

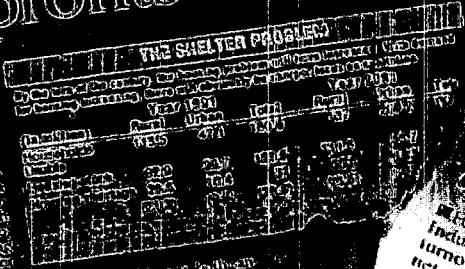
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U.S. ENVIRONMENTAL PROTECTION AGENCY

U.S. ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

Flushed with profits



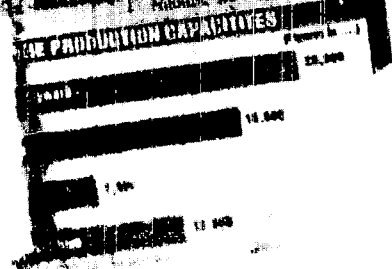
HSIL profit increases

Sanitaryware & Industries Ltd. has reported a net profit of Rs 120.16 crore and a net profit of Rs 12.32 crore for 1996-97.

HSI net profit up 28.8 per cent pays 40 per cent dividend

By The Daily Star

MUMBAI, June 10 — Sanitaryware & Industries (HSI), the maker of sanitaryware, has announced a turnover of Rs 120.16 crore and a net profit of Rs 120.16 crore for the financial year 1996-97. This represents a 28.8 per cent increase in net profit over the corresponding period of the previous year. The company's directors have also recommended a dividend of 40 per cent on the basis of the net profit of Rs 9.56 crore for the year 1995-96.



हिंदुस्तान सैनिटरीवेयर 40 प्रतिशत लाभांश देगी

जयपुर, 11 जून। हिंदुस्तान सैनिटरीवेयर लि. (एसआई) ने अपने वार्षिक वित्तीय विवरण 1996-97 के दौरान 28.8 प्रतिशत की वृद्धि दर्शाते हुए 40 प्रतिशत लाभांश देना घोषित किया है।

RESULTS

Sanitaryware and Industries Ltd (HSIL), market share up 32 per cent, has registered a net profit of Rs 120.16 crore for the year 1996-97

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THE SPIRIT OF SUCCESS

For over three decades, a success story has been unfolding at HSI. A success story borne out of a mix of vision, planning, technology and commitment.

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YU	✓	✓		

A vision to continuously meet consumers' needs and aspirations.

Optimum utilization of manpower, resources and time is what management planning at HSI all about.

Upgradation of existing technology through constant R&D and absorption of new technology keep us on our toes.

And commitment to work and customer satisfaction is an article of belief for all of us at HSI.

Indeed, the spirit of success drives us to maintain market leadership position and to view the next millennium with confidence, founded on the bedrock of astute teamwork.



Directors

DIRECTORS

R.K. SOMANY (Chairman & Managing Director)

SANDIP SOMANY (Joint Managing Director)

G.M. YATES

P.B. AGARWALA (Alternate to MR. G.M. YATES)

S.S. KANORIA

M.G. DAMANI

N.G. KHAITAN

BINAY KUMAR

S.K. CHAKARBORTY (Nominee of IDBI)

G.L. SULTANIA (Executive Director & Secretary)

BANKERS

CENTRAL BANK OF INDIA

ANDHRA BANK

BANK OF BARODA

AUDITORS

S.R. BATLIBOI & COMPANY

(A member of Ernst & Young International)

REGISTERED OFFICE

2, RED CROSS PLACE, CALCUTTA-700 001

WORKS

SANITARYWARE DIVISION

□ BAHADURGARH-124 507, ROHTAK, HARYANA

□ SOMANYPURAM, BRAHMANAPALLY

BIBINAGAR-508 126, ANDHRA PRADESH

GLASS DIVISION

VARADANAGAR, KUKATPALLY

HYDERABAD-500 018



Mr. R.K. Somany, Chairman & Managing Director (on the right)
Mr. Sandip Somany, Jt. Managing Director (on the left)



A Profile

For over three and a half decades, Hindustan Sanitaryware & Industries Ltd. (HSI) has been leading a revolution in sanitaryware. A revolution that's fast changing the face of bathrooms in India.

Hindware, HSI's sanitaryware brand, is remarkable in its blend of aesthetics and convenience. A combination designed to offer total satisfaction to customers.



And, true to its leadership status, HSI has been constantly innovating and upgrading its product portfolio, in tune with the changing aspirations and demands of customers worldwide.

