these presents."

(8) As an Ordinary Resolution :

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of financial institutions and further subject to such other consents, sanctions, approvals or permissions, as may be necessary, to the creation by the Board of Directors of the Company of such mortgages and charges in addition to the existing mortgages and charges created by the Company as the Board may direct, on such of the assets of the Company, both present and future, in such a manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of all or any of the financial institutions/banks/any other investing agencies/Trustees for the holders of debentures/bonds/other instruments which may be issued to and subscribed by all or any of the financial institutions/banks/any other investing agencies or any other person(s)/bodies corporate by private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs. 750 crores together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the Agreements/Arrangements entered into/to be entered into by the Company in respect of the said loans, debentures, bonds or other instruments.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating the mortgages/charges and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purposes of giving effect to this Resolution."

HINDUSTAN MOTORS LIMITED

(9) As a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 309(4) of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company, the Company do pay a commission of 1% of the net profits of the Company for every financial year, if available and computed in accordance with the terms and provisions of the Companies Act, 1956 to the non-executive Directors for a period of five years commencing from 1st April 1999 subject to a maximum limit of Rs. 3 lacs per financial year, to be shared equally by all of them or in such manner as may be decided by them from time to time."

Registered Office :
 'Birla Building'
 9/1, Rajendra Nath Mukherjee Road,
 Calcutta 700 001
 Dated, the 21st May, 1999

By Order of the Board,
 For HINDUSTAN MOTORS LIMITED

G N Pareek
 Company Secretary

- 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 such proxy need not be a member of the Company. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting.
3. Members who have shareholdings in multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the Registrars & Share Transfer Agents, M/s MCS Limited at Sri Venkatesh Mangalam, Block-B, 24/26 Hemanta Basu Sarani, Calcutta 700 001 for consolidation of all such shareholdings into one account to facilitate better service.
4. The Register of Members and Shares Transfer Books of the Company will remain closed from 1st September, 1999 to 8th September, 1999 (both days inclusive).
5. Members are requested to advise the Company immediately of any change in their address.
6. A member desirous of getting any information on the accounts or operations of the Company or share/debenture related matter is requested to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
7. Pursuant to section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended March 31, 1990 (there being no dividend thereafter upto and including the year 1994-95) have been transferred to the General Revenue Account of the Central Government. Share holders who have not yet encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4 A J C Bose Road, Calcutta 700 020 by submitting an application in Form No II. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Ordinance, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
8. Shareholders are advised that the Company's shares are optionally available to be held in dematerialized form through the National Electronic Settlement and Transfer. The Company recommends that it is in its shareholders' best interest to open an account with a Depository Participant. If any clarification is needed regarding opening of a Depository Account and on the process of dematerialisation, you may write to the Company or to the Share Transfer Agents, M/s MCS Limited for further information.



9. Individual shareholders can now take the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of shares/debentures/deposits shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the Guardian is given in the Nomination Form. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact M/s MCS Limited.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

The following Explanatory Statements relating to Special Business at Item Nos. 5, 6, 7, 8 and 9 of the accompanying Notice set out all material facts as required under Section 173 of the Act.

Item No. 5

Shri Kranti Sinha, Zonal Manager, Life Insurance Corporation of India, Central Zonal Office, Bhopal was on the 13th April 1998 appointed a Director by the Board of Directors of the Company under Article 87 of the Articles of Association of the Company. His said appointment was to fill the casual vacancy on the Board caused by the resignation of Shri S G Guhagarkar, who would have retired by rotation at the conclusion of the ensuing Annual General Meeting had he not resigned. In terms of provisions of Section 262(2) of the Companies Act, 1956 Sri Kranti Sinha holds the office of Director only upto the conclusion of ensuing Annual General Meeting. However, Shri Kranti Sinha, being eligible, offers himself for appointment. It is considered advisable in the interest of the Company to appoint Shri Kranti Sinha who has since been promoted as Chief Executive of LIC Housing Finance Ltd., Mumbai on the Board as a Director liable to retire by rotation. The Company has received a notice in writing alongwith a deposit of Rs. 500/- from a member as required under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri Kranti Sinha as a Director of the Company.