Technology updating and design improvisation through a unique state-of-the-art R & D centre is a continual process at HSI. The production line comprises unique battery casting system, 1,00,000 volts electronic automatic glazing machine and the world's largest microprocessor based energy efficient kiln, only one of its kind in India.

HSI, the largest manufacturer and no. 1 exporter of sanitaryware in India, is a major manufacturer of glass containers as well. HSI's glass division, based in A.P., employs state-of-the-art technology in a modern plant. The division has a broad based product mix - flint, amber and green



containers, and manufactures over 250 types of containers. The division also has an in-house mould manufacturing facility.

Above all else, HSI is wholeheartedly committed to a value system that says a stiff no to cutting corners. Reason, its products sparkle with the company's underlying belief of character, integrity and confidence. And make a presence worldwide.



HINDUSTAN SANITARYWARE & INDUSTRIES LIMITED

Notice of the Annual General Meeting

NOTICE is hereby given that the Thirty-Seventh ANNUAL GENERAL MEETING of the Members of Hindustan Sanitaryware & Industries Limited will be held at Somany Conference Hall of Merchants Chamber of Commerce, 15B, Hemanta Basu Sarani, Calcutta - 700 001 on Friday, the 12th day of September, 1997 at 3.00 P.M. to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended as on that date together with the report of Directors and Auditors thereon.
2. To declare dividend on preference and equity shares.
3. To appoint a Director in place of Shri R.K. Somany, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri M.G. Damani, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

6. Appointment of Shri Binay Kumar as Director.

As an Ordinary Resolution

RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Binay Kumar be and is hereby elected and appointed as a Director liable to retire by rotation.

7. Revision in terms of Remuneration of Shri R.K. Somany as Chairman & Managing Director.

As an Ordinary Resolution

RESOLVED THAT in partial modification of the Resolutions passed by the members at its 32nd Annual General Meeting held on 25th September 1992 and 34th Annual General Meeting held on 30th September 1994 and pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act 1956 (the Act), read with Schedule XIII to the said Act, consent and/or approval of the Company be and is hereby accorded to Shri R.K. Somany (Shri Somany) as Chairman and Managing Director of the Company, to draw remuneration by way of salary, commission, perquisites and/or allowances on the revised terms and remuneration effective from 1st April 1997 upto his remaining tenure of appointment as Chairman and Managing Director expiring on 8th January 1998, contained in the Supplemental Agreement entered into and/or to be entered into between the Company of the ONE PART and Shri Somany of the OTHER PART (a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification) and which Supplemental Agreement is hereby specifically approved with the liberty to the Board, to alter, vary and modify the terms, conditions and stipulations of the said appointment of Shri Somany and/or remuneration payable to him and/or Agreement, as may be agreed to between the Board and Shri Somany.

RESOLVED FURTHER THAT the Board of Directors be and are hereby further authorised and empowered to alter and vary the terms and conditions of appointment of and remuneration payable to Shri Somany or otherwise in their absolute discretion, so as to give effect in line with Schedule XIII to the said Act in force for the time being and/or any amendments, modifications or re-enactments thereto from time to time.

AND RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as are necessary or desirable for the aforesaid purpose and matters incidental thereto.

8. Revision in terms of Remuneration of Shri Sandip Somany as Joint Managing Director.

As an Ordinary Resolution

RESOLVED THAT in partial modification of the Resolutions passed by the members at its 35th Annual General Meeting held on 12th September 1995 and pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act 1956 (the Act), read with Schedule XIII to the said Act, consent and/or approval of the Company be and is hereby accorded to Shri Sandip Somany (Shri Somany) as Joint Managing Director of the Company to draw remuneration by way of salary, commission, perquisites and/or allowances on the revised terms and remuneration effective from 1st April 1997 upto his remaining tenure of appointment as Joint Managing Director expiring on 30th November 1999, contained in the Supplemental Agreement entered into and/or to be entered into between the Company of the ONE PART and Shri Somany of the OTHER PART (a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification) and which Supplemental Agreement is hereby specifically approved with the liberty to the Board, to alter, vary and modify the terms, conditions and stipulation of the said appointment of Shri Somany and/or remuneration payable to him and/or Agreement as may be agreed to between the Board and Shri Somany.

RESOLVED FURTHER THAT the Board of Directors be and are hereby further authorised and empowered to alter and vary the terms and conditions of appointment of and remuneration payable to Shri Somany or otherwise in their absolute discretion, so as to give effect in line with Schedule XIII to the said Act in force for the time being and/or any amendments, modifications or re-enactments thereto from time to time.