Except Shri Kranti Sinha, no other Director is in any way concerned or interested in the resolution.

Item No. 6

It may please be recalled that in terms of the provisions of Article 107 of the Articles of Association of the Company and Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the Board of the Directors of the Company at its meeting held on 8th January 1997 had appointed Shri A Sankaranarayanan as a Whole-time Director designated as Executive Director for a period of five years with effect from the said date. The said appointment was approved by the shareholders at their Annual General Meeting held on 20th August 1997. The remuneration of the Executive Director was further increased by the shareholders at their Extra-ordinary General Meeting held on 20th May 1998 wherein revised remuneration package of Shri A Sankaranarayanan was fixed as follows :-

- | | |
|--------------------------------------|---|
| 1. Consolidated Salary : | Rs. 1,00,000/- per month, subject to such increments as the Board may approve from time to time provided that the monthly salary shall not exceed Rs. 2,00,000/- per month. |
| 2. Commission based on net profit : | For the financial year ending 31st March 1999 and every year thereafter a commission calculated upto one percent of the net profit computed in accordance with the provisions of Sections 198 and 309 of the Companies Act as the Board may approve from time to time. |
| 3. Other allowances aggregating to : | Rs. 9,100/- per month. |
| 4. Perquisites : | |
| a) Rent free accommodation/HRA : | Accommodation owned by the Company may be provided, if available. The expenditure by the Company on hiring accommodation for the Executive Director shall not exceed sixty percent of his salary. In case no owned or hired accommodation is provided by the Company, the Executive Director shall be entitled to house rent allowance of sixty percent of his salary. In |

HINDUSTAN MOTORS LIMITED

- all above cases, expenditure on furnishing Electricity, water, gas at actuals shall in addition, be payable by the Company.
- b) Medical Reimbursement : Expenditure incurred for the Director and his family, subject to a ceiling of one months's salary in a year or three months' salary over a period of three years.
- c) i) Leave Travel Concession : For the Director and his family once in a year incurred in accordance with the rules framed by the Company.
ii) Leave : In accordance with the rules framed by the Company.
- d) Club Fees : Fees of clubs subject to a maximum to two clubs. This will not include admission and life membership fees. However, expenses incurred in the club for entertaining official guests will not be included in the perquisite value.
- e) Personal Accidental Insurance : Premium not to exceed Rs. 4,000/- per annum.
- f) 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.
- g) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- h) Encashment of unavailed leave at the end of the tenure.
- i) Provision of one car for use on Company's business/personal use and two telephones at residence will not be considered as perquisites. However, Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Shri A Sankaranarayanan, as far as practicable on actual basis failing which on an estimated basis.
5. In addition to the above, the Board may at its discretion pay to the Director other allowances, benefits, perquisites and exgratia amount not exceeding Rs. 5,00,000/- in a year.
Provided always that the aggregate of consolidated salary, commission, other allowances, money value of perquisites and contribution to Provident Fund and Superannuation Fund payable to Shri A Sankaranarayanan shall not exceed 5% of the profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.
6. Minimum Remuneration : In the event of loss or inadequacy of profit in any financial year during the currency of tenure of service of the Director, payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of the Part II of the Schedule XIII of the Companies Act, 1956.

Pursuant to the authority vested in it, Board of Directors of the Company, had on 3rd September 1998 increased the consolidated monthly salary of Shri A Sankaranarayanan from the then existing figure of Rs. 1 lac to Rs. 1.5 lacs with effect from 1st June 1998 and again on 27th January, 1999 authorised payment of an exgratia of Rs. 5 lacs to him for the year 1998-99.