AND RESOLVED FURTHER THAT the Board of Director be and are hereby authorised to take all such steps as are necessary or desirable for the aforesaid purpose and matters incidental thereto.

9. Revision in terms of Remuneration of Shri G.L. Sultania as Executive Director & Secretary

As an ordinary Resolution

RESOLVED THAT in partial modification of the Resolutions passed by the members at its 32nd Annual General Meeting held on 25th September 1992 and 34th Annual General Meeting held on 30th September 1994 and pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act 1956 (the Act), read with Schedule XIII to the said Act and subject to such other approvals and/or permissions as may be necessary, consent and/or approval of the Company be and is hereby accorded to Shri G.L. Sultania, (Shri Sultania) as wholetime Director hitherto designated as Executive Director & Secretary of the Company to draw remuneration by way of salary, commission, perquisites and/or allowances on the revised terms and remuneration effective from 1st April '97, upto his remaining tenure of appointment as Wholetime Director, designated as the Executive Director & Secretary expiring on 8th January, 1998 contained in the Supplemental Agreement entered into and/or to be entered into between the Company of the ONE PART and Shri Sultania of the OTHER PART, (a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification) and which Supplemental Agreement is hereby specifically approved with



HINDWARE

the liberty to the Board of Directors of the Company, to alter, vary and modify the terms, conditions and stipulations of the said appointment of and the remuneration payable to Shri Sultania and/or Agreement as may be agreed to between the Company and Shri Sultania.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised and empowered to alter and vary the terms and conditions of appointment of the remuneration payable to Shri Sultania or otherwise in their absolute discretion, so as to give effect in line with Schedule XIII to the said Act in force for the time being and/or any amendments, modifications, or re-enactments thereto from time to time.

AND RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as are necessary or desirable for the aforesaid purpose and matters incidental thereto.

10. Re-appointment of Shri R.K. Somany as Chairman & Managing Director.

As an Ordinary Resolution

RESOLVED THAT in accordance with and subject to the provisions of Section 198, 269, 309, 310 & 311, read with Schedule XIII to the Companies Act, 1956 (the Act) and other applicable provisions, if any, and subject to such other approvals and/or sanctions as may be necessary, consent and/or approval of the shareholders of the company be and is hereby accorded to the re-appointment of Shri R.K. Somany (Shri Somany) as non-retiring Chairman and Managing Director of the Company, who shall not retire by rotation pursuant to the provisions of Section 257 of the said Act read with Article of Association of the Company for a fresh 5 (five) year term, commencing from 9th January 1998 till 8th January 2003 and to his receiving remuneration by way of salary, commission, perquisites and/or allowances as Chairman and Managing Director upon the terms, conditions and stipulations contained in the DRAFT AGREEMENT to be entered into between the Company of the ONE PART and Shri Somany of the OTHER PART and also as set out in the Explanatory Statement attached to the Notice convening the 37th Annual General Meeting of the Company (a draft whereof is placed before the meeting and for the purpose of identification is initialled by the Chairman) which Agreement is specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment of Shri Somany, the non-retiring Chairman and Managing Director and/or remuneration payable to him and/or Agreement as may be agreed to between the Board of Directors and Shri Somany provided however that the remuneration payable to Shri Somany, shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the said Act or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being be in force.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby vested with the sole authority and discretion to consider, grant and/or sanction an annual increment of upto 20% of the existing salary as the Board may consider fit and proper to Shri Somany.

RESOLVED FURTHER THAT where in any financial year during his terms of office, the Company makes no profits or inadequate profits, the Company may pay Shri Somany remuneration by way of salary, commission, perquisites and/or allowances not exceeding the limits laid down in Section II, Part II of Schedule XIII to the said Act presently in force and for the time in force or any statutory modifications, substitutions or re-enactments thereof, as may be agreed to by the Board of Directors of the Company and acceptable to Shri Somany, Chairman and Managing Director.

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications, substitutions, relaxations or re-enactments by the Central Government to the Schedule XIII of the said Act, the Board of Directors of the Company be and are hereby authorised and empowered to vary, alter or increase the remuneration including salary, commission, perquisites managerial remuneration specified in Schedule XIII to the said Act in force for the time being or any statutory amendment or re-enactment thereto as may be made from time to time or the laws/guidelines in force for the time being.

AND RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do and perform all such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution.

11. Re-appointment of Shri G.L. Sultania as Executive Director & Secretary

As an ordinary Resolution

RESOLVED THAT in accordance with and subject to the provisions of Section 198, 269, 309, 310 & 311, read with Schedule XIII to the Companies Act, 1956 (the Act) and other applicable provisions, if any, and subject to such other approvals and/or sanctions as may be necessary, consent and/or approval of the shareholders of the company be and is hereby accorded to the re-appointment of Shri G.L. Sultania (Shri Sultania) as non-retiring Wholtime Director hitherto designated as Executive Director & Secretary of the Company, who shall not retire by rotation pursuant to the provisions of Section 257 of the said Act read with Article of Association of the Company for a fresh 5 (five) year term, commencing from 9th January 1998 till 8th January 2003 and to his receiving remuneration by way of salary, commission, perquisites and/or allowances as non-retiring Executive Director & Secretary upon the terms, conditions and stipulations contained in the DRAFT AGREEMENT to be entered into between the Company of the ONE PART and Shri Sultania of the OTHER PART and as also set out in the Explanatory Statement attached to the Notice convening the 37th Annual General Meeting of the Company (a draft whereof is placed before the meeting and for the purpose of identification is initialled by the Chairman) which Agreement is specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment of Shri Sultania, Executive Director & Secretary and/or remuneration, payable to him/or Agreement as may be agreed to between the Board of Directors and Shri Sultania, provided however that the remuneration payable to Shri Sultania shall not exceed the maximum limits for payment of managerial remuneration, specified in Schedule XIII to the said Act or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being be in force.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby vested with the sole authority and discretion to consider, grant and/or sanction an annual increment of upto 20% of the existing salary as the Board may consider fit and proper to Shri Sultania.

RESOLVED FURTHER THAT where in any financial year during his term of office, the Company makes no profits or inadequate profits, the Company may pay Shri Sultania remuneration by way of salary, commission, perquisites and/or allowances not exceeding the limits laid down in Section II, Part II of Schedule XIII to the said Act presently in force and for the time being in force or any statutory modifications, substitutions or re-enactments hereof, as may be agreed to by the Board of Directors of the Company and acceptable to Shri Sultania, Executive Director & Secretary.

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications, substitutions, relaxations or re-enactments by the Central Government to the Schedule XIII to the said Act, the Board of Directors of the Company, be and is hereby authorised and empowered to vary, alter or increase the remuneration including salary, commission, perquisites and/or allowances within the maximum limits for payment of managerial remuneration specified in Schedule XIII to the said Act in force for the time being or any statutory amendment or re-enactment thereto as may be made from time to time or the laws-guidelines in force for the time being.

AND RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do and perform all such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution.



12. Re: Acquisition of Shares by the NRIs, OCBs & FIs under Revised Investment Portfolio Scheme
As a Special Resolution

RESOLVED THAT in supersession of the Resolution passed by the members at its Extraordinary General Meeting held on 31st May, 1996 and pursuant to the provisions of the Foreign Exchange Regulation Act, 1973 and the Investment Portfolio Scheme framed thereunder and subject to the approval of the Reserve Bank of India and other appropriate authorities, if applicable, the consent of the Shareholders be and is hereby accorded for purchase/acquisition of Equity Shares of the Company by Non-Resident Indian (NRI's), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIs) etc., however that the Equity Shares so purchased/acquired under the Scheme shall not exceed 30% of the total paid-up capital of the company.

RESOLVED FURTHER THAT the said purchase/acquisition of shares as aforesaid upto a limit of 30% of the total paid-up capital shall be subject to the conditions and restrictions laid-down under the Investment Portfolio Scheme for the time being in force and as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps as may be necessary and/or desirable to give effect to this resolution.

Registered Office :
2, Red Cross Place,
Calcutta - 700 001

By Order of the Board

G.L. SULTANIA

Executive Director & Secretary

Dated, the 9th June, 1997

NOTES :

1. Relative Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956 in respect of item no. 6 to 12 are annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be the member of the company. Proxies, in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
3. The Register of members and the share transfer books of the Company will remain closed from 2nd September, 1997 to 12th September, 1997 (both days inclusive), for the payment of Dividend.
4. If Dividend on shares as recommended by the Directors is approved at the meeting, payment of such Dividend will be made in accordance with the applicable Provisions of Law to those members whose names appear in the Register of Members of the Company as on Friday, the 12th day of September, 1997.
5. Members are requested to notify change in their address in block letters, if any, quoting their folio number to the Registered Office of the Company.
6. Members/Proxies are requested to bring their copies of the Annual Report at the Meeting.
7. In accordance with the Provision of Section 205 (A) of the Companies Act, 1956 the Company has from time to time transferred unclaimed/unpaid dividends for and upto the Financial Year ended 31st March, 1993 to the General Revenue Account of the Central Government. Members who have valid claim to any of the unclaimed/unpaid dividends as aforesaid may claim the same from the Registrar of Companies, West Bengal.