Resolutions adopted by the Board of Directors of the Company at its meetings held on 8th January 1997 and 3rd September 1998 and by the shareholders at the General Meetings above referred to provide, inter alia, that in the event of loss or inadequacy of profit in any financial year during the currency of tenure of services of the Executive Director payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956. Since there is no profit during the financial year ended 31st March, 1999 the remuneration payable to Shri A Sankaranarayanan ought to have been governed by the said provisions of Schedule XIII of the Companies Act, 1956. Further since the present remuneration payable to Shri A Sankaranarayanan exceeds the said limit, approvals of the shareholders of the Company and the Central Government are required to be obtained if it is considered to continue to pay Shri A Sankaranarayanan the present remuneration notwithstanding loss or inadequacy of profit during the tenure of his office. The Board of Directors of the Company has already approved the said change in remuneration of Shri A Sankaranarayanan at its meeting held on 21st May, 1999.

The Directors recommend the Resolution set out at Item No. 6 for approval by the shareholders.

An abstract of the amendment in the terms of remuneration of Shri A Sankaranarayanan has already been circulated to the shareholders as required under Section 302 of the Companies Act, 1956.



Except Shri A Sankaranarayanan, no other Director is in any way concerned or interested in the Resolution.

Item No. 7

Consequent to the introduction of the depository system and considering the benefits of scripless trading in book entry form electronically, the Chairman at the last Annual General Meeting of the Company held on 3rd September, 1998 had informed the members present that the Company intended to participate in the Depository System. Accordingly the Company had on 9th September, 1998 entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Registrars of the Depository System, MCS Ltd. In terms of the said agreement NSDL allowed the Company to avail the depository system facilities of NSDL for the shares of the Company with effect from 29th October, 1998. Further, the Company may in future like to avail depository system facilities of any or more of other depository companies.

With the enactment of the Depositories Act, 1996, and amendments to certain provisions of the Companies Act, 1956, a new Article is proposed to be introduced, briefly stating the frame-work of the System of Depository as per the provisions of the Depositories Act, 1996, with a view to facilitate operation of the Depository System. In view of this, consequent changes are required to be incorporated in the Articles of Association of the Company by inserting a new Article 137 so as to be in line with the amended provisions of the Companies Act, 1956, read with the provisions of the Depositories Act, 1996.

In view of the above, the Articles of association of the Company is required to be altered and/or modified by inserting a new Article 137 as set out at Item No. 7 of the accompanying Notice to make the Articles of Association compatible with the provisions of the Depositories Act, 1996 and the Companies Act, 1956 as amended from time to time. The Special Resolution at Item No. 7 is therefore proposed pursuant to Section 31 of the Companies Act, 1956. A copy of the agreement entered into with NSDL and the existing Memorandum and Articles of Association of the Company together with the proposed alteration will be open for inspection by the members at the registered office of the Company between 2 p.m. and 4 p.m. on any working day except Saturdays.

The Board recommends the Resolution set out at Item No. 7 of the accompanying notice for your approval.

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

Item No. 8

To meet the capital expenditure requirements and also the increased working capital needs, the Company proposes to obtain in the coming years financial assistance upto an aggregate limit of Rs. 750 crores in place of the existing aggregate limit of Rs. 500 crores from financial institutions/banks/other investing agencies by way of loans (including foreign currency loans), issue of debentures/bonds/other instruments on private placement basis or otherwise as set out in the Resolution. To secure such borrowings, the Company may be required to mortgage and charge the assets and properties of the Company, both present and future as may be required by the lenders/trustees. For the reason that creation of mortgage tantamounts to "disposal" of the assets of the Company and further as the documents to be executed between the Company and the lenders/trustees for the debentures/bonds/other instruments may contain the power to take over the management of the Company in certain events, it is necessary for the members to pass a Resolution under Section 293(1)(a) of the Act, before the creation of the mortgages and charges.

None of the Directors is interested or concerned in the resolution.

Item No. 9

The Shareholders of the Company by a Special Resolution adopted on 28th September 1994 had authorised the payment of 1% of the net profits of the Company subject to a maximum of Rs. 3 lacs as commission to the Directors of the Company for a period of five years which expired with the financial year 1998-99. The subjoined resolution therefore seeks your approval to continue to pay the said commission to non-executive Directors of the Company for a further period of five years commencing from the financial year 1999-2000.

All the non-executive directors may be deemed to be concerned or interested in the resolution.