Explanatory Statement in respect of the special business pursuant to section 173(2) of the Companies Act, 1956

Item No. 6

Shri Binay Kumar was appointed as an Additional Director of the Company on 27th September, 1996 pursuant to Article 85 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956 ("the Act"), read with Article 85, he holds office upto the date of this Annual General Meeting of the Company and is eligible for re-appointment. The Company has received a notice in writing alongwith a deposit of Rs. 500 from a member under Section 257 of the Act, signifying his intention to propose the appointment of Shri Binay Kumar as a Director of the Company, liable to retire by rotation. Shri Binay Kumar is willing to act as Director of the Company, if appointed and has filed his consent with the Company in compliance with the provisions of Section 264 (1) of the said Act.

The Directors feel that Shri Binay Kumar's continuance on the Board would be in the best interest of the Company and, therefore, unanimously recommends the passing of the Ordinary Resolution contained in Item No. 6 of the accompanying Notice to appoint Shri Binay Kumar as Director of the Company.

None of the Directors of the Company except Shri Binay Kumar may be considered to be concerned or interested in the resolution.

Item No. 7 & 9

Members of the Company had at their 32nd Annual General Meeting (AGM) held on Friday, the 25th September, 1992 approved the re-appointment of Shri R.K. Somany (Shri Somany) as Wholetime Director, designated as Managing Director and Shri G.L. Sultania (Shri Sultania) as Wholetime Director designated as Executive Director & Secretary for a period of 5 (five) years, commencing from 9th January, 1993 and ending on 8th January, 1998, on the remuneration payable under the then prevalent Schedule XIII to the Companies Act, 1956 ("the Act"), detailed in Explanatory Statements to the Resolutions under Item No. 6, 7, 8 and 9 respectively of the Notice of said 32nd AGM. Shri Somany was subsequently re-designated as Managing Director effective from 1st December 1993 on due approval of the Members at the 34th Annual General Meeting held on 30th September, 1994.

Members had at their 35th Annual General Meeting held on 12th September 1995 further approved and re-designated Shri Somany as Chairman and Managing Director of the Company and also approved the increased remuneration payable to Shri Sultania from 1st December 1994 till the period of his tenure of office. The increased remuneration is within the parameter of the Revised Schedule XIII to the Act as amended by Notification No. GSR 510(E) dated July 14, 1993 of the Department of Company Affairs, Government of India.

The Board of Directors at its meeting held on 12th March 1997 in exercise of the authority given by the Members further decided and resolved to revise the terms of remuneration payable to Shri Somany and Shri Sultania under the Revised Schedule XIII to the Act presently in force, as from 1st April 1997 for the remainder of the tenure of their appointment subject to approval of the members of the Company to be obtained in due course. The increased remuneration is well within the permissible limits specified in the revised Schedule XIII to the Act read with by the Notification No. 1/4/92-CLV dated 10th February 1994 and as amended upto date.

In deference to the Government Circular No. 2/94 dated 10.2.1994, the shareholders' approval is once again sought to the revised terms of the remuneration payable to Shri Somany and Shri Sultania effective from 1st April, 1997 as given hereunder:



REMUNERATION

SALARY

Name & Designation	Salary	Effective Date
1. Shri R.K. Somany (Chairman & Managing Director)	Rs. 1,25,000/- p.m.	1.4.1997 to 8.1.1998 (Remaining tenure of appointment)
2. Shri G.L. Sultania (Executive Director & Secretary)	Rs. 1,00,000/- p.m.	1.4.1997 to 8.1.1998 (Remaining tenure of appointment)

COMMISSION

At the rate of 1% (One Percent) of net profits of the Company for each financial year computed in the manner laid down in Section 198 and 309 of the said Act, subject however to a ceiling of Annual Salary.

PERQUISITES

Remains unaltered, as earlier approved by the Board of Directors and by the Members of the Company at the 34th and 35th Annual General Meeting of the Company except perquisites under PERSONAL ACCIDENT INSURANCE.

PERSONAL ACCIDENT INSURANCE: Of an amount, the annual premium of which does not exceed Rs. 10,000/- per annum.

OVERALL REMUNERATION:

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Chairman & Managing Director, Joint Managing Director and Executive Director & Secretary as calculated in accordance with Section 198 and 309 and other applicable provisions read with Schedule XIII to the said Act, as may for the time being in force.

MINIMUM REMUNERATION

In the event of loss or inadequacy of Profits in any financial year during the currency of tenure of office of the Chairman & Managing Director and Executive Director & Secretary, the Company may pay their remuneration by way of consolidated salary and perquisites in accordance with the limits laid down under Section II of the Part II of Schedule XIII of the said Act, as may for the time being in force.

Shri R.K. Somany, Chairman & Managing Director, is a relative of Shri Sandip Somany, Joint Managing Director. The appointment and remuneration payable to Shri R.K. Somany and Shri G.L. Sultania in their respective capacities do not fall within the provisions of Section 314 and 314(1B) of the said Act, respectively in terms of the provisions of Sub-section 3 of the said section and in accordance with the clarification and/or notification issued by the Central Government and as such members' approval by Special Resolution, is not required.

The Board accordingly recommends the Resolutions set out in item Nos. 7&9 of the Notice for members' approval by way of an Ordinary Resolution.

The Supplemental Agreements entered and/or to be entered into between the Company and Shri Somany and Shri Sultania are available for inspection by the members of the Company at its Registered Office on any working day, prior to the date of the meeting during usual business hours and will also be available at the meeting.

This should be considered also an abstract of terms and conditions of appointment of Shri Somany and Shri Sultania and Memorandum of Interest u/s 302 of the Act. However, an abstract of the terms and conditions of appointment of Shri Somany and Shri Sultania and Memorandum of Interest u/s 302 of the Act were sent to the members of the Company in April, 1997 when the increase in remuneration was made by the Board, subject to due approval of members at the ensuing Annual General Meeting.

MEMORANDUM OF INTEREST

Shri R.K. Somany, Chairman & Managing Director and Shri Sandip Somany, Joint Managing Director, who are relatives and Shri G.L. Sultania, Executive Director & Secretary, may be deemed to be interested and/or concerned in the above revised terms of remuneration. No other Director is interested or concerned.

ITEM No. 8

Members of the Company would recall that they had at their 35th Annual General Meeting held on 12th September 1995, approved the appointment of Shri Sandip Somany (Shri Somany) as Joint Managing Director for a period of 5 years, effective from 1st December 1994, i.e. commencing on and from 1st December 1994 and ending on 30th November, 1999 on the remuneration payable within the maximum possible quantum specified under the then prevalent Schedule XIII to the Companies Act, 1956 (the Act) as detailed under Item No. 7&8 of the Notice of said Thirty-Fifth Annual General Meeting read with relevant Explanatory Statement annexed thereto to the said Notice.

The Board of Directors in exercise of the authority and power entrusted upon the Board by the Members of the Company through the Ordinary/Special Resolution under Item No. 7 & 8 passed at the Thirty-Fifth AGM had revised and increased the remuneration payable to Shri Somany at its meeting held on 12th March 1997, subject however to the Members' approval in due course.

The Shareholders' approval is once again sought to the revised terms of the remuneration payable to Shri Somany effective from 1st April, 1997 in deference to the Government Circular 2/94 dated 10.2.1994 as given hereunder :

SALARY

Rs. 1,00,000/- p.m. effective from 1.4.1997 to 30.11.1999 (remaining tenure of appointment)

COMMISSION

At the rate of 1% (One Percent) of net profits of the Company for each financial year computed in the manner laid down in Section 198 and 309 of the said Act, subject however to a ceiling of Annual Salary.

PERQUISITES

Remains unaltered, as earlier approved by the Board of Directors and by the Members of the Company at the 34th and 35th Annual General Meeting of the Company except perquisites under PERSONAL ACCIDENT INSURANCE..

PERSONAL ACCIDENT INSURANCE: Of an amount, the annual premium of which does not exceed Rs. 10,000/- per annum.

OVERALL REMUNERATION

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Chairman and Managing Director, Joint Managing Director and Executive Director & Secretary as calculated in accordance with Section 198 and 309 and other applicable provisions of the said Act, read with Schedule XIII to the said Act, as may for the time being in force.

MINIMUM REMUNERATION

In the event of loss or inadequacy of Profits in any financial year, during the currency of tenure of office of the Joint Managing Director, the Company may pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